

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**C.A. No. 09-2302 (JLL)**

**v.**

**SHERBOURNE CAPITAL MANAGEMENT,  
LTD., SHERBOURNE FINANCIAL, LTD.,  
PAUL G. BULTMEYER, AND ARTHUR J.  
PIACENTINI,**

**Defendants; and**

**AMERIPAY, LLC and EQUITAIR LTD.,**

**Relief Defendants.**

**JUDGMENT ON CONSENT  
AS TO DEFENDANT ARTHUR J. PIACENTINI  
IMPOSING PERMANENT INJUNCTION  
AND CERTAIN PRELIMINARY RELIEF**

The Securities and Exchange Commission having filed a Complaint and Defendant Arthur J. Piacentini ("Piacentini" or "Defendant") having entered a general appearance, consented to the Court's jurisdiction over him and the subject matter of this action, consented to entry of this Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction), waived findings of fact and conclusions of law, and waived any right to appeal from this Judgment:

I.

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that Defendant, and each of his partners, agents, servants, employees, and attorneys, and those persons in active concert or participation with him who receive actual notice of this Order by personal service, facsimile service, telephonic notice, notice by e-mail or otherwise, are permanently enjoined from, directly or indirectly, singly or in concert, in the offer, purchase or sale of any security, by use of any means or instruments of transportation or communication in interstate commerce or by use of the mails:

- a. employing any device, scheme or artifice to defraud;
- b. obtaining money or property by means of or otherwise making an untrue statement of material fact or omitting to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and
- c. 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 ("Securities Act") [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

**II.**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED** that, in connection with violations of the federal securities laws, Defendant shall pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. The Court shall determine the amounts of the disgorgement and civil penalty upon motion of the SEC. Prejudgment interest shall be calculated from the date of the first violation, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with the Commission's motion for disgorgement and/or civil penalties, and at any hearing held on such a motion: (a) Defendant will be precluded from arguing that he did not violate the federal securities laws as alleged in the Complaint; (b) Defendant may not challenge the validity of the Consent or this Judgment; (c) solely for the purposes of such motion, the allegations of the Complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion for disgorgement and/or civil penalties, the parties may take discovery, including discovery from appropriate non-parties. Defendants shall have the right to present live testimony at a hearing in the determination of the amount of disgorgement and/or civil penalties.

**III.**

**IT IS FURTHER ORDERED**, pending entry of a final judgment in this action, that Defendant, and each of his financial and brokerage institutions, agents, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of this Order by personal service, facsimile service, telephonic notice, notice by e-mail, or otherwise, and each of them, hold and retain within their control, and otherwise prevent, any withdrawal, transfer, pledge, encumbrance, assignment, dissipation, concealment or other disposal of any assets, funds, or other property (including money, real or personal property, securities, commodities, choses in action or other property of any kind whatsoever) of, held by, or under the direct or indirect control of, Defendant, or for the direct or indirect beneficial interest of Defendant, wherever situated, in whatever form such assets may presently exist and wherever located. Furthermore, each of the Defendant's financial or brokerage institutions, debtors and bailees, or any other person or entity holding such assets, funds or other property of Defendant, is ordered to hold or retain within its control and prohibit the withdrawal, removal, transfer or other disposal of any such assets, funds or other properties, including, but not limited to all assets, funds, or other properties held in the name of, held by, or under the control of John G. Bultmeyer ("Bultmeyer"), Ameripay, LLC ("Ameripay"), Sherbourne Capital Management, Ltd. ("Sherbourne Capital"), or Sherbourne Financial, Ltd. ("Sherbourne Financial"); provided that Defendant may make an application to the Court, upon two weeks' written notice to all parties, for a modification of this paragraph. The Securities and Exchange Commission reserves all rights to oppose any such application. Furthermore, the provisions of this paragraph will not apply to release of the following funds:

1. A combined total of \$4,324.60 may be withdrawn from any account or accounts at Bank of America on a one-time basis by Piacentini or his spouse.

**IV.**

**IT IS FURTHER ORDERED** that:

1. Defendant shall file with this Court and serve upon Plaintiff, on or before June 5, 2009, a verified written accounting, to the extent not already provided to the Commission staff, under penalty of perjury, of:

- a. All assets, liabilities and property currently held, directly or indirectly, by or for the benefit of Defendants and Relief Defendants, including, without limitation, bank accounts, brokerage accounts, investments, business interests, loans, lines of credit, and real and personal property wherever situated, describing each asset and liability, its current location and amount;
- b. The names and last known addresses of all bailees, debtors, and other persons and entities that currently are holding the assets, funds or property of Defendants and Relief Defendants; and
- c. All assets, funds, securities, and real or personal property received by Defendants or Relief Defendants, or any other person or entity controlled by Defendants or Relief Defendants, from persons who provided money to them or at their direction in connection with the offer or sale of any securities by them at any time to the date of the accounting, and the disposition of such assets, funds, securities, real or personal property.

The Defendant shall serve such verified written accounting by hand delivery, facsimile transmission, email or overnight courier service on the Commission's counsel, Sanjay Wadhwa, Esq., Securities and Exchange Commission, 3 World Financial Center, Room 400, New York, NY 10281, [wadhwas@sec.gov](mailto:wadhwas@sec.gov).

V.

**IT IS FURTHER ORDERED**, pending entry of a final judgment in this action, that Defendant, and any person or entity acting at his direction or on his behalf, are preliminarily enjoined from destroying, altering, concealing or otherwise interfering with the access of the Plaintiff Commission to any and all documents, books and records, that are in the possession, custody or control of Defendants or Relief Defendants, and each of their partners, agents, employees, servants, accountants, financial or brokerage institutions, attorneys-in-fact, subsidiaries, affiliates, predecessors, successors and related entities that refer, reflect or relate to the allegations in the Complaint, including, without limitation, documents, books, and records referring, reflecting or relating to Defendants' or Relief Defendants' finances or business operations, or the offer or sale of securities by Defendants or Relief Defendants and the use of proceeds therefrom.

**VI.**

**IT IS FURTHER ORDERED**, pending entry of a final judgment in this action, that the escrow account established in the name of Sherbourne Capital at TD Bank, National Association, Account Number XXX7001, is placed under the control of this Court and that the contents thereof shall not be disbursed other than by order of this Court.

**VII.**

**IT IS FURTHER ORDERED** that Defendant, and each of his financial and brokerage institutions, agents, servants, employees, and attorneys, and those persons in active concert or participation with him, shall repatriate all funds directly or indirectly received from investors in “Prime Certificates of Participation” and any other securities offered or sold by Sherbourne Financial, Sherbourne Capital, Bultmeyer, or Piacentini, that directly or indirectly were transferred to any foreign bank account, including but not limited to Raiffeisen Zentralbank Oesterreich, AKA RZB Austria at AM Stadpark 9, A 1030 Wien, Austria and that all such repatriated funds shall be frozen pending disposition of this matter by the Court.

**VIII.**

**IT IS FURTHER ORDERED** that Defendant and his partners, agents, employees, attorneys, or other professionals, anyone acting in concert with him or on his behalf, and any third party, are preliminarily enjoined from filing a bankruptcy proceeding against Defendants and Relief Defendants without filing a motion on at least three (3) days’ notice to the Plaintiff, and without obtaining approval of this Court after a hearing.

**IX.**

**IT IS FURTHER ORDERED** that Michael D. Sirota, Esq., pending further order of this

Court, be and hereby is appointed to act as receiver for Sherbourne Capital, Sherbourne Financial and Ameripay to (1) preserve the *status quo*; (2) ascertain the true financial condition of Ameripay, Sherbourne Capital and Sherbourne Financial as well as the disposition of Sherbourne investor funds; (3) prevent further dissipation of the property and assets of Ameripay, Sherbourne Capital and Sherbourne Financial; (4) prevent the encumbrance or disposal of property or assets of Ameripay and the Sherbourne investors; (5) preserve the books, records and documents of Ameripay, Sherbourne Capital and Sherbourne Financial; (6) bring Ameripay, Sherbourne Capital and Sherbourne Financial into compliance with the law; (7) be available to respond to Sherbourne investor inquiries as well as inquiries from Ameripay's payroll customers; and (8) determine if Ameripay should undertake a bankruptcy filing. To effectuate the foregoing, the receiver is hereby empowered to:

- (a) Take and retain immediate possession and control of all of the assets and property of Sherbourne Capital, Sherbourne Financial and Ameripay, and all books, records and documents of Sherbourne Capital, Sherbourne Financial and Ameripay and the rights and powers of them with respect thereto;
- (b) Have exclusive control of, and be made the sole authorized signatory for, all accounts at any bank, brokerage firm or financial institution that has possession or control of any assets or funds of Sherbourne Capital, Sherbourne Financial and Ameripay;
- (c) Pay from available funds necessary business expenses required to preserve the assets and property of Sherbourne Capital, Sherbourne Financial and Ameripay and each of their investors, including the books, records, and documents of each,

notwithstanding the asset freeze imposed by this Order;

- (d) Take preliminary steps to locate assets that may have been conveyed to third parties or otherwise concealed;
- (e) Take preliminary steps to ascertain the disposition and use of funds obtained by the Defendants resulting from the sale of securities issued by Sherbourne Capital and Sherbourne Financial;
- (f) Engage and employ persons, including accountants, attorneys and experts, to assist in the carrying out of the receiver's duties and responsibilities hereunder;
- (g) Make, demand, file or otherwise handle any claim under any insurance policy held by or issued on behalf of Sherbourne Capital, Sherbourne Financial or Ameripay, or its officers, directors, agents, employees, trustees or other person affiliated with it, and to take any and all steps in connection with such policies;
- (h) Take all steps necessary to ensure that Ameripay's payroll customers receive payments to which they are lawfully entitled as expeditiously as possible; and
- (i) Take such further action as the Court shall deem equitable, just and appropriate under the circumstances upon proper application of the receiver.

**X.**

**IT IS FURTHER ORDERED** that the receiver and all persons who may be engaged or employed by the receiver to assist him in carrying out his duties and obligations hereunder shall not be liable for any act or omission of the receiver or such person, respectively, or any of their partners, employees, or agents, unless it shall be proven that the receiver or such other person acted or omitted to act in bad faith. This provision shall apply to claims based on conduct during

the term of any agreement that may be entered into between the receiver and any other person who may be engaged or employed by the receiver hereunder, even if such claims are filed after the termination of any such agreement.

**XI.**

**IT IS FURTHER ORDERED** that Bultmeyer, Piacentini, Sherbourne Capital, Sherbourne Financial, Ameripay and Equitair, Ltd. shall pay the reasonable costs, fees and expenses of the receiver incurred in connection with the performance of the receiver's duties described herein, including, but not limited to, the reasonable costs, fees and expenses of all persons who may be engaged or employed by the receiver to assist the receiver in carrying out his duties and obligations. All applications for costs, fees and expenses of the receiver and those employed by him shall be made by application to the Court setting forth in reasonable detail the nature of such costs, fees and expenses.

**XII.**

**IT IS FURTHER ORDERED** that discovery is expedited as to the following topics: (a) as to Sherbourne Capital and Sherbourne Financial as well as Bultmeyer, Piacentini and Ameripay's roles therein and (b) in connection with any securities offered by defendants or relief defendants. Pursuant to Rules 26, 30, 31, 33, 34, 36 and 45 of the Federal Rules of Civil Procedure, and without the requirement of a meeting pursuant to Fed. R. Civ. P. 26(f), the parties may:

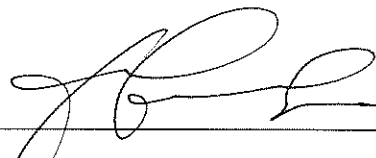
- (1) Take depositions of non-party witnesses, subject to two (2) calendar weeks' notice by facsimile or otherwise;
- (2) Take interviews, subject to the Commission staff's standard proffer agreement,

on two (2) calendar weeks' notice by facsimile or otherwise;

- (3) Obtain the production of documents, within two (2) calendar weeks from service by facsimile or otherwise of a request or subpoena from any persons or entities, including non-party witnesses;
- (4) Obtain other discovery, including further interrogatories, requests for admissions, and requests to inspect the premises and files of Defendants and Relief Defendants within three (3) calendar weeks from the date of service by facsimile or otherwise of such other discovery requests, interrogatories, requests for admissions or requests for inspection; and
- (5) Perfect service of any discovery requests, notices, or subpoenas by personal service, facsimile, overnight courier, or first-class mail on an individual, entity or the individual's or entity's attorney.

**XIII.**

**IT IS FURTHER ORDERED** that this Order shall be, and is, binding upon the Defendant and each of his respective officers, agents, servants, employees, attorneys-in-fact, affiliates and those persons in active concert or participation with him who receive actual notice of this Order by personal service, facsimile service, or otherwise.

  
UNITED STATES DISTRICT JUDGE  
*Jose L. Vineres*

June *4*, 2009  
Newark, NJ