

1 MARC J. FAGEL (Cal. Bar No. 154425)  
JOHN S. YUN ([yunj@sec.gov](mailto:yunj@sec.gov)) (Cal. Bar No. 112260)  
2 SHEILA E. O'CALLAGHAN ([ocallaghans@sec.gov](mailto:ocallaghans@sec.gov)) (Cal. Bar No. 131032)  
ELENA RO ([roe@sec.gov](mailto:roe@sec.gov)) (Cal. Bar No. 197308)

3 Attorneys for Plaintiff  
4 SECURITIES AND EXCHANGE COMMISSION  
44 Montgomery Street, Suite 2600  
5 San Francisco, California 94104  
Telephone: (415) 705-2500  
6 Facsimile: (415) 705-2501

7  
8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 OAKLAND DIVISION  
11

12 SECURITIES AND EXCHANGE COMMISSION,  
13 Plaintiff,

14 v.

15 THE CHILDREN'S INTERNET, NASSER V.  
HAMEDANI, SHOLEH A. HAMEDANI, PETER  
16 A. PEREZ, CORT L. POYNER and TWO DOG  
NET, INC.,  
17

18 Defendants.

Case No. C-06-6003-CW

FINAL JUDGMENT AS TO PETER A. PEREZ

19  
20 The Securities and Exchange Commission having filed a Complaint and Defendant Peter A.  
21 Perez entered a general appearance; consented to the Court's jurisdiction over Defendant and the  
22 subject matter of this action; consented to entry of this Final Judgment without admitting or denying  
23 the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions  
24 of law; and waived any right to appeal from this Final Judgment:  
25

26 I.

27 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's  
28 agents, servants, employees, attorneys, and all persons in active concert or participation with them

1 who receive actual notice of this Final Judgment by personal service or otherwise are permanently  
2 restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities  
3 Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated  
4 thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or  
5 of the mails, or of any facility of any national securities exchange, in connection with the purchase or  
6 sale of any security:

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

8 (b) to make any untrue statement of a material fact or to omit to state a material fact  
9 necessary in order to make the statements made, in the light of the circumstances  
10 under which they were made, not misleading; or

11 (c) to engage in any act, practice, or course of business which operates or would  
12 operate as a fraud or deceit upon any person.

13 II.

14 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and  
15 Defendant's agents, servants, employees, attorneys-in-fact, and all persons in active concert or  
16 participation with them who receive actual notice of this Final Judgment by personal service or  
17 otherwise are permanently restrained and enjoined from violating Section 15(a) of the Exchange Act  
18 [15 U.S.C. § 78p(a)] through use of the mails or means or instrumentalities of interstate commerce, in  
19 effecting transactions in, and inducing or attempting to induce the purchase or sale of, securities  
20 (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills) as  
21 a broker but without being registered with the Commission in accordance with Section 15(b) of the  
22 Exchange Act [15 U.S.C. § 78o(b)].

23 III.

24 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and  
25 Defendant's agents, servants, employees, attorneys-in-fact, and all persons in active concert or  
26 participation with them who receive actual notice of this Final Judgment by personal service or  
27 otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act  
28 of 1933 ("Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any

1 means or instruments of transportation or communication in interstate commerce or by use of the  
2 mails, directly or indirectly:

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

9 IV.

10 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and  
11 Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation  
12 with them who receive actual notice of this Final Judgment by personal service or otherwise are  
13 permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e]  
14 by, directly or indirectly, in the absence of any applicable exemption:

15 (a) Unless a registration statement is in effect as to a security, making use of any means or  
16 instruments of transportation or communication in interstate commerce or of the mails to sell such  
17 security through the use or medium of any prospectus or otherwise;

18 (b) Unless a registration statement is in effect as to a security, carrying or causing to be  
19 carried through the mails or in interstate commerce, by any means or instruments of transportation,  
20 any such security for the purpose of sale or for delivery after sale; or

21 (c) Making use of any means or instruments of transportation or communication in  
22 interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any  
23 prospectus or otherwise any security, unless a registration statement has been filed with the  
24 Commission as to such security, or while the registration statement is the subject of a refusal order or  
25 stop order or (prior to the effective date of the registration statement) any public proceeding or  
26 examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

## V.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently barred from participating in an offering of penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock. A penny stock is any equity security that has a price of less than five dollars, except as provided in Rule 3a51-1 under the Exchange Act [17 C.F.R. 240.3a51-1].

## VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$538,865 representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$67,715, with all but \$85,000 waived. Based on Defendant's sworn representations in his Statement of Financial Condition dated July 19, 2007, and other documents and information submitted to the Commission, the Court is not ordering Defendant to pay a civil penalty and payment of all but \$85,000 of the disgorgement and pre-judgment interest thereon is waived. Defendant shall satisfy his obligation by making payment of \$85,000 within ten (10) business days after entry of this Final Judgment by certified check, bank cashier's check, or United States postal money order payable to the Clerk of this Court. This payment shall be submitted with a cover letter identifying Peter A. Perez as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. Defendant shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action. Defendant shall also pay post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961. If Defendant fails to make any payment by the dates agreed and/or in the amounts agreed according to the schedule set forth above, all outstanding payments under this Final Judgment, including post-judgment interest, minus any payments made, shall become due and payable immediately without further application to the Court. By making this payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Defendant.

1 The Clerk shall deposit the funds into an interest bearing account with the Court Registry  
2 Investment System ("CRIS") or any other type of interest bearing account that is utilized by the  
3 Court. These funds, together with any interest and income earned thereon (collectively, the "Fund"),  
4 shall be held in the interest bearing account until further order of the Court. In accordance with 28  
5 U.S.C. § 1914 and the guidelines set by the Director of the Administrative Office of the United States  
6 Courts, the Clerk is directed, without further order of this Court, to deduct from the income earned on  
7 the money in the Fund a fee equal to ten percent of the income earned on the Fund. Such fee shall  
8 not exceed that authorized by the Judicial Conference of the United States.

9 The Commission may by motion propose a plan to distribute the Fund subject to the Court's  
10 approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund  
11 provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002.

## 12 VII.

13 The determination not to impose a civil penalty and to waive payment of all but \$85,000 of  
14 the disgorgement and pre-judgment interest is contingent upon the accuracy and completeness of  
15 Defendant's Statement of Financial Condition dated July 19, 2007. If at any time following the entry  
16 of this Final Judgment the Commission obtains information indicating that Defendant's  
17 representations to the Commission concerning his assets, income, liabilities, or net worth were  
18 fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such  
19 representations were made, the Commission may, at its sole discretion and without prior notice to  
20 Defendant, petition the Court for an order requiring Defendant to pay the unpaid portion of the  
21 disgorgement, pre-judgment and post-judgment interest thereon, and the maximum civil penalty  
22 allowable under the law. In connection with any such petition, the only issue shall be whether the  
23 financial information provided by Defendant was fraudulent, misleading, inaccurate, or incomplete in  
24 any material respect as of the time such representations were made. In its petition, the Commission  
25 may move this Court to consider all available remedies, including, but not limited to, ordering  
26 Defendant to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of  
27 this Final Judgment. The Commission may also request additional discovery. Defendant may not, by  
28 way of defense to such petition: (1) challenge the validity of the Consent or this Final Judgment; (2)

1 contest the allegations in the Complaint filed by the Commission; (3) assert that payment of  
2 disgorgement, pre-judgment and post-judgment interest or a civil penalty should not be ordered; (4)  
3 contest the amount of disgorgement and pre-judgment and post-judgment interest; (5) contest the  
4 imposition of the maximum civil penalty allowable under the law; or (6) assert any defense to  
5 liability or remedy, including, but not limited to, any statute of limitations defense.

6 VIII.

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

10 IX.

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

13 X.

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

16  
17 Dated: March 19, 2008



18  
19 CLAUDIA WILKEN  
20 UNITED STATES DISTRICT JUDGE

21 Approved as to form:  
22

23 \_\_\_\_\_  
24 Michael B. Cohen  
25 500 West Cypress Creek Road, Suite 300  
26 Fort Lauderdale, FL 33309  
27 Telephone: (954) 928-0059

28 Attorneys for Defendant  
PETER A. PEREZ