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 8 **UNITED STATES DISTRICT COURT**
 9 **NORTHERN DISTRICT OF CALIFORNIA**
 10 **SAN JOSE DIVISION**

11 SECURITIES AND EXCHANGE
 COMMISSION,

12 Plaintiff,

13 vs.

14 YERVANT DAVID LEPEJIAN,

15 Defendant.
 16

Case No. C 02-4308 JF (PVT)

PLAINTIFF'S REPORT FOR
 CONTINUED CASE MANAGEMENT
 CONFERENCE

Date: July 8, 2005

Time: 10:30 AM

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 18 The Securities and Exchange Commission brought this action against defendant, Yervant David
 19 Lepejian, at the same time as Mr. Lepejian pleaded guilty in a criminal matter, *United States v. Lepejian*,
 20 Case No. CR-02-0266-VRW. Both the Commission's action and the criminal action were based on Mr.
 21 Lepejian involvement in a financial reporting fraud while he was chief executive officer of HPL
 22 Technologies, Inc.

23 In this civil action, Mr. Lepejian consented to entry of a Final Judgment of Permanent Injunction
 24 and Other Relief Against Defendant Yervant David Lepejian. On October 17, 2002, the Court entered
 25 judgment pursuant to that consent. The judgment enjoins Mr. Lepejian from future conduct that violates
 26 the federal securities laws, prohibits him from serving as officer or director of any public company and
 27 orders him to pay disgorgement, prejudgment interest and a civil penalty (pursuant to 15 U.S.C. §§ 77t(d)
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1 & 78u(d)(3)) in amounts to be determined by agreement of the parties or, failing agreement, by “further
2 proceedings on the record.”

3 The parties agreed early on that the amount Mr. Lepejian should pay to the Commission would
4 be influenced by the criminal sentence imposed on him pursuant to his plea. On May 26, 2005, Judge
5 Walker sentenced Mr. Lepejian to incarceration for a period of 12 months plus one day, followed by 24
6 months of supervised release. Judge Walker acknowledged Mr. Lepejian’s previous surrender of his
7 stock holdings in HPL Technologies, Inc. and did not order Mr. Lepejian to pay additional restitution or a
8 fine.

9 After the criminal sentence was imposed, counsel for the Commission and Mr. Lepejian agreed
10 that the Commission should assess Mr. Lepejian’s current financial circumstances. The Commission has
11 asked Mr. Lepejian to submit a financial disclosure on a form that the Commission provided. The
12 Commission is awaiting receipt of that information. The parties are optimistic that this information will
13 provide the basis for an agreement on amounts that would resolve the issues left open in the consent
14 judgment.

15 The Commission recommends that the Court order the parties, not later than September 8, 2005,
16 to report either that they have reached agreement on disgorgement and penalties or to jointly propose a
17 schedule for proceedings to resolve those issues.

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19 Dated: July 1, 2005

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21 JAMES A. HOWELL
22 Attorney for Plaintiff
23 SECURITIES AND EXCHANGE COMMISSION
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