

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

EMANUEL PINEZ,

Defendant,

-and-

FELIX INC.,

Relief Defendant.

**CIVIL ACTION
NO. 97cv10353-PBS**

FINAL JUDGMENT AGAINST DEFENDANT EMANUEL PINEZ

Plaintiff SECURITIES AND EXCHANGE COMMISSION ("COMMISSION"), having filed a Complaint for Injunctive Relief, as amended by the Third Amended Complaint ("Complaint"); and Defendant EMANUEL PINEZ ("PINEZ") having entered a general appearance, waived his right to file an Answer, admitted to the jurisdiction of the Court over him and over the subject matter of this action, waived the entry of findings of fact and conclusions of law under Rule 52 of the Federal Rules of Civil Procedure with respect to this Final Judgment of Permanent Injunction and Other Relief against Defendant Emanuel PINEZ (the "Final Judgment"), and without admitting or denying the allegations of the Complaint, except as to jurisdiction, which he admits, consented to the entry of this Final Judgment which:

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197

(i) permanently enjoins him from engaging in acts, practices or courses of business that constitute or would constitute, directly or indirectly, violations of Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. 77q(a)], Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b) and 78m(b)(5)], and Rules 10b-5, 13b2-1, and 13b2-2 [17 C.F.R. §§ 240.10b-5, 240.13b2-1, and 240.13b2-2], and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), and 78m(b)(2)(B)] and Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13];

(ii) permanently prohibits him 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)]; and

(ii) orders him to disgorge six million, two hundred sixty two thousand, five hundred and thirty-three dollars (\$6,262,533), representing the ill-gotten gains he received from insider trading, plus prejudgment interest thereon, provided, however, that a portion is waived, as detailed in Section X herein, and a civil penalty is not assessed, based upon his demonstrated inability to pay; and it further appearing that this Court has jurisdiction over defendant PINEZ and the subject matter hereof, and the Court being fully advised in the premisses:

I.

IT IS HEREBY ORDERED that Defendant PINEZ, his officers, agents, servants,

employees, successors and assigns, and each of them, and all persons in active concert or participation with him, and each of them who receive actual notice of this Final Judgment by personal service or otherwise, be and hereby are permanently enjoined from violating 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], directly or indirectly, by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

- (1) to employ any device, scheme or artifice to defraud;
- (2) 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
- (3) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person,

in connection with the purchase or sale of the securities of any issuer.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant PINEZ, his officers, agents, servants, employees, successors and assigns, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently 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 using any means or instruments of transportation or communication in interstate commerce, or using the mails, directly or indirectly:

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

- (2) to obtain money or property by means of any untrue statement of a material fact or any omission 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
- (3) to engage in any transaction, act, practice, or course of business which operates or would operate as a fraud upon any purchaser.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant PINEZ, his officers, agents, servants, employees, successors and assigns, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently enjoined from violating Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] by knowingly circumventing or failing to implement a system of internal accounting controls or knowingly falsifying any book, record or account of an issuer which has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or any issuer which is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant PINEZ, his officers, agents, servants, employees, successors and assigns, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently enjoined from violating Rule 13b2-1 [17 C.F.R. § 240.13b2-1] by, directly or indirectly, falsifying or causing to be falsified any book,

record, or account subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b) (2) (A)].

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant PINEZ, his officers, agents, servants, employees, successors and assigns, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently enjoined from, directly or indirectly, violating Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2] by, as a director or officer of any issuer: (a) making or causing to be made a materially false or misleading statement, or (b) 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 or examination of the financial statements of an issuer required to be made pursuant to the rules and regulations under the Exchange Act [17 C.F.R. §§ 240.0-1 et seq.] or (2) the preparation or filing of any document or report required to be filed with the COMMISSION.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant PINEZ, his officers, agents, servants, employees, successors and assigns, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently enjoined from, directly or indirectly, aiding and abetting violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 13a-1, 13a-13, and 12b-20 promulgated thereunder [17 C.F.R. §§ 240.13a-1, 240.13a-13,

and 240.12b-20] by filing with the COMMISSION an annual report or a quarterly report on behalf of any issuer which is required to be filed with the COMMISSION 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 statements of material fact required to be stated therein or necessary to make the statements made, in light of the circumstances under which they were made, not misleading, or which fails to comply in any material respect with the requirements of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)], and the Rules and regulations promulgated thereunder.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant PINEZ, his officers, agents, servants, employees, successors and assigns, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently enjoined from, directly or indirectly, aiding and abetting violations of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)], by failing to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer.

VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant PINEZ, his officers, agents, servants, employees, successors and assigns, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently enjoined from, directly or indirectly, aiding and abetting violations of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. §

78m(b)(2)(B)] by failing to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's general or specific authorization; and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

IX

IT IS FURTHER ORDERED that Defendant PINEZ is permanently 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)].

X.

IT IS FURTHER ORDERED that Defendant PINEZ pay disgorgement in the amount of six million, two hundred sixty two thousand, five hundred and thirty-three dollars (\$6,262,533), representing the ill-gotten gains he received from insider trading, plus prejudgment interest thereon. Defendant PINEZ, in partial payment of this disgorgement amount, shall relinquish ownership, title and control of, and surrender all rights to the following assets to a receiver to be appointed by the Court (the "Receiver"), within ten (10) days of the Receiver's appointment, for liquidation and distribution of the resulting funds to defrauded investors, provided, however, that Defendant PINEZ is allowed and the Receiver is authorized to pay \$400,000 from the

Surrendered Amount (defined below) for attorneys' fees to Cosgrove, Eisenberg and Kiley, P.C.

A. Cash and Securities

All cash and securities, and all cash, securities, bank and other accounts under Defendant PINEZ's control or in which he has an interest, including, but not limited to, the following:

<u>Financial or Securities Institution</u>	<u>Account Number (if known)</u>
Eastern Bank	839795
Coburn & Meredith	4HG-005050
Fector, Detwiler & Co., Inc.	1503912
Felix Inc. account at Hill Samuel Bank (Jersey) Limited	834-62713
Felix Inc. account at Lehman	834-61859
Hambrecht & Quist	H34-6152697
Lehman Brothers, Inc.	834-61939-18-433
Oppenheimer & Co.	071-16206
Paine Webber	WE 18155J5
Pershing/DLJ	7CF-992105
Pershing/DLJ	4HG-009805
Pershing/DLJ	212-191480
Shamrock Partners Ltd.	JH 00-6201-0889
Stanbridge Ltd account at Lehman	834-61318
Stanbridge Ltd account (off-shore)	

Trixy Financial Corp. account at PaineWebber NS 13029

U.S. Trust 004-2345059

The total number of shares of the common stock of Centennial Technology, Inc. ("Centennial") currently owned by Pinez.

B. Real Estate

A house at 28 Boyles Street, Beverly, Massachusetts.

A house at 30 Boyles Street, Beverly, Massachusetts.

C. Trusts

All funds and assets of any kind held in the portfolio of NES Trust, Douglas, Isle of Man, provided, however, that Defendant Pinez is allowed and the Receiver is authorized to pay \$100,000 from the liquidated trust assets to Daniela Pinez-Jovanovic, a successor beneficiary of the trust.

XI.

IT IS FURTHER ORDERED that based upon Defendant PINEZ's sworn representations in his Statement of Financial Condition, dated May 26, 2000, and submitted to the COMMISSION, payment of the balance of total disgorgement and prejudgment interest thereon less the liquidated dollar value, as realized by the Receiver, of the assets surrendered pursuant to Paragraph X (the "Surrendered Amount"), is waived, and the Court is not imposing a civil penalty pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. The determination not to impose a civil penalty and the partial waiver of disgorgement is contingent upon the accuracy and completeness of his Statement of Financial Condition. If at any time following the entry of this Final Judgment the COMMISSION obtains information indicating that Defendant PINEZ's representations to the COMMISSION concerning his 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 Defendant PINEZ, petition this Court for an order requiring Defendant PINEZ to pay the waived portion of the disgorgement, that is \$6,262,533 less the Surrendered Amounts, plus pre-judgment and post-judgment interest on the total amount of disgorgement of \$6,262,533, and a civil penalty. In connection with any such petition, the only issue shall be whether the financial information provided by Defendant PINEZ was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of civil penalty to be imposed. In its petition, the COMMISSION may request this Court to consider all available remedies, including, but not limited to, ordering Defendant PINEZ to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment, and the COMMISSION also may request related discovery. Defendant PINEZ may not, by way of defense to such petition, challenge the validity of his Consent or the Final Judgment, contest the allegations in the Complaint filed by the COMMISSION, contest the amount of disgorgement and interest, or assert that disgorgement or the payment of a civil penalty should not be ordered.

XII.

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

XIII.

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for the purpose of implementing and enforcing the terms and conditions of this Final Judgment.

XIV.

There being no just reason for delay, the Clerk of the Court is directed, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter this Final Judgment forthwith.

DONE AND ORDERED at Boston, Massachusetts this 28 day of September, 2000.

A handwritten signature in cursive script, appearing to read "Patti B. Saris".

Patti B. Saris
UNITED STATES DISTRICT JUDGE