

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

Case No. 1:07-CV-1198

v.

HON. ROBERT J. JONKER

DANIEL N. JONES AND
AZURE BAY MANAGEMENT LLC,

Defendants.

**FINAL JUDGMENT AS TO
DEFENDANTS DANIEL N. JONES AND AZURE BAY MANAGEMENT LLC**

The United Securities and Exchange Commission (the “Commission”) having filed a Complaint and a First Amended Complaint and Defendants Daniel N. Jones and Azure Bay Management LLC (collectively, the “Defendants”) having entered general appearances and answered the Complaint and the First Amended Complaint; consented to the Court’s jurisdiction over Defendants and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint and the First Amended Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

**ORDER PERMANENTLY ENJOINING DEFENDANTS FROM
VIOLATING SECTION 10(b) OF THE SECURITIES EXCHANGE ACT OF 1934**

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants and Defendants’ agents, servants, employees, attorneys, 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 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.

II.

ORDER PERMANENTLY ENJOINING DEFENDANTS FROM VIOLATING SECTION 17(a) OF THE SECURITIES ACT OF 1933

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants and Defendants’ agents, servants, employees, attorneys, 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 violating Section 17(a) of the Securities Act of 1933 (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.

III.

ORDER PERMANENTLY ENJOINING DEFENDANTS FROM VIOLATING SECTIONS 206(1), 206(2), AND 206(4) OF THE OF THE INVESTMENT ADVISERS ACT OF 1940

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants and Defendants' agents, servants, employees, attorneys, 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 violating Sections 206(1), (2), and (4) of the Investment Advisers Act of 1940 (the "Advisers Act") [15 U.S.C. § 80b-6(1) and (2)] and Rule 206(4)-8 thereunder by, directly or indirectly, by the use of the means and instrumentalities of interstate commerce and of the mails, employing devices, schemes, and artifices to defraud its clients and prospective clients, or engaging in transactions, practices, and courses of business which operate as a fraud or deceit upon its clients and prospective clients.

IV.

WAIVER CLAUSE

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants are liable for disgorgement of \$2,563,613, representing profits gained as a result of the conduct alleged in the Complaint and the First Amended Complaint, together with prejudgment interest

thereon in the amount of \$380,345, for a total of \$2,943,958. Based on Defendants' sworn representations in their Statements of Financial Condition dated March 4, 2008, and other documents and information submitted to the Commission, however, the Commission is not seeking a civil penalty, and the Commission is waiving its right to pursue payment of all but \$467,702 of the disgorgement and pre-judgment interest. The Commission further agrees that Defendants shall satisfy this obligation of \$467,702 in disgorgement by depositing into the Registry of the Court the cash balance of each of the following accounts over which one or more of defendants has signatory authority or a beneficial interest: (i) Newedge USA LLC, formerly Fimat USA, LLC, ("Newedge") brokerage account no. C194593 in the name of The Addington Fund LP ("Addington"), (ii) RBC Capital Members Corp. ("RBC") brokerage account no. 40R9 in the name of Finvest Pops Trading, LLC (the "Finvest Account") containing funds credited to Addington, (iii) Independent Bank account no. 5626452 in the name of Azure Bay Management LLC; and (iv) Independent Bank account no. 2903342 in the name of Addington.

In order to effectuate payments from these accounts, notwithstanding any prior orders of the Court in this matter, the Court authorizes Newedge, RBC, and Independent Bank, upon receipt of notice of this Final Judgment by any means, to transfer all monies from the above listed accounts for deposit only into the Court Registry, to be held in an interest bearing account, setting forth the title and civil action number of this action and the name of this Court and specifying that these monies are transferred pursuant to this Final Judgment. By agreeing to this Final Judgment, Defendants relinquish all legal and equitable rights, titles, and interests in the funds, and no part of the funds shall be returned to Defendants. The asset protection provisions of this Court's December 19, 2007 Preliminary Injunction Order continue to apply only to securities still held in

the Finvest Account and to stock of Typhoon Security Technology Inc. issued to Addington, and are in all other respects dissolved.

The Clerk shall deposit funds received from the above listed accounts into an interest bearing account that is utilized by the Court. These funds, together with any interest and income earned thereon (collectively, the "Fund"), shall be held in the interest bearing account until further order of the Court. 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. The Commission shall within 30 days after the date of this order propose a plan to distribute the Fund and any other Addington assets subject to the Court's approval.

The Commission's determination not to seek a civil penalty and to waive payment of all but \$467,702 of the disgorgement and pre-judgment interest is contingent upon the accuracy and completeness of Defendants' Statements of Financial Condition. If at any time following the entry of this Final Judgment the Commission obtains information indicating that Defendants representations to the Commission concerning their assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Defendants, petition the Court for an order requiring Defendants to pay the unpaid portion of the disgorgement, pre-judgment and post-judgment interest thereon, and imposing the maximum civil penalty allowable under the law. In connection with any such petition, the only issue shall be whether the financial information provided by Defendants was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made. In its petition,

the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendants to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment. The Commission may also request additional discovery. Defendants may not, by way of defense to such petition: (1) challenge the validity of the Consent or this Final Judgment; (2) contest the allegations in the Complaint or the First Amended Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-judgment and post-judgment interest or a civil penalty should not be ordered; (4) contest the amount of disgorgement and pre-judgment and post-judgment interest; (5) contest the imposition of the maximum civil penalty allowable under the law; or (6) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

V.

INCORPORATION

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 Defendants shall comply with all of the undertakings and agreements set forth therein.

VI.

JURISDICTION

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.

Dated: September 18, 2008

/s/ Robert J. Jonker
ROBERT J. JONKER
UNITED STATES DISTRICT JUDGE