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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

JUSTIN M. PAPERNY,
Defendant.

Case No.: CV-08-00213-CAS (VBKx)

**FINAL JUDGMENT AS TO DEFENDANT
JUSTIN M. PAPERNY**

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3 The Securities and Exchange Commission having filed a Complaint and
4 Defendant Justin M. Paperny having entered a general appearance; consented to
5 the Court's jurisdiction over Defendant and the subject matter of this action;
6 consented to entry of this Final Judgment without admitting or denying the
7 allegations of the Complaint (except as to jurisdiction); waived findings of fact and
8 conclusions of law; waived any right to appeal from this Final Judgment; and
9 Defendant having been ordered to pay restitution in the amount of \$334,995.01 in
10 the criminal action entitled *U.S. v. Justin Paperny*, Case No. CR-07-00060-SVW
11 (C.D. Cal.) to the investors alleged to have been defrauded in this action:

12 **I.**

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

- 22 (a) to employ any device, scheme, or artifice to defraud;
- 23 (b) to make any untrue statement of a material fact or to omit to state a
24 material fact necessary in order to make the statements made, in the
25 light of the circumstances under which they were made, not
26 misleading; or
- 27 (c) to engage in any act, practice, or course of business which operates or
28 would operate as a fraud or deceit upon any person.

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II.

IT IS 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;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

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III.

IT IS 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 Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 [15 U.S.C. §§ 80b-6(1) & 80b-6(2)] by, while acting as an investment adviser, using the mails or means or instrumentalities of interstate commerce, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud any client or prospective client; or
- (b) to engage in any transaction, practice, or course of business which

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2 operates as a fraud or deceit upon any client or prospective client.

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4 **IV.**

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

- 11 (a) Unless a registration statement is in effect as to a security, making use
12 of any means or instruments of transportation or communication in
13 interstate commerce or of the mails to sell such security through the
14 use or medium of any prospectus or otherwise;
- 15 (b) Unless a registration statement is in effect as to a security, carrying or
16 causing to be carried through the mails or in interstate commerce, by
17 any means or instruments of transportation, any such security for the
18 purpose of sale or for delivery after sale; or
- 19 (c) Making use of any means or instruments of transportation or
20 communication in interstate commerce or of the mails to offer to sell
21 or offer to buy through the use or medium of any prospectus or
22 otherwise any security, unless a registration statement has been filed
23 with the Commission as to such security, or while the registration
24 statement is the subject of a refusal order or stop order or (prior to the
25 effective date of the registration statement) any public proceeding or
26 examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

27 **V.**

28 ITS FURTHER ORDERED, ADJUDGED, AND DECREED that in light of
the restitution order against Defendant in *U.S. v. Justin Paperny*, Case No. CR-07-
00060-SVW (C.D. Cal.), the Court is not ordering the Defendant to pay

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2 disgorgement or a civil penalty in this action.

3 **VI.**

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

8 **VII.**

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

12 **VIII.**

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

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17 Dated: December 4, 2008

Christine A. Snyder

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20 UNITED STATES DISTRICT JUDGE