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10 UNITED STATES DISTRICT COURT
11 NORTHERN DISTRICT OF CALIFORNIA
12 SAN FRANCISCO DIVISION

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14 SECURITIES AND EXCHANGE COMMISSION,

Civil Action No. C-06-4435 CRB

15 Plaintiff,

16 v.

~~PROPOSED~~ FINAL JUDGMENT AS TO
DEFENDANT ANTONIO CANOVA

17 GREGORY L. REYES, ANTONIO CANOVA,
and STEPHANIE JENSEN,

18 Defendants.
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21 Plaintiff United States Securities and Exchange Commission (“Commission”) having filed its
22 complaint in this action, and Defendant Antonio Canova, having entered an appearance in this case, and
23 having submitted the Consent of Antonio Canova to Final Judgment (“Consent”), in which he has
24 admitted the jurisdiction of this Court over him and over the subject matter of this action; consented to
25 the entry of this Final Judgment without admitting or denying any of the allegations in the complaint
26 except as to jurisdiction; waived findings of fact and conclusions of law; and waived any right to an
27 appeal from this Final Judgment:
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I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Canova and his agents, servants, employees, attorneys-in-fact, and all persons in active concert or participation with any of them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each of them, are permanently enjoined and restrained from, directly or indirectly, violating Section 17(a)(2) and (3) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77q(a)(2) & (3), by:

(i) obtaining money or property by means of untrue statements of material fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(ii) engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser,

in the offer or sale of any securities by the use of any means or instrumentality of interstate commerce, or of the mails.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Canova and his agents, servants, employees, attorneys-in-fact, and all persons in active concert or participation with any of them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each of them, are permanently enjoined and restrained from, directly or indirectly, violating Section 13(b)(5) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78m(b)(5), by knowingly circumventing or failing to implement a system of internal accounting controls or knowingly falsifying any book, record, or account described in Section 13(b)(2) of the Exchange Act, 15 U.S.C. § 78m(b)(2).

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Canova and his agents, servants, employees and attorneys-in-fact, and all persons acting in concert or participation with any of them, who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, are permanently enjoined and restrained from, directly or indirectly, violating Rule 13b2-1

1 under the Exchange Act, 17 C.F.R. § 240.13b2-1, by falsifying or causing to be falsified any book,
2 record or account subject to Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A).

3 IV.

4 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Canova and his agents,
5 servants, employees and attorneys-in-fact, and all persons in active concert or participation with any
6 of them, who receive actual notice of this Final Judgment by personal service or otherwise, and each
7 of them, are permanently enjoined and restrained from, directly or indirectly, violating Rule 13b2-2
8 of the Exchange Act, 17 C.F.R. §240.13b2-2, by making or causing to be made a materially false or
9 misleading statement, or by omitting to state or causing another person to omit to state, any material
10 fact necessary in order to make statements made, in light of the circumstances under which such
11 statements were made, not misleading, to an accountant in connection with (A) any audit or
12 examination of the financial statements of an issuer required to be made pursuant to the federal
13 securities laws or (B) the preparation or filing of any document or report required to be filed with the
14 Commission pursuant to the federal securities laws or otherwise.

15 V.

16 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Canova and his agents,
17 servants, employees and attorneys-in-fact, and all persons in active concert or participation with any
18 of them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each
19 of them, are permanently enjoined and restrained from aiding and abetting any violation of Section
20 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20, 13a-1 and 13a-13, 17 C.F.R. §§
21 240.12b-20, 240.13a-1 & 240.13a-13, by knowingly providing substantial assistance to an issuer
22 which has a class of securities registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. §
23 78l, or Section 15(d) of the Exchange Act, 15 U.S.C. § 78o, in failing to file with the Commission
24 such accurate and complete information, reports, and documents as are required to be filed with the
25 Commission pursuant to Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and the
26 Commission's Rules, including annual reports on Form 10-K and quarterly reports on Form 10-Q.

1 VI.

2 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Canova and his agents,
3 servants, employees and attorneys-in-fact, and all persons in active concert or participation with any
4 of them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each
5 of them, are permanently enjoined and restrained from violating Rule 13a-14 of the Exchange Act, 17
6 C.F.R. § 240.13a-14, as a principal executive or principal financial officer of an issuer, or as a person
7 performing similar functions, falsely certifying any report filed under 15 U.S.C. § 78m(a) (other than
8 a report filed by an Asset-Backed Issuer defined in 17 C.F.R. § 229.1101, or a report on Form 20-F
9 under 17 C.F.R. § 240.13a-19), including reports filed on Forms 10-Q, Forms 10-QSB, Forms 10-K,
10 or Forms 10-KSB.

11 VII.

12 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Canova and his agents,
13 servants, employees and attorneys-in-fact, and all persons in active concert or participation with any
14 of them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each
15 of them, are permanently enjoined and restrained from aiding and abetting any violation of Section
16 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A), by knowingly providing substantial
17 assistance to any issuer which has a class of securities registered pursuant to Section 12 of the
18 Exchange Act, 15 U.S.C. § 78l, or Section 15(d) of the Exchange Act, 15 U.S.C. § 78o, in failing to
19 make or keep books, records or accounts, which, in reasonable detail, accurately and fairly reflect the
20 transactions and dispositions of the assets of the issuer.

21 VIII.

22 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Canova and his agents,
23 servants, employees and attorneys-in-fact, and all persons in active concert or participation with any
24 of them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each
25 of them, are permanently enjoined and restrained from aiding and abetting any violation of Section
26 13(b)(2)(B) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(B), by knowingly providing substantial
27 assistance to any issuer which has a class of securities registered pursuant to Section 12 of the
28 Exchange Act, 15 U.S.C. § 78l, or Section 15(d) of the Exchange Act, 15 U.S.C. § 78o, in failing to

1 | devise and maintain a system of internal accounting controls sufficient to provide reasonable
2 | assurance that transactions are recorded as necessary to permit preparation of financial statements in
3 | conformity with generally accepted accounting principles or other applicable criteria, and to maintain
4 | accountability for assets.

5 | IX.

6 | IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Canova is liable for
7 | disgorgement of \$219,216, plus prejudgment interest thereon in the amount of \$30,135, for a total
8 | amount of \$249,351.

9 | X.

10 | IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Canova shall pay a civil
11 | penalty in the amount of \$120,000 pursuant to Section 20(d) of the Securities Act and Section
12 | 21(d)(3) of the Exchange Act, 15 U.S.C. §§ 77t(d) & 78u(d)(3). Defendant shall satisfy this
13 | obligation, and his obligation to pay disgorgement plus prejudgment interest in paragraph IX., above,
14 | by paying a total of \$369,351 within ten (10) business days after entry of this Final Judgment by
15 | certified check, bank cashier's check, or United States postal money order payable to the Securities
16 | and Exchange Commission. The payment shall be delivered or mailed to the Office of Financial
17 | Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way,
18 | Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a letter identifying Antonio
19 | Canova as a defendant in this action; setting forth the title and civil action number of this action and
20 | the name of this Court; and specifying that payment is made pursuant to this Final Judgment.
21 | Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.
22 | The Commission shall remit the funds paid pursuant to this Final Judgment to the United States
23 | Treasury.

24 | XI.

25 | Amounts ordered to be paid as civil penalties pursuant to this Judgment shall be treated as
26 | penalties paid to the government for all purposes, including all tax purposes. To preserve the
27 | deterrent effect of the civil penalty, Canova shall not, after offset or reduction of any award of
28 | compensatory damages in any Related Investor Action based on Canova's payment of disgorgement

1 in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such
2 compensatory damages award by the amount of any part of Canova's payment of a civil penalty in
3 this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty
4 Offset, Canova shall, within 30 days after entry of a final order granting the Penalty Offset, notify the
5 Commission's counsel in this action and pay the amount of the Penalty Offset to the United States
6 Treasury. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to
7 change the amount of the civil penalty imposed in this Judgment.

8 XII.

9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is
10 incorporated herein with the same force and effect as if fully set forth herein, and that Canova shall
11 comply with all of the undertakings and agreements set forth therein.

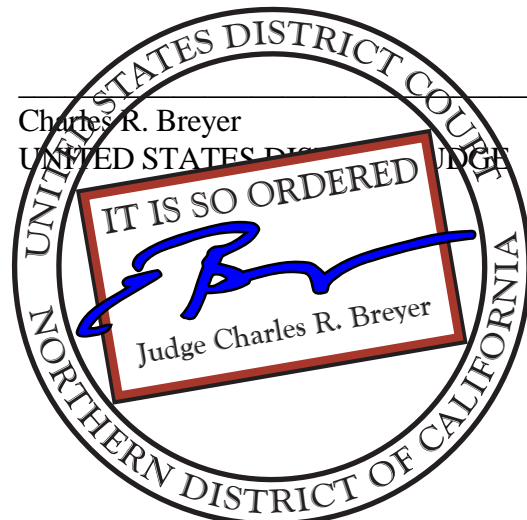
12 XIII.

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

15 XIV.

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

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22 Dated: April 3, 2009



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APPROVED AS TO FORM:

/s/
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SUBMITTED BY:

/s/
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