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**UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 SAN FRANCISCO DIVISION**

SECURITIES AND EXCHANGE COMMISSION,
 Plaintiff,
 v.
 KURT S. HOVAN, LISA B. HOVAN,
 EDWARD J. HOVAN, JR., and HOVAN
 CAPITAL MANAGEMENT, LLC,
 Defendants.

Case No. CV-11-4795-RS (KW)

**[PROPOSED] FINAL JUDGMENT AS TO
 DEFENDANT HOVAN CAPITAL
 MANAGEMENT, LLC**

1 Plaintiff Securities and Exchange Commission (“Commission”), having filed a
2 complaint in this matter, and defendant Hovan Capital Management, LLC (“defendant” or
3 “HCM”) having entered a general appearance and executed the Consent of Defendant Hovan
4 Capital Management, LLC to Entry of Final Judgment (“Consent”), in which among other
5 things, defendant consented to the Court’s jurisdiction over it and the subject matter of this
6 action; consented to entry of this Final Judgment without admitting or denying the allegations
7 of the complaint (except as to jurisdiction, which defendant admits); waived findings of fact
8 and conclusions of law; and waived any right to appeal from this Final Judgment:

9 I.

10 IT IS HEREBY ORDERED THAT defendant HCM and its agents, servants,
11 employees, attorneys, and those persons in active concert or participation with any of them,
12 who receive actual notice of this Final Judgment, by personal service or otherwise, and each
13 of them, are permanently restrained and enjoined from, directly or indirectly, by the use of
14 any means or instrumentality of interstate commerce, or of the mails, or of any facility of any
15 national securities exchange:

- 16 a. employing any device, scheme, or artifice to defraud;
- 17 b. making any untrue statement of a material fact or omitting to state a material
18 fact necessary in order to make the statements made, in the light of the
19 circumstances under which they were made, not misleading; or
- 20 c. engaging in any act, practice, or course of business which operates or would
21 operate as a fraud or deceit upon any person;

22 in connection with the purchase or sale of any security, in violation of Section 10(b) of the
23 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b), and Exchange Act
24 Rule 10b-5 [17 C.F.R. § 240.10b-5.

25 II.

26 IT IS FURTHER ORDERED THAT defendant HCM and its agents, servants,
27 employees, attorneys, and those persons in active concert or participation with any of them,
28 who receive actual notice of this Final Judgment, by personal service or otherwise, and each

1 of them, are permanently restrained and enjoined from, directly or indirectly, while acting as
2 an investment adviser, by use of the mails or any means or instrumentality of interstate
3 commerce:

4 (1) employing any device, scheme, or artifice to defraud any client or
5 prospective client; or

6 (2) engaging in any transaction, practice, or course of business which operates
7 as a fraud or deceit upon any client or prospective client,

8 in violation of Section 206(1) and (2) of the Investment Advisers Act of 1940 (“Advisers
9 Act”), 15 U.S.C. §§ 80b-6(1) & (2).

10 III.

11 IT IS FURTHER ORDERED THAT defendant HCM and its agents, servants,
12 employees, attorneys, and those persons in active concert or participation with any of them,
13 who receive actual notice of this Final Judgment, by personal service or otherwise, and each of
14 them, are permanently restrained and enjoined from, willfully making any untrue statements of
15 material fact in any registration application or report filed with the Commission under Sections
16 203, or 204 of the Advisers Act, including but not limited to a Form ADV, or willfully
17 omitting to state in any such registration application or report a material fact which is required
18 to be stated therein, in violation of Section 207 of the Advisers Act, 15 U.S.C. § 80b-7.

19 IV.

20 IT IS FURTHER ORDERED THAT defendant HCM and its agents, servants,
21 employees, attorneys, and those persons in active concert or participation with any of them,
22 who receive actual notice of this Final Judgment, by personal service or otherwise, and each
23 of them, are permanently restrained and enjoined from, directly or indirectly, by use of the
24 mails or any means or instrumentality of interstate commerce, while acting as an investment
25 adviser, failing to make or to keep for the prescribed period accurate records prescribed by
26 rule, including but not limited to any communication received relating to a recommendation
27 made or proposed to be made or advice given or proposed to be given, to any client, in
28 violation of Section 204(a) of the Advisers Act, 15 U.S.C. § 80b-4(a), and Advisers Act Rule

1 204-2(a)(7), 17 C.F.R. § 275.204-2(a)(7).

2 V.

3 IT IS FURTHER ORDERED THAT defendant HCM and its agents, servants,
4 employees, attorneys, and those persons in active concert or participation with any of them,
5 who receive actual notice of this Final Judgment, by personal service or otherwise, and each
6 of them, are permanently restrained and enjoined from, while affiliated with a registered
7 investment company, accepting compensation (other than regular salary or wages from a
8 registered investment company) for the purchase or sale of property to or for the registered
9 investment company (or any controlled company thereof), in violation of Section 17(e)(1) of
10 the Investment Company Act of 1940 ("Investment Company Act"), 15 U.S.C. § 80a-
11 17(e)(1).

12 VI.

13 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable
14 for disgorgement of \$12,000, representing money obtained as a result of the conduct alleged
15 in the Complaint, together with prejudgment interest thereon in the amount of \$2,942, for a
16 total of \$14,942. Defendant shall satisfy this obligation by paying \$14,942 to the Securities
17 and Exchange Commission within 14 days after entry of this Final Judgment. Defendant
18 shall make this payment by one of the following means: defendant may transmit payment
19 electronically to the Commission, which will provide detailed ACH transfer/Fedwire
20 instructions upon request. Alternatively, defendant may make payment directly from a bank
21 account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>.
22 Alternatively, defendant may make payment by certified check, bank cashier's check, or
23 United States postal money order payable to the Securities and Exchange Commission, which
24 shall be delivered or mailed to:

25 Enterprise Services Center
26 Accounts Receivable Branch
27 6500 South MacArthur Boulevard
Oklahoma City, OK 73169

28 and shall be accompanied by a letter identifying the case title, civil action number, and name

1 IT IS SO ORDERED.

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Date: 1/14/13, 2012


UNITED STATES DISTRICT JUDGE

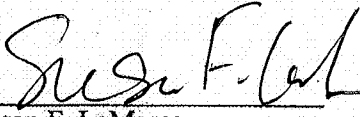
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Approved as to form:



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1 Submitted by:

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