

ROSALIND R. TYSON, Cal. Bar # 85269
SANDRA J. HARRIS, Cal. Bar # 134153
THOMAS A. ZACCARO, Cal. Bar # 183241
MARIANNE WISNER, Cal. Bar # 163339

Attorneys for Plaintiff
Securities and Exchange Commission
5670 Wilshire Boulevard, 11th Floor
Los Angeles, California 90036-3648
Tel: (323) 965-3998 Fax: (323) 965-3908

FILED
October 16, 2001
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION AT SANTA ANA
LODGED
October 17, 2001
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
ENTERED
October 19, 2001
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA OFFICE

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

TLC INVESTMENTS & TRADE CO., et al.

Defendants.

Civil Action No.
SACV 00-960-DOC (MLGx)

**FINAL JUDGEMENT OF
PERMANENT INJUNCTION AND
OTHER RELIEF AGAINST THOMAS
G. CLOUD AND CLOUD &
ASSOCIATES CONSULTING, INC.**

Date: October 15, 2001
Time: 8:30 a.m.
Courtroom: 9D

The motion of Plaintiff Securities and Exchange Commission ("Commission") for summary judgment came on regularly for hearing on October 15, 2001, Hon. David O. Carter, District Judge Presiding. The Court, having considered the Commission's Statement of Uncontroverted Facts and Conclusions of Law, Memorandum of Points and Authorities, supporting Declarations, Defendants' opposing papers, arguments of counsel, and all other matters presented to the Court, **IT IS HEREBY ORDERED** that Plaintiff Commission's Motion for Summary Judgment is **GRANTED** against Defendants Cloud and C&A.

I.

IT IS FURTHER ORDERED, ADJUDGED & DECREED that Defendants Cloud and C&A, their officers, 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 restrained and enjoined from, directly or indirectly:

A. making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell the securities of any issuer, through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect as to such securities;

B. carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, the securities of any issuer, unless and until a registration statement is in effect as to such securities; and

C. making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, through the use or medium of any prospectus or otherwise, the securities of any issuer, unless and until a registration statement has been filed with the Commission as to such securities, or while a registration statement has been filed with the Commission as to such securities, or while a registration statement as to such securities is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77h;

in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) & 77e(c); provided, however, that nothing in this Final Judgment shall apply to any security or transaction which is exempt from the provisions of Section 5 of the Securities Act, 15 U.S.C. § 77e.

II.

IT FURTHER IS ORDERED, ADJUDGED AND DECREED that Defendants Cloud and C&A and their 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 restrained and enjoined from, directly or indirectly, in the offer or sale of the securities of any issuer, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails:

A. employing any device, scheme or artifice to defraud;

B. obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

C. engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser;

in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants Cloud and C&A and their 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 restrained and enjoined from, directly or indirectly, in connection with the purchase or sale of any security, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

A. employing any device, scheme, or artifice to defraud;

B. making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

C. engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

in violation of Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C. F. R. § 240.10b-5.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants Cloud and C&A, jointly and severally, shall pay disgorgement in the amount of \$1,119,556, representing their ill-gotten gains from the conduct alleged in the Complaint, plus prejudgment interest thereon in the amount of \$39,706.56, for a total of \$1,159,262.56. Payment shall be made within ten days of the entry of this Final Judgment by cashier's check, certified check or postal money order made payable to Robb Evans, Receiver for TLC Investments & Trade Co., et al. and sent to Robb Evans, Receiver, at 11450 Sheldon Street, Sun Valley, California 91352-1121 under cover of a letter that identifies the defendant, the name and case number of this litigation and the name of the court. A copy of the cover letter and the check or money order shall be simultaneously transmitted to counsel for the Commission at its Pacific Regional Office, located at 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Cloud is assessed, and shall pay to the Commission for delivery to the United States Treasury, a civil penalty in the amount of \$110,000 pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3). Defendant Cloud shall pay the penalty within ten days of the entry of this Final Judgment. Payment shall be made by cashier's check, certified check or postal money order made payable to the United States Treasury, and shall be transmitted to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, Virginia 22312, under cover of a letter that identifies the defendant, the name and case number of this litigation and the name of the court. A copy of the cover letter and the check or money order shall be simultaneously transmitted to counsel for the Commission at its Pacific Regional Office, located at 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant C&A is assessed, and shall pay to the Commission for delivery to the United States Treasury, a civil penalty in the amount of \$550,000 pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3). Defendant C&A shall pay the penalty within ten days of the entry of this Final Judgment. Payment shall be made by cashier's check, certified check or postal money order made payable to the United States Treasury, and shall be transmitted to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, Virginia 22312, under cover of a letter that identifies the defendant, the name and case number of this litigation and the name of the court. A copy of the cover letter and the check or money order shall be simultaneously transmitted to counsel for the Commission at its Pacific Regional Office, located at 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this action for all purposes, including to implement and enforce the terms of this Final Judgment against Defendants Thomas G. Cloud and Cloud & Associates Consulting, Inc. and all other orders and decrees which have been or may be entered in this case, and to grant such other relief as this Court may deem necessary and just.

VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that compliance with this Final Judgment by Defendants Cloud and C&A shall not be deemed a violation of the freeze placed on their assets pursuant to Part VI of the Order of Preliminary Injunction and Orders: (1) Freezing Assets; (2) Appointing a Receiver; (3) Prohibiting the Destruction of Documents; (4) for Accounting; (5) for Repatriation of Assets; and (6) for Expedited Discovery, issued by this Court on November 1, 2000. Such asset freeze shall otherwise remain in full force and effect until such time that Defendants Cloud and C&A fully satisfy the disgorgement, prejudgment interest and penalties ordered herein.

There being no just reason for delay, the Clerk of the Court is hereby directed, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter this Final Judgment forthwith.

DATED: OCTOBER 15, 2001

<signed >

THE HONORABLE DAVID O. CARTER
UNITED STATES DISTRICT JUDGE

Respectfully submitted by:

<signed>

MARIANNE WISNER
Attorney for Plaintiff
Securities and Exchange Commission
