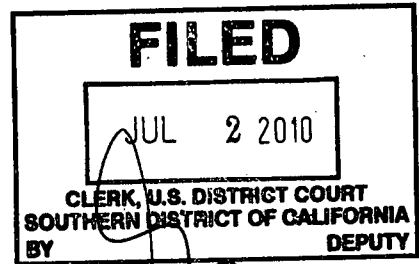


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U.S. SECURITIES AND EXCHANGE COMMISSION
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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

U. S. SECURITIES AND EXCHANGE)
COMMISSION,)
)
)
Plaintiff,)
)
v.)
)
ILSE CAPPEL,)
)
Defendant.)

Case No. 02CV2310-JM-JMA
FINAL JUDGMENT AS TO ILSE
CAPPEL
Judge: Hon. Jeffrey T. Miller
Courtroom 16

The Securities and Exchange Commission having filed a Complaint and Defendant Ilse Cappel ("Defendant") having entered a general appearance; consented to the Court's jurisdiction

1 over Defendant and the subject matter of this action; consented to entry of this Final Judgment
2 without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived
3 findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

4 I.

5 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and
6 Defendant's agents, servants, employees, attorneys, and all persons in active concert or
7 participation with them who receive actual notice of this Final Judgment by personal service or
8 otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities
9 Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the
10 use of any means or instruments of transportation or communication in interstate commerce or by
11 use of the mails, directly or indirectly:
12

- 13 (a) to employ any device, scheme, or artifice to defraud;
14 (b) to obtain money or property by means of any untrue statement of a material fact
15 or any omission of a material fact necessary in order to make the statements
16 made, in light of the circumstances under which they were made, not misleading;
17 or
18 (c) to engage in any transaction, practice, or course of business which operates or
19 would operate as a fraud or deceit upon the purchaser.
20

21 II.

22 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
23 and Defendant's agents, servants, employees, attorneys, and all persons in active concert or
24 participation with them who receive actual notice of this Final Judgment by personal service or
25 otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section
26 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule
27 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of
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1 interstate commerce, or of the mails, or of any facility of any national securities exchange, in
2 connection with the purchase or sale of any security:

- 3 (a) to employ any device, scheme, or artifice to defraud;
- 4 (b) to make any untrue statement of a material fact or to omit to state a material fact
5 necessary in order to make the statements made, in the light of the circumstances
6 under which they were made, not misleading; or
- 7 (c) to engage in any act, practice, or course of business which operates or would
8 operate as a fraud or deceit upon any person.
9

10 III.

11 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
12 and Defendant's agents, servants, employees, attorneys, and all persons in active concert or
13 participation with them who receive actual notice of this Final Judgment by personal service or
14 otherwise, are permanently restrained and enjoined from knowingly circumventing or knowingly
15 failing to implement a system of internal accounting controls or knowingly falsifying, or causing
16 to be falsified, any book, record, or account described in Section 13(b)(2) of the Exchange Act [15
17 U.S.C. § 78m(b)(2)], in violation of Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)]
18 and Exchange Act Rule 13b2-1 [17 C.F.R. §§ 240.13b2-1].
19

20 IV.

21 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
22 and Defendant's agents, servants, employees, attorneys, and all persons in active concert or
23 participation with them who receive actual notice of this Final Judgment by personal service or
24 otherwise, are permanently enjoined from aiding and abetting any violation of Sections 13(a),
25 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and
26 78m(b)(2)(B)], and Exchange Act Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.12b-20,
27 240.13a-1, and 240.13a-13], by knowingly providing substantial assistance to an issuer that has a
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1 class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or any
2 issuer which is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. §
3 780(d)], and that:

- 4 (A) fails to make and keep books, records, and accounts which, in reasonable detail,
5 accurately and fairly reflect the transactions and dispositions of the assets of the
6 issuer; or
- 7 (B) fails to devise and maintain a system of internal accounting controls sufficient to
8 provide reasonable assurances that: (i) transactions are executed in accordance
9 with management's general or specific authorization; (ii) transactions are recorded
10 as necessary (I) to permit preparation of financial statements in conformity with
11 generally accepted accounting principles ("GAAP") or any other criteria applicable
12 to such statements and (II) to maintain accountability for assets; (iii) access to
13 assets is permitted only in accordance with management's general or specific
14 authorization; and (iv) the recorded accountability for assets is compared with the
15 existing assets at reasonable intervals and appropriate action is taken with respect
16 to any differences;
- 17 (C) files or causes to be filed with the Commission any report required to be filed with
18 the Commission pursuant to Section 13(a) of the Exchange Act [15 U.S.C.
19 § 78m(a)] and the Exchange Act's rules and regulations that includes financial
20 statements that are not presented in conformity with GAAP, or is otherwise
21 materially inaccurate; or
- 22 (D) fails to include, in statements or reports, further material information as may be
23 necessary to make the required statements, in the light of the circumstances under
24 which they are made, not misleading.

V.

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2 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is
3 liable for disgorgement of \$197,443, representing profits gained as a result of the conduct alleged
4 in the Complaint, together with prejudgment interest thereon in the amount of \$31,481, for a total
5 of \$228,924. The Commission may enforce the Court's judgment for disgorgement and
6 prejudgment interest by moving for civil contempt (and/or through other collection procedures
7 authorized by law) at any time after fourteen days following entry of this Final Judgment. In
8 response to any such civil contempt motion by the Commission, the defendant may assert any
9 legally permissible defense. Payments under this paragraph shall be made to the Clerk of this
10 Court, together with a cover letter identifying Ilse Cappel as a defendant in this action; setting
11 forth the title and civil action number of this action and the name of this Court; and specifying that
12 payment is made pursuant to this Final Judgment. Defendant shall simultaneously transmit
13 photocopies of each such payment and letter to the Commission's counsel in this action.
14 Defendant relinquishes all legal and equitable right, title, and interest in such payments, and no
15 part of the funds shall be returned to Defendant. The Clerk shall deposit the funds into an interest
16 bearing account with the interest bearing account that is utilized by the Court. These funds,
17 together with any interest and income earned thereon (collectively, the "Fund"), shall be held in
18 the interest bearing account until further order of the Court. In accordance with 28 U.S.C. § 1914
19 and the guidelines set by the Director of the Administrative Office of the United States Courts, the
20 Clerk is directed, without further order of this Court, to deduct from the income earned on the
21 money in the Fund a fee equal to ten percent of the income earned on the Fund. Such fee shall not
22 exceed that authorized by the Judicial Conference of the United States. The Commission may
23 propose a plan to distribute the Fund subject to the Court's approval. Defendant shall pay post-
24 judgment interest on any delinquent amounts pursuant to 28 USC § 1961.
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VI.

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.

VII.

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 Final Judgment.

VIII.

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 Final Judgment forthwith and without further notice.

Dated: July 2, 2010


UNITED STATES DISTRICT JUDGE