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FILED
Clerk of the Superior Court

DEC 3 2010

By: R. CERSOSIMO, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO

THE PEOPLE OF THE STATE OF CALIFORNIA, by and through the California Corporations Commissioner,)	CASE No.: 37-2008-00088219-CU-SL-CTL
Plaintiff,)	
v.)	[PROPOSED] FINAL JUDGMENT OF
)	PERMANENT INJUNCTION AND OTHER
)	ANCILLARY RELIEF
)	
BRIDGE HARBOR MANAGEMENT, INC., a suspended California corporation; CREATIVE INSURANCE CONCEPTS, INC., a California corporation; KATHLEEN SHAVE, an individual; RUSSELL MILLARD, an individual,)	HON. LUIS R. VARGAS
)	DEPARTMENT 63
)	
Defendants,)	
)	
And Relief Defendants.)	
)	

[PROPOSED] FINAL JUDGMENT OF PERMANENT INJUNCTION
AND OTHER ANCILLARY RELIEF

1 The instant matter came before the Court for trial on February 1, 2010 before the Honorable
2 Luis R. Vargas, Judge of the Superior Court of the State of California for the County of San Diego.
3 Plaintiff People of the State of California, by and through the California Corporations
4 Commissioner (“Commissioner”), was represented by Jennifer A. Granat, Senior Corporations
5 Counsel, Michelle Lipton, Senior Corporations Counsel and Joyce Tsai, Corporations Counsel.
6 Defendant Russell Millard was represented by Alvin M. Gomez, Gomez Law Group. The
7 presentation of evidence concluded on March 10, 2010. Closing argument was held on May 10,
8 2010, following which the parties submitted written post argument briefings. The matter was taken
9 under submission on July 22, 2010.

10 On September 21, 2010, the Court issued a Memorandum of Decision (“Decision”),
11 attached hereto as Exhibit 1 and incorporated herein by reference. As set forth in the Decision, the
12 Court found in favor of Plaintiff on its claims for violations of California Corporations Code
13 sections 25110, 25401 and 25230¹ against Defendant Russell Millard. On the First Cause of Action
14 for violation of section 25110 (sale of unqualified securities), the Court found Defendant Millard
15 liable for 30 violations; on the Second Cause of Action for violation of section 25401 (securities
16 fraud), the Court found Defendant Millard liable for 30 violations; and on the Third Cause of
17 Action for violation of section 25230 (unlicensed investment adviser), the Court found Defendant
18 Millard liable for 30 violations.

19 Further, the Court found that Defendant Millard was a “control” person of Defendant
20 Creative Insurance Concepts, Inc., and that he substantially assisted defendants Kathleen Shave and
21 Bridge Harbor Management, Inc. in the entire Bridge Harbor note scheme. Therefore, the Court
22 found Defendant Millard jointly and severally liable with Defendants Creative Insurance Concepts,
23 Inc., Kathleen Shave and Bridge Harbor Management, Inc. under section 25403 for all 92 violations
24 of sections 25110 and 25401.
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28 ¹ All statutory references are to the California Corporations Code .

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NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED

that:

1. Russell Millard, along with his agents, employees, attorneys in fact and all persons acting in concert or participating with him, is permanently enjoined from directly or indirectly:

a. Violating California Corporations Code section 25110 by offering to sell, selling, arranging for the sale, issuing, engaging in the business of selling, negotiating for the sale of, or otherwise in any way dealing or participating in the offer or sale of, any security of any kind, including but not limited to the corporate and promissory notes described in the Decision, unless such security or transaction is qualified by the Commissioner pursuant to the Corporate Securities Law of 1968;

b. Violating California Corporations Code section 25401 by offering to sell, selling, offering to buy or buying any security of any kind, including but not limited to the corporate and promissory notes described in the Decision, by means of any written or oral communication, which contains any untrue statements of any material fact or omits or fails to state any material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, including but not limited to the misrepresentations and omissions alleged in the Decision; and

c. Violating California Corporations Code section 25230 by conducting business as an investment adviser in this state without first having applied for and secured from the Commissioner a certificate, then in effect, authorizing him to conduct business as an investment adviser.

2. Russell Millard, jointly and severally with Defendants Creative Insurance Concepts, Inc., Kathleen Shave and Bridge Harbor Management, Inc., is ordered to pay restitution in the amount of \$7,180,076, within thirty (30) (60) days of notice of entry of judgment, as follows: full restitution to each of the 58 investors (for each of 92 transactions) set forth on Attachment A of the Decision, attached hereto, in the amounts set forth thereon (where an investor was paid in full, no restitution is due). Each time a payment is made pursuant to this order, Millard shall file a notice

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with the Commissioner by U.S. Mail, attention Jennifer A. Granat, at Plaintiff’s address of record in this action, which shall identify: the name of the investor (and/or the name of the estate, as applicable), amount of payment, date of payment, method of payment, and remaining amount of restitution due and owing to the investor.

3. Russell Millard is ordered to pay the Commissioner civil penalties in the amount of \$25,000 per violation, within thirty (30) (60) days of notice of entry of judgment, as follows:

a. \$2.3 million jointly and severally with Defendants Creative Insurance Concepts, Inc., Kathleen Shave and Bridge Harbor Management, Inc. for 92 violations of section 25110;

b. \$2.3 million jointly and severally with Defendants Creative Insurance Concepts, Inc., Kathleen Shave and Bridge Harbor Management, Inc. for 92 violations of section 25401; and

c. \$750,000 for 30 violations of section 25230.

4. Costs are hereby awarded in the amount of \$ to be determined.

5. Interest shall accrue on all restitution and civil penalties at the legal rate (10%) from the date hereof.

6. This court will retain jurisdiction of this action in order to implement and carry out the terms of all orders and decrees that may be entered herein or to entertain any suitable application or motion by Plaintiff for additional relief within the jurisdiction of this Court.

IT IS SO ORDERED:

Dated: DEC 3, 2010

HON. LUIS R. VARGAS, JUDGE OF THE
SUPERIOR COURT