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10 **UNITED STATES DISTRICT COURT**
 11 **CENTRAL DISTRICT OF CALIFORNIA**

13 SECURITIES AND EXCHANGE
 14 COMMISSION,
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 16 Plaintiff,
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 18 vs.
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 20 HEART TRONICS, INC., MITCHELL JAY
 21 STEIN, WILLIE JAMES GAULT,
 22 J. ROWLAND PERKINS, II, MARTIN
 23 BERT CARTER, MARK CROSBY
 24 NEVDAHL, and RYAN ALLAN RAUCH,
 25 Defendants,

26 TRACEY HAMPTON-STEIN, ARC
 27 FINANCE GROUP, LLC, ARC BLIND
 28 TRUST, THS BLIND TRUST, JAYMI
 BLIND TRUST, OAK TREE
 INVESTMENTS BLIND TRUST, WBT
 INVESTMENTS BLIND TRUST, CATCH
 83 GENERAL PARTNERSHIP, and FIVE
 INVESTMENTS PARTNERSHIP,
 Relief Defendants.

Case No. SACV11-1962-JVS(ANX)

FINAL JUDGMENT AS TO
 MARTIN CARTER

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2 **FINAL JUDGMENT AS TO DEFENDANT MARTIN B. CARTER**

3 The Securities and Exchange Commission having filed a Complaint and
4 Defendant Martin B. Carter having entered a general appearance; consented to the
5 Court's jurisdiction over Defendant and the subject matter of this action; consented
6 to entry of this Final Judgment; waived findings of fact and conclusions of law;
7 and waived any right to appeal from this Final Judgment:
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10 I.

11 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant
12 and Defendant's agents, servants, employees, attorneys, and all persons in active
13 concert or participation with them who receive actual notice of this Final Judgment
14 by personal service or otherwise are permanently restrained and enjoined from
15 violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of
16 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5(a) and (c)
17 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or
18 instrumentality of interstate commerce, or of the mails, or of any facility of any
19 national securities exchange, in connection with the purchase or sale of any
20 security:
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24 (a) to employ any device, scheme, or artifice to defraud; or

25 (b) to engage in any act, practice, or course of business which operates or
26 would operate as a fraud or deceit upon any person.
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II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud; or
- (b) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- 1 (a) Unless a registration statement is in effect as to a security, making use
2 of any means or instruments of transportation or communication in
3 interstate commerce or of the mails to sell such security through the
4 use or medium of any prospectus or otherwise; or
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- 6 (b) Making use of any means or instruments of transportation or
7 communication in interstate commerce or of the mails to offer to sell
8 or offer to buy through the use or medium of any prospectus or
9 otherwise any security, unless a registration statement has been filed
10 with the Commission as to such security, or while the registration
11 statement is the subject of a refusal order or stop order or (prior to the
12 effective date of the registration statement) any public proceeding or
13 examination under Section 8 of the Securities Act [15 U.S.C. § 77h].
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17 IV.

18 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND
19 DECREED that Defendant and Defendant's agents, servants, employees, attorneys,
20 and all persons in active concert or participation with them who receive actual
21 notice of this Final Judgment by personal service or otherwise are permanently
22 restrained and enjoined from violating, directly or indirectly, Section 13(b)(5) of
23 the Exchange Act [15 U.S.C. § 78m(b)(5)] by knowingly circumventing or
24 knowingly failing to implement a system of internal accounting controls or
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1 knowingly falsifying any book, record, or account described in Sections
2 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) and
3 78(m)(b)(B)].
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5 V.

6 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
7 that Defendant and Defendants' agents, servants, employees, attorneys, and all
8 persons in active concert or participation with them who receive actual notice of
9 this Final Judgment by personal service or otherwise are permanently restrained
10 and enjoined from violating, directly or indirectly, Rule 13b2-1 of the Exchange
11 Act [17 C.F.R. § 240.13b2-1] by falsifying, or causing to be falsified, any book,
12 record, or account described in Section 13(b)(2)(A) of the Exchange Act [15 U.S.C.
13 § 78m(b)(2)(A)].
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17 VI.

18 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
19 that Defendant and Defendant's agents, servants, employees, attorneys, and all
20 persons in active concert or participation with them who receive actual notice of
21 this Final Judgment by personal service or otherwise are permanently restrained
22 and enjoined from aiding and abetting any violation of Sections 10(b), 13(a), and
23 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 10b-5, 12b-20,
24 13a-1, 13a-11 and 13a-13 of the Exchange Act [17 C.F.R. §§ 240.12b-20, 240.13a-
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1 1, 240.13a-11 and 240.13a-13], including by knowingly providing substantial
2 assistance to an issuer who files or causes to be filed with the Commission any
3 periodic or current report pursuant to Section 13(a) and the rules and regulations
4 promulgated thereunder, which contains any untrue statement of a material fact, or
5 which omits to state a material fact necessary in order to make statements made, in
6 light of the circumstances under which they were made, not misleading, or which
7 fails to comply in any material respect with the requirements of Section 13(a) of
8 the Exchange Act and the rules and regulations thereunder.
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11 VII.

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13 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that,
14 pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and
15 Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)], Defendant is permanently
16 prohibited, following the date of entry of this Final Judgment, from acting as an
17 officer or director of any issuer that has a class of securities registered pursuant to
18 Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports
19 pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].
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22 VIII.

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24 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
25 that, pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and
26 Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)], Defendant is
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1 permanently barred from participating in an offering of penny stock, including
2 engaging in activities with a broker, dealer, or issuer for purposes of issuing,
3 trading, or inducing or attempting to induce the purchase or sale of any penny
4 stock. A penny stock is any equity security that has a price of less than five
5 dollars, except as provided in Rule 3a51-1 under the Exchange Act [17 C.F.R.
6 240.3a51-1].
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9 IX.

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11 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
12 that Defendant is liable for disgorgement of \$2,078,000, representing profits
13 gained as a result of the conduct alleged in the Complaint, together with
14 prejudgment interest thereon in the amount of \$333,947.18, for a total of
15 \$2,411,947.18. Based on Defendant's sworn representations in his Statement of
16 Financial Condition dated March 5, 2012, and other documents and information
17 submitted to the Commission, however, the Court is not ordering Defendant to pay
18 a civil penalty and payment of the disgorgement and pre-judgment interest thereon
19 is waived. The determination not to impose a civil penalty and to waive payment
20 of the disgorgement and pre-judgment interest is contingent upon the accuracy and
21 completeness of Defendant's Statement of Financial Condition. If at any time
22 following the entry of this Final Judgment the Commission obtains information
23 indicating that Defendant's representations to the Commission concerning his
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1 assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate, or
2 incomplete in any material respect as of the time such representations were made,
3 the Commission may, at its sole discretion and without prior notice to Defendant,
4 petition the Court for an order requiring Defendant to pay the unpaid portion of the
5 disgorgement, pre-judgment and post-judgment interest thereon, and the maximum
6 civil penalty allowable under the law. In connection with any such petition, the
7 only issue shall be whether the financial information provided by Defendant was
8 fraudulent, misleading, inaccurate, or incomplete in any material respect as of the
9 time such representations were made. In its petition, the Commission may move
10 this Court to consider all available remedies, including, but not limited to, ordering
11 Defendant to pay funds or assets, directing the forfeiture of any assets, or sanctions
12 for contempt of this Final Judgment. The Commission may also request additional
13 discovery. Defendant may not, by way of defense to such petition: (1) challenge
14 the validity of the Consent or this Final Judgment; (2) contest the allegations in the
15 Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-
16 judgment and post-judgment interest or a civil penalty should not be ordered; (4)
17 contest the amount of disgorgement and pre-judgment and post-judgment interest;
18 (5) contest the imposition of the maximum civil penalty allowable under the law;
19 or (6) assert any defense to liability or remedy, including, but not limited to, any
20 statute of limitations defense.
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1 X.

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3 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the
4 Consent is incorporated herein with the same force and effect as if fully set forth
5 herein, and that Defendant shall comply with all of the undertakings and
6 agreements set forth therein.
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8 XI.

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10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this
11 Court shall retain jurisdiction of this matter for the purposes of enforcing the terms
12 of this Final Judgment.
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14 XII.

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16 There being no just reason for delay, pursuant to Rule 54(b) of the Federal
17 Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment
18 forthwith and without further notice.
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21 Dated: August 09, 2012

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24 UNITED STATES DISTRICT JUDGE

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