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FILED
CLERK'S OFFICE
U.S. DISTRICT COURT, E.D.N.Y.

★ JUN 30 2001 ★

BROOKLYN OFFICE

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

- against -

STEVE MADDEN,

Defendant.

00 Civ. 3632 (JG)

**FINAL JUDGMENT OF
PERMANENT INJUNCTION
AND OTHER RELIEF
BY CONSENT AGAINST
STEVE MADDEN**

Plaintiff Securities and Exchange Commission (the "Commission"), having commenced this action on June 20, 2000 against Steve Madden ("Madden") for injunctive and other equitable relief ("Complaint"), charging Madden with violations of Section 17(a) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77q(a), and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b) and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5; and defendant Madden, having executed the Consent and Undertakings of Steve Madden ("Consent"), which is annexed hereto, having admitted to the service of the Summons and Complaint on him, having admitted to the in personam of this Court over him and over the

subject matter jurisdiction of this action, having waived the filing of an answer and the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, and without admitting or denying the allegations of the Commission's Complaint (except as to jurisdiction which are admitted), and having consented to the entry of this Final Judgment of Permanent Injunction And Other Relief By Consent Against Steve Madden ("Final Judgment"); without further notice:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that defendant Madden be and hereby is permanently enjoined from, directly or indirectly, singly or in concert, 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:

- (1) employing any device, scheme or artifice to defraud; or
 - (2) obtaining money or property by means of an untrue statement of a material fact or omitting 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
 - (3) 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).

II.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Madden hereby is permanently enjoined and restrained from, directly or indirectly, singly or in concert, 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:

- (1) employing any device, scheme, or artifice to defraud;
- (2) making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it was made, not misleading; and
- (3) engaging in any act, transaction, 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 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Madden hereby is enjoined and restrained from, directly or indirectly, singly or in concert, acting as a director or officer of any issuer having a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act 15 U.S.C. § 78l or that is required to file reports pursuant to Section 15(d) of the Exchange Act 15 U.S.C. § 78o(d) for a period of seven years commencing on July 1, 2001.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Madden shall pay \$5,183,450.00, representing disgorgement of Madden's ill-gotten gains inclusive of prejudgment interest thereon. All restitution payments made by Madden in connection with *United States v. Steven Madden*, 00 Cr. 601 (JG) and *United States v. Steven Madden*, 00 Cr. 557 (KMW) shall be credited against the \$5,183,450.00 to be paid by Madden pursuant to this paragraph.

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Madden shall pay a civil penalty of \$1,000,000.00 pursuant to Section 20(a) of the Securities Act, 15 U.S.C. § 77t(a), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3). Payment of this civil penalty shall be made in the manner described in Paragraph VI. below.

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the payment of the civil penalty described in Paragraph V. shall be made within six months of the entry of this Final Judgment by U.S. postal money order, certified check, bank cashier's check, or bank money order payable to the order of the "United States Securities and Exchange Commission." This payment shall be transmitted to the Comptroller, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, under cover of a letter that identifies the defendant, the name and civil action number of this litigation, and the court in which it was brought. The cover letter also shall contain the investigation name (*Steven Madden Ltd.*) and the case number assigned by the Commission staff (NY-6787-A), and shall identify the payment as a civil penalty under Section 20(d) of the Securities Act and Section 21(d) of the Exchange Act. A copy of the cover letter and of any money orders or checks, front and back, shall be transmitted simultaneously to Doria G. Stetch, Esq., Securities and Exchange Commission, Seven World Trade Center, 13th Floor, New York, New York 10048.

VII.

IT IS FURTHER ORDERED that the attached Consent be, and hereby is, incorporated herein with the same force and effect as if fully set forth herein.

VIII.

IT IS FURTHER ORDERED that Madden shall comply with the undertakings set forth in the attached Consent.

IX.

IT IS FURTHER ORDERED that the Court shall retain jurisdiction of this matter for all purposes, including, but not limited to, implementing and enforcing the terms and conditions of this Final Judgment.

X.

IT IS FURTHER ORDERED that the Court expressly determines that there is no just reason for delay in the entry of this Final Judgment. 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.

XI.

IT IS FURTHER ORDERED that pursuant to Rule 65(d) of the Federal Rules of Civil Procedure, this Final Judgment is binding upon defendant Madden, his agents, servants, employees, partners, and attorneys, and those persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise.

**CONSENT OF STEVE MADDEN TO FINAL JUDGMENT
OF PERMANENT INJUNCTIVE AND OTHER RELIEF**

1. Defendant Steve Madden ("Madden"), upon the advice of counsel and being fully apprised of his rights, having read and understood the terms of the attached Final Judgment of Permanent Injunction and Other Relief By Consent Against Steve Madden ("Final Judgment"), admits to the in personam and subject matter jurisdiction of this Court, waives the filing of an answer and the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, without further notice, trial or argument, and without admitting or denying the allegations contained in the Complaint of Plaintiff Commission (except as to jurisdiction, which is admitted), hereby consents to the entry of the annexed Final Judgment.

2. Madden agrees that this Consent and Undertakings of Steve Madden ("Consent") shall be incorporated by reference in and made part of the Final Judgment.

3. Madden waives any right he may have to appeal from the Final Judgment.

4. Madden agrees that he will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection he may have based thereon.

5. Madden acknowledges that any violation of any of the terms of the annexed Final Judgment may place him in contempt of this Court and subject him to civil or criminal sanctions, or both.

6. Madden agrees and undertakes to pay \$5,183,450.00, representing disgorgement of Madden's ill-gotten gains inclusive of prejudgment interest thereon; provided, however, that all restitution payments Madden makes in connection with *United States v. Steven Madden*, 00 Cr.

601 (JG) and *United States v. Steven Madden*, 00 Cr. 557 (KMW) shall be credited against the \$5,183,450 to be paid by Madden pursuant to this paragraph.

7. Madden agrees and undertakes to pay \$1,000,000 as a civil penalty pursuant to Section 20(d) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77t(d) and Section 21(d)(3) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78u(d)(3) within six months of the entry of the Final Judgment.

8. Madden enters into this Consent voluntarily and acknowledges that no tender, offer, promise, or threat of any kind has been made by plaintiff Commission, or any member, officer, attorney, agent, or representative, to induce him to enter into this Consent.

9. Madden acknowledges that he has read, understands, and agrees to comply with the policy of the Commission, set forth in 17 C.F.R. § 202.5(e), not to permit a defendant to consent to a judgment or order that imposes relief or a sanction while denying any allegation in the Complaint or finding in a judgment or order. In compliance with this policy, Madden agrees not to take any action or make, or permit to be made, any public statement denying, directly or indirectly, any allegations in the Complaint or creating the impression that the Complaint or Final Judgment is without factual basis. If Madden breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this proceeding to the active docket. Nothing in this provision affects Madden's (i) testimonial obligations or (ii) right to take legal positions in litigation in which the Commission is not a party.

10. Madden acknowledges that he has been informed that the Commission, in its sole and exclusive discretion, may refer this matter, or any information or evidence gathered in connection therewith or derived therefrom, to any person or entity having appropriate administrative, civil, or criminal jurisdiction.

11. Madden acknowledges further that no promise or representation has been made by the Commission or its staff with regard to: (1) any criminal liability arising from the facts underlying this action; or (2) immunity from any such criminal liability.

12. Madden acknowledges and agrees that this civil action, and his Consent to the entry of the Final Judgment, are for the purposes of resolving this civil action only, in conformity with the provisions of 17 C.F.R. § 202.5(f). Consistent with the provisions of 17 C.F.R. § 202.5(f), Madden waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein.

13. Madden acknowledges that this Consent embodies the entire understanding of the parties concerning the settlement of this action.

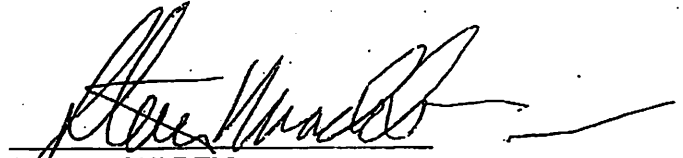
14. Madden consents further that this Court shall retain jurisdiction of this matter for all purposes.

15. Madden hereby consents and agrees that the annexed Final Judgment may be presented by the Commission to the Court for signature, filing, and entry without further notice and delay.

16. Madden agrees that service by first class mail to Winograd & Winograd, P.C., 450 7th Avenue, New York, New York, 10123, shall be deemed personal service for all correspondence, service and notices as to any matter related to this Consent and the annexed Final Judgment, unless

Madden notifies the Commission otherwise by letter addressed to counsel for the Securities and Exchange Commission, Northeast Regional Office; 7 World Trade Center; New York, New York 10048.

Dated: May 23, 2001

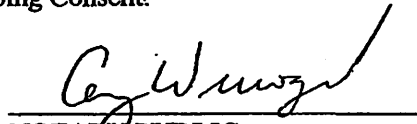

STEVE MADDEN

STATE OF NEW YORK)

ss.:

COUNTY OF Kings)

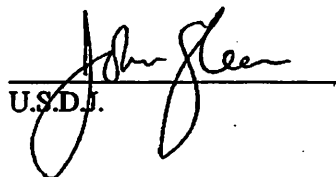
On this 23 day of May, 2001, before me personally appeared Steve Madden, to me known to be the person who executed the foregoing Consent.


NOTARY PUBLIC

Dated: _____, New York
_____, 2001

COREY M. WINOGRAD
Notary Public, State of New York
No. 31-5005994
Qualified in New York County
Commission Expires December 21, 1999
June 15, 2001

SO ORDERED:

 5-24-01
U.S.D.J.