

IN THE UNITED STATES DISTRICT COURT FOR  
THE DISTRICT OF MARYLAND, NORTHERN DIVISION

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

NATHAN A. CHAPMAN, JR., *et al.*

Defendants.

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CIVIL NO.: WDQ-03-1877

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ORDER

For the reasons discussed in the accompanying Memorandum  
Opinion, it is, this <sup>29th</sup> day of November, 2011, ORDERED that:

1. The plaintiff's motion for partial summary judgment, (ECF  
No. 149), BE, and HEREBY IS, GRANTED in part and DENIED in  
part:

- a. The motion is GRANTED against Chapman;
- b. The motion is DENIED against Chapman Capital  
Management (CCM);

2. Judgment BE, and HEREBY IS, ENTERED in favor of the  
plaintiff against Chapman on the first and third claims as  
follows:

- a. Chapman and his agents, officers, servants, employees,  
attorneys, and those persons in active concert or  
participation with him, and each of them, who receive  
actual notice of this Judgment by personal service or

otherwise, BE, and HEREBY ARE, PERMANENTLY RESTRAINED AND ENJOINED from violating, directly or indirectly, Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a), in the offer or sale of any security by using any means or instruments of transportation or communication in interstate commerce, or the mails:

- i. to employ any device, scheme, or artifice to defraud;
  - ii. to obtain 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 light of the circumstances under which they were made, not misleading; or
  - iii. to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser;
- b. Chapman and his agents, officers, servants, employees, attorneys, and those persons in active concert or participation with him, and each of them, who receive actual notice of this Judgment by personal service or otherwise, BE, and HEREBY ARE, PERMANENTLY RESTRAINED AND ENJOINED from violating, directly or indirectly,

Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, by using any means or instruments of transportation or communication in interstate commerce, or the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- i. to employ any device, scheme, or artifice to defraud;
  - ii. to make any untrue statement of a material fact or to omit 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
  - iii. to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;
- c. Chapman and his agents, officers, servants, employees, attorneys, and those persons in active concert or participation with him, and each of them, who receive actual notice of this Judgment by personal service or otherwise, BE, and HEREBY ARE, PERMANENTLY RESTRAINED AND ENJOINED from violating, directly or indirectly,

Section 206 of the Investment Advisers Act, 15 U.S.C. § 80b-6, by, as an investment adviser, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly:

- i. employing any device, scheme, or artifice to defraud any client or prospective client;
  - ii. engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client; or
  - iii. acting as principal for his own account, and knowingly selling any security to or purchasing any security from a client, or acting as broker for a person other than such client, and knowingly effecting any sale or purchase of any security for the account of such client, without disclosing to such client in writing before the completion of such transaction the capacity in which he is acting and obtaining the consent of the client to such transaction;
- d. Pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), Chapman BE, and HEREBY IS, PERMANENTLY RESTRAINED, ENJOINED, and PROHIBITED from acting as an officer or director of any issuer that has a class of securities registered pursuant to

Section 12 of the Exchange Act, 15 U.S.C. § 781, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d);

e. Chapman BE, and HEREBY IS, ASSESSED AND SHALL PAY A PENALTY 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), as amended by 17 C.F.R. § 201.1001;

3. Default judgment BE, and HEREBY IS, ENTERED against CCM as follows:

a. CCM and its agents, officers, servants, employees, attorneys, and those persons in active concert or participation with it, and each of them, who receive actual notice of this Judgment by personal service or otherwise, BE, and HEREBY ARE, PERMANENTLY RESTRAINED AND ENJOINED from violating, directly or indirectly, Section 17(a) of the Securities Act of 1933


("Securities Act"), 15 U.S.C. § 77q(a), in the offer or sale of any security by using any means or instruments of transportation or communication in interstate commerce, or the mails:

i. to employ any device, scheme, or artifice to defraud;

- ii. to obtain 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 light of the circumstances under which they were made, not misleading; or
  - iii. to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser;
- b. CCM and its agents, officers, servants, employees, attorneys, and those persons in active concert or participation with it, and each of them, who receive actual notice of this Judgment by personal service or otherwise, BE, and HEREBY ARE, PERMANENTLY RESTRAINED AND ENJOINED from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, by using any means or instruments of transportation or communication in interstate commerce, or the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- i. to employ any device, scheme, or artifice to defraud;
  - ii. to make any untrue statement of a material fact or to omit 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
  - iii. to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;
- c. CCM and its agents, officers, servants, employees, attorneys, and those persons in active concert or participation with it, and each of them, who receive actual notice of this Judgment by personal service or otherwise, BE, and HEREBY ARE, PERMANENTLY RESTRAINED AND ENJOINED from violating, directly or indirectly, Section 206 of the Investment Advisers Act, 15 U.S.C. § 80b-6, by, as an investment adviser, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly:
- i. employing any device, scheme, or artifice to defraud any client or prospective client;

- ii. engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client; or
  - iii. acting as principal for its own account, and knowingly selling any security to or purchasing any security from a client, or acting as broker for a person other than such client, and knowingly effecting any sale or purchase of any security for the account of such client, without disclosing to such client in writing before the completion of such transaction the capacity in which it is acting and obtaining the consent of the client to such transaction;
4. The SEC is directed to submit a status report (including the status of claims against Earl Bravo) by December 16, 2011; and
5. The Clerk of the Court shall send copies of this Memorandum Opinion and Order to the defendants and counsel for the plaintiff.

  
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William D. Quarles, Jr.  
United States District Judge