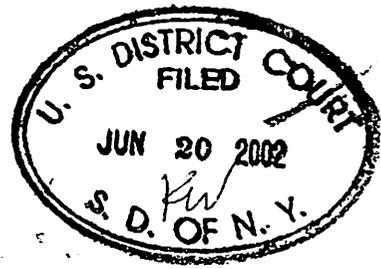


UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

GOLDMAN LENDER & CO. HOLDINGS,
BLACKWELL CO., TRADERZ ASSOCIATES
HOLDING INC., SHARON HAROSH,
AMERICO ROBERT GALLO, OREN FACHLER,
RALPH DIFALCO, AND STEVEN BOCCHINO,

Defendants.

98 Civ. 7525 (JGK)

FINAL JUDGMENT
OF PERMANENT
INJUNCTION AND
OTHER RELIEF
BY CONSENT AGAINST
AMERICO GALLO

DOC # 71

Plaintiff Securities and Exchange Commission ("Commission"), having commenced this action by filing a complaint on October 22, 1998 and an amended complaint on November 13, 2001 for a permanent injunction and other equitable relief, and defendant Americo Gallo having executed the attached Consent in which, without admitting or denying the allegations of the amended complaint, he admits the in personam jurisdiction of this Court over him, the jurisdiction of this Court over the subject matter of this action, and the service of the summons and amended complaint on him, waives the entry of findings of fact and conclusions of law pursuant of Rule 52 of the Federal Rules of Civil Procedure, and consents to the entry, without further notice, of this Final Judgment of Permanent Injunction and Other Relief by Consent Against Americo Gallo, and there being no just reason for delaying the entry of this Final Judgment:

I.

IT IS ORDERED, ADJUDGED, AND DECREED that defendant Gallo and his officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with

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them, are hereby permanently enjoined and restrained, directly or indirectly, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, from:

- (1) employing any device, scheme, or artifice to defraud;
- (2) obtaining money or property by means of any untrue statement of 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; and
- (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 of 1933, 15 U.S.C. § 77q(a).

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that defendant Gallo and his officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them, are hereby permanently enjoined and restrained, directly or indirectly, in connection with the purchase or sale of any security, by the use of any means or instrumentality of interstate commerce or the mails, or of any facility of any national securities exchange, from:

- (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 statements made, in the light of the circumstances under which they were made, not misleading; and
- (3) engaging in any act, 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 Securities Exchange Act of 1934, 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 defendant Gallo and his officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them, are hereby permanently restrained and enjoined from making use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills) without registering with the Commission as a broker or dealer pursuant to Section 15(b) of the Exchange Act, unless associated with a non-natural person so registered, in violation of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commission's claim for disgorgement against Gallo in this civil action is satisfied by the restitution ordered in United States v. Americo Gallo, 98 Cr. 1471 (S.D.N.Y.) (DLC).

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that no civil penalty shall be imposed upon Gallo, based upon Gallo's criminal conviction and the restitution ordered in United States v. Americo Gallo, 98 Cr. 1471 (S.D.N.Y.) (DLC).

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction of this matter for all purposes, including the implementation and enforcement of this Final Judgment.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the annexed consent be, and the same hereby is, incorporated in this Final Judgment with the same force and effect as if fully set forth herein.

VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, there being no just reason for delay, the clerk of Court is hereby directed, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter this Final Judgment forthwith.

*(Note - This page
4 was out of order in
the judgment submitted,
J.G.K.)*

CONSENT OF AMERICO GALLO

1. Defendant Americo Gallo, having read and understood the terms of the Final Judgment of Permanent Injunction and Other Relief by Consent against Americo Gallo, having admitted the jurisdiction of this Court over him and over the subject matter of this civil action, having waived the entry of findings of fact and conclusions of the law pursuant to Rule 52 of the Federal Rules of Civil Procedure, and, without admitting or denying the allegations contained in the amended complaint of plaintiff Securities and Exchange Commission ("Commission") filed on November 13, 2001, except as to jurisdiction, which is admitted, hereby consents to the entry, without further notice, of this Final Judgment.

2. Gallo agrees that this Consent shall be incorporated by reference in, and made part of, the Final Judgment to be presented to the Court for signature, filing and entry contemporaneously herewith.

3. Gallo waives any rights he may have to appeal from the Final Judgment.

4. Gallo acknowledges that any willful violation of any of the terms or provisions of the Final Judgment may place him in contempt of this Court and may subject him to civil or criminal sanctions.

5. Gallo acknowledges that he enters into this Consent voluntarily and that no tender, offer, promise, threat, or representation of any kind has been made by the Commission or any member, officer, attorney, agent or representative thereof to induce him to enter into this Consent.

6. Gallo acknowledges that no promise or representation has been made by the Commission or its staff with regard to: (a) any criminal liability that may have arisen or may arise from the facts underlying this civil action; or (b) immunity from any such criminal liability.

7. Gallo acknowledges that he has been informed and understands that the Commission, at its sole and exclusive discretion, may refer or grant access to 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.

8. Gallo acknowledges and agrees that this proceeding and his Consent are for the purposes of resolving this proceeding only, in conformity with the provisions of 17 C.F.R. 202.5(f), and do not resolve, affect, or preclude any other proceeding which may be brought against him. Consistent with the provisions of 17 C.F.R. 202.5(f), Gallo waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Gallo acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding.

9. Gallo acknowledges that neither this Consent nor the annexed Final Judgment precludes the Commission from instituting administrative proceedings against Gallo based upon

or relating to any of the matters alleged in the amended complaint herein or upon the entry of the annexed Final Judgment.

10. Gallo acknowledges that the Final Judgment, including this Consent, embodies the entire understanding of the parties.

11. Gallo understands and agrees to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegation in the amended complaint or order for proceedings" (17 C.F.R. § 202.5(e)). In compliance with this policy, Gallo agrees not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any allegation in the amended complaint or creating the impression that the amended complaint is without factual basis. If Gallo breaches this agreement, the Commission's Division of Enforcement may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this provision affects Gallo's: (a) testimonial obligations; or (b) right to take legal or factual positions in litigation in which the Commission is not a party.

12. Gallo acknowledges and agrees that the Commission's claim for disgorgement against Gallo in this civil action is satisfied by the restitution ordered in United States v. Americo Gallo, 98 Cr. 1471 (S.D.N.Y.) (DLC).

13. Gallo acknowledges and agrees that no civil penalty shall be imposed upon Gallo, based upon Gallo's criminal conviction and the restitution ordered in United States v. Americo Gallo, 98 Cr. 1471 (S.D.N.Y.) (DLC).

14. Gallo waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996 or any other provision of law to pursue

reimbursement of attorney's fees or other fees, expenses or costs expended by Gallo to defend against this action. For these purposes, Gallo agrees that he is not the prevailing party in this action since the parties have reached a good faith settlement.

15. Gallo consents and agrees that the Final Judgment may be presented by the Commission to the Court for signature and entry without further notice and delay.

16. Gallo agrees that first-class mail to him at:

Americo Gallo
Inmate Register No. 44429-054
Lewisburg USP
Rd. # 5, Federal Prison
Lewisburg, PA 17837

shall be deemed personal service for all correspondence, service and notices as to any

matter related to this Consent and the Final Judgment, unless Gallo notifies the Commission of any alternative address by first-class mail at the following address:

U.S. Securities and Exchange Commission
Northeast Regional Office
233 Broadway
New York, New York 10279
Attn: Leslie Kazon, Assistant Regional Director

Date: 4-1, 2002

By: Americo Gallo
Americo Gallo

State of Pennsylvania)
) ss.:
County of Union)

On this 1st day of April, 2002, before me personally came Americo Gallo, to me known and known to me to be the person who executed the foregoing Consent of Americo Gallo, and he acknowledged to me that he executed the same.

C. Hendrickson
Notary Public

**C. Hendrickson, Case Manager
Authorized by the Act of July 7, 1995,
as amended, to administer oaths (18 USC 4004).**

My Commission expires: _____

SO ORDERED:

Date: 6/19, 2002
New York, New York

[Signature]
United States District Judge

THIS DOCUMENT WAS ENTERED
ON THE DOCKET ON 6/24/02