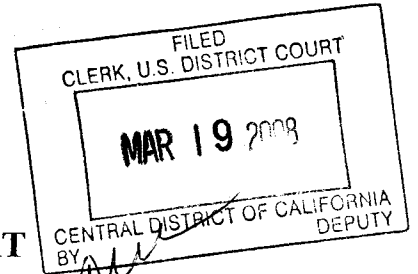


*lodged 2-25-08 JS-6*



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

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

vs.

JON W. JAMES; J.W. JAMES &  
ASSOCIATES; J.W. JAMES  
BORROWING ENTITY, LLC; J.W.  
JAMES INVESTMENT GROUP FUND  
ONE, LLC; THE JAMES COMPANY  
FUND I, LLC; THE JAMES COMPANY  
BORROWING ENTITY, LLC; VIRTUAL  
CASH FLOW CORPORATION; THE  
CLOAKING DEVICE, INC.; and J.W.  
JAMES ACQUISITIONS, LLC,

Defendants.

Case No. CV 06-4966 FMC (FFMx)

**FINAL JUDGMENT  
AGAINST JON W. JAMES  
ORDERING DISGORGEMENT,  
PREJUDGMENT INTEREST, AND  
CIVIL PENALTIES**

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1 On December 1, 2006, the Court entered Judgment of Permanent Injunction  
2 and Other Relief Against Defendant Jon W. James, enjoining Jon W. James  
3 (“James”) from future violations of the federal securities laws. Pursuant to Rule 56  
4 of the Federal Rules of Civil Procedure, Plaintiff Securities and Exchange  
5 Commission’s Motion for Summary Judgment Against Jon W. James came before  
6 the Court on March 24, 2008. The Commission filed its Motion for Summary  
7 Judgment Against Jon W. James to resolve the remaining issues in the case: the  
8 amount of disgorgement, prejudgment interest, and civil penalties that James  
9 should pay. Having considered the argument and evidence presented, the Court  
10 enters the following Final Judgment in conjunction with its December 1, 2006  
11 Judgment of Permanent Injunction and Other Relief Against Defendant Jon W.  
12 James:

13 I.

14 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant  
15 James is liable for disgorgement of \$3,446,957.80, representing profits gained as a  
16 result of the conduct alleged in the Complaint, together with prejudgment interest  
17 thereon in the amount of \$290,700.62, for a total of \$3,737,658.42. James shall  
18 satisfy this obligation by paying \$3,737,658.42 within ten business days to the  
19 permanent receiver in this action, Edythe L. Bronston, c/o Law Offices of Edythe  
20 L. Bronston, 14156 Magnolia Blvd., Suite 200, Sherman Oaks, CA 91423, and  
21 specifying that payment is being made pursuant to this Final Judgment. James  
22 shall simultaneously transmit photocopies of such payment and letter to the  
23 Commission’s counsel in this action. By making this payment, James relinquishes  
24 all legal and equitable right, title, and interest in such funds, and no part of the  
25 funds shall be returned to James. James shall pay post-judgment interest on any  
26 delinquent amounts pursuant to 28 U.S.C. § 1961.

1 II.

2 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that James  
3 shall pay a civil penalty in the amount of \$130,000, pursuant to Section 20(d) of  
4 the Securities Act of 1933, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the  
5 Securities Exchange Act of 1934, 15 U.S.C. § 78u(d)(3). James shall make this  
6 payment within ten (10) business days after entry of this Final Judgment by  
7 certified check, bank cashier's check, or United States postal money order payable  
8 to the permanent receiver in this action, Edythe L. Bronston, c/o Law Offices of  
9 Edythe L. Bronston, 14156 Magnolia Blvd., Suite 200, Sherman Oaks, CA 91423.  
10 James shall specify that payment is made pursuant to this Final Judgment. By  
11 making this payment, James relinquishes all legal and equitable right, title, and  
12 interest in such funds, and no part of the funds shall be returned to James. James  
13 shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC  
14 § 1961.

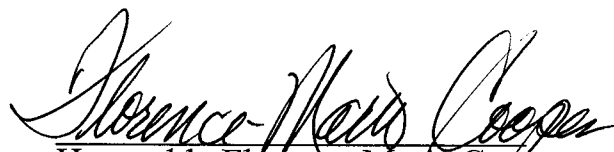
15 III.

16 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this  
17 Court shall retain jurisdiction of this matter for the purposes of enforcing the terms  
18 of this Final Judgment and for purposes of administering the receivership.

19 IV.

20 There being no just reason for delay, pursuant to Rule 54(b) of the Federal  
21 Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment  
22 forthwith and without further notice.

23  
24 DATED: March 19, 2008

25   
26 Honorable Florence Marie Cooper  
27 United States District Judge  
28