

FILED

1 JOSE F. SANCHEZ, Cal. Bar No. 161362
2 CAROL LALLY, Cal. Bar No. 226392

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3 Attorneys for Plaintiff
4 Securities and Exchange Commission
5 Randall R. Lee, Regional Director
6 Sandra J. Harris, Associate Regional Director
7 5670 Wilshire Boulevard, 11th Floor
8 Los Angeles, California 90036-3648
9 Telephone: (323) 965-3998
10 Facsimile: (323) 965-3908

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U.S. DISTRICT COURT
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11 UNITED STATES DISTRICT COURT
12 FOR THE CENTRAL DISTRICT OF CALIFORNIA
13 EASTERN DIVISION

14 SECURITIES AND EXCHANGE
15 COMMISSION,

16 Plaintiff

17 vs.

18 MX FACTORS, LLC; BBH
19 RESOURCES, LLC; JTL FINANCIAL
20 GROUP, LLC; RICHARD M.
21 HARKLESS; DANIEL BERARDI;
22 THOMAS HAWKESWORTH; and
23 RANDALL W. HARDING,

24 Defendants.

Case No. EDCV 04-223 VAP (SGLx)

25 **[PROPOSED] ORDER TO SHOW**
26 **CAUSE RE: CIVIL CONTEMPT**
27 **AGAINST DEFENDANT RICHARD**
28 **M. HARKLESS**

21 Plaintiff Securities and Exchange Commission ("Commission") applied on
22 an *ex parte* basis for an order to show cause why defendant Richard M. Harkless
23 ("Harkless" or "Defendant") should not be held in civil contempt of this Court's
24 Preliminary Injunction and Orders of March 8, 2004 ("Orders"). The Commission
25 presented evidence that Harkless has dissipated assets, failed to provide access to
26 and control over assets and records, taken actions on behalf of Mx Factors, LLC
27 ("Mx") without consent, failed to provide accountings to the Commission, and
28 failed to repatriate foreign assets in violation of the Order.

1 Additionally, the Commission seeks an order to show cause why Harkless
 2 should not be required to surrender his passport(s) until he forgoes dissipation of
 3 assets, provides access to and control over assets and records, forgoes actions
 4 taken on behalf of Mx without consent, provides accountings to the Commission,
 5 and repatriates foreign assets as ordered on March 8, 2004. The Commission
 6 presented evidence that Harkless has traveled outside the United States during the
 7 pendency of this Court's Order against him.

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9 For good cause shown, the application is hereby GRANTED.

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11 IT IS FURTHER ORDERED at 10 o'clock a.m. on July 15,
 12 2004, Defendant Richard M. Harkless shall appear before this Court to show cause
 13 why an order of civil contempt should not be issued. Harkless further shall show
 14 cause why he should not be incarcerated and why he should not be fined \$1,000
 15 per day pending his provision of access to and control over assets and records,
 16 provision of accountings to the Commission, and repatriation of foreign assets.
 17 Harkless further shall show case why he should not surrender his passport(s) until
 18 he provides access to and control over assets and records, provides accountings to
 19 the Commission, and repatriates foreign assets.

20

21 This Order may be served ^{no later than July 6, 2004} by transmitting it to Harkless's most recent
 22 known addresses by ^{U.S. Mail, overnight delivery} ~~Federal Express~~ or other overnight service or by delivery to
 23 his counsel of record. Any declaration, points and authorities, or other
 24 submissions in opposition to the issuance of such an order of civil contempt shall
 25 be filed with the Court and delivered to the Commission's Los Angeles office no
 26 later than 4 o'clock p.m. on July 12, 2004. Any reply papers

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1 shall be filed with the Court and transmitted to Harkless's most recent known
 2 addresses by ~~Federal Express~~ ^{US Mail overnight delivery} or other overnight service or by ~~delivery~~ ^{personal} to his
 3 counsel of record, *no later than 4 p.m. July 14, 2004*

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5 IT IS SO ORDERED.

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7 DATED: July 2, 2004

Virginia A. Phillips

 The Honorable Virginia A. Phillips
 UNITED STATES DISTRICT JUDGE

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12 Presented by:

Carol Lally

 Jose F. Sanchez
 Carol Lally
 Attorneys for Plaintiff
 Securities and Exchange Commission