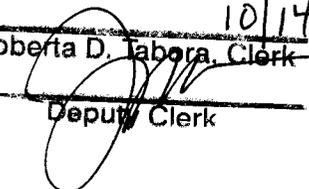


United States District Court  
District of Connecticut  
FILED AT NEW HAVEN

UNITED STATES DISTRICT COURT FOR  
DISTRICT OF CONNECTICUT

10/14/2009  
TH Roberta D. Jaborra, Clerk  
By  Deputy Clerk

SECURITIES AND EXCHANGE COMMISSION,  
  
Plaintiff,  
  
v.  
  
JOHN N. MILNE,  
  
Defendant.

Civil Action No.: 3:08-cv-00505

**FINAL JUDGMENT AS TO DEFENDANT JOHN N. MILNE**

The Securities and Exchange Commission (the "Commission") having filed a Complaint and Defendant John N. Milne ("Defendant") having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment as to Defendant John N. Milne ("Final Judgment") without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;

- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) to engage in any transaction, practice, or course of business, which operates or would operate as a fraud or deceit upon the purchaser.

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "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 instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) 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 the light of the circumstances under which they were made, not misleading; or
- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)], and Exchange Act Rules 13b2-1 and 13b2-2 [17 C.F.R. §§240.13b2-1 and 13b2-2] by:

(a) knowingly circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying books, records, or accounts filed with the Commission;

(b) falsifying, or causing to be falsified, any book, record, or account subject to Section 13(b)(2)(A) of the Exchange Act; and,

(c) as a director or officer of an issuer:

- (i) making or causing to be made a materially false or misleading statement to an accountant in connection with; or
- (ii) omitting to state, or causing another person to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading, to an accountant in connection with: (1) any audit, review or examination of the financial statements of the issuer required to be made; or (2) the preparation or filing of any document or report required to be filed with the Commission.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant, his agents, servants, employees, and attorneys-in-fact, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from aiding and abetting any violation of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)], and Rules 12b-20, 13a-1 and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 13a-13] promulgated thereunder, by knowingly providing substantial assistance to any issuer required to file any report pursuant to Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and the rules and regulations promulgated thereunder, which contains any untrue statement of material fact, omits to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, omits to disclose any information required to be disclosed, or fails to comply in any material respect with the requirements of Section 13(a) of the Exchange Act and the Rules and regulations promulgated thereunder.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant, his agents, servants, employees, and attorneys-in-fact, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from aiding and abetting any violation of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)] by knowingly providing substantial assistance to any issuer by:

- (a) failing to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect its transactions and the disposition of its assets; and

(b) failing to devise and maintain a system of internal controls sufficient to provide reasonable assurances that

- (i) transactions are executed in accordance with management's general or specific authorization;
- (ii) transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") or any other criteria applicable to such statements and (2) to maintain accountability for assets;
- (iii) access to assets is permitted only in accordance with management's general or specific authorization; and
- (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Defendant is 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)].

VII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant shall pay disgorgement representing profits gained as a result of the conduct alleged in the

Complaint, together with prejudgment interest thereon in the total amount of \$6.25 million (hereinafter “disgorgement”) as follows:

A. Defendant shall pay the first \$1 million of the disgorgement in three installment payments according to the following schedule: (1) \$333,333 within 90 days of entry of this Final Judgment; (2) an additional \$333,333 within 180 days of entry of this Final Judgment; and (3) an additional \$333,334 within 270 days of entry of this Final Judgment (the “payment schedule”). If Defendant fails to make any payment by the date and/or in the amount ordered according to this payment schedule, the entire \$6.25 million in disgorgement, less any payments made, plus post-judgment interest from the date of default, shall become immediately due and payable at the discretion of the staff of the Commission, without further application to the Court, and Defendant is legally precluded from challenging the validity of the Consent or this Final Judgment and/or contesting the amount of post-judgment interest assessed pursuant to 28 U.S.C. § 1961.

B. After Defendant complies with the payment schedule set forth above, he shall satisfy the remaining disgorgement balance due of \$5.25 million plus applicable post-judgment interest within three (3) years after the entry of this Final Judgment. To secure the balance of the disgorgement due, Defendant has provided the Commission with a security interest in all receivables, and private equity and partnership investments in which he currently holds an ownership position, as specified in Exhibit A attached to the Consent.

C. If Defendant fails to satisfy the remaining disgorgement balance due of \$5.25 million plus applicable post-judgment interest within (3) years after the entry of this Final Judgment, then the Commission may execute on any assets legally available to it to satisfy the Final Judgment, including, but not limited to, security interests obtained in connection with this matter, as set forth in the Consent.

D. If Defendant fails to make any payment by the date agreed and/or in the amount agreed according to the terms set forth above, the Commission may enforce the Final Judgment by moving for civil contempt (and/or through any and all collection procedures authorized by law). In response to any such civil contempt motion by the Commission, the defendant may assert any legally permissible defense.

E. Payments made pursuant to this Final Judgment shall be made to the Clerk of this Court, together with a cover letter identifying John N. Milne as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; specifying that payment is made pursuant to this Final Judgment; and specifying that payment is to be deposited into the previously authorized fund established in the case SEC v. United Rentals, Inc. (D. Conn. No. 3:08-cv-1354)). Defendant shall simultaneously transmit photocopies of each such payment and letter to the Commission's counsel in this action. In accordance with 28 U.S.C. § 1914 and the guidelines set by the Director of the Administrative Office of the United States Courts, the Clerk is directed, without further order of this Court, to deduct from the income earned on the money in the Fund a fee equal to ten percent of the income earned on the Fund. Such fee shall not exceed that authorized by the Judicial Conference of the United States.

F. Defendant relinquishes all legal and equitable right, title, and interest in such payments, and no part of the funds shall be returned to Defendant. The Commission may propose a plan to distribute the funds subject to the Court's approval. Defendant shall pay post-judgment interest pursuant to 28 USC § 1961.

G. The manner in which Defendant may satisfy this Final Judgment has been based on Defendant's sworn representations in his Statement of Financial Condition and other documents and information incorporated therein. If at any time following the entry of this Final

Judgment the Commission discovers previously undisclosed accounts, trusts, cash, securities, annuities, partnerships, investments of any kind, accounts or loans receivable, art, jewelry and/or real property assets totaling five thousand dollars (\$5,000) or more in value, which existed at the time of the entry of this Final Judgment in which Defendant had an interest, contingent or otherwise, the Commission may collect 100 percent (100%) of the assets previously undisclosed. Defendant agrees not to contest any commercially reasonable collection action undertaken by the Commission pursuant to this provision.

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Judgment.

X.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Judgment forthwith and without further notice.

Dated: Oct. 14, 2009

  
/s/ Ellen Bree Burns, USDCJ  
UNITED STATES DISTRICT JUDGE