

ORIGINAL

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
ENTERED

JUL 17 2003

Michael N. Milby, Clerk of Court

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

Civil Action No. H-01-1153

Judge Vanessa D. Gilmore

FIRST AMERICAP CORPORATION,  
CAPITAL RELATIONS GROUP, LLC,  
STEPHEN HARRISON THOMAS,  
ROBERT DOUGLAS WILLIAMS,  
TIJI THOMAS,  
CYRUS INDUSTRIES, INC., f/k/a  
ICON TRADING, INC.,  
RAECE B. RICHARDSON,  
BYTEAUDIO.COM,  
FRED C. KRISS, and  
ROBERT M. FLETCHER,

Defendants.

**FINAL JUDGMENT OF PERMANENT INJUNCTION  
AND OTHER EQUITABLE RELIEF  
AS TO FRED C. KRISS**

Plaintiff Securities and Exchange Commission ("Commission"), having filed its Complaint in this matter, and Defendant Fred C. Kriss ("Kriss"), having admitted service of the Summons and Complaint in this matter, having admitted the jurisdiction of this Court over him and over the subject matter of this action, having waived the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, and without admitting or denying any of the allegations of the Complaint, except as set forth herein, and without trial, argument or adjudication of any issue of law or fact, having consented to the entry of this Final Judgment of Permanent Injunction

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and Other Equitable Relief as to Fred C. Kriss ("Final Judgment"), and it appearing that this Court has jurisdiction over the parties and the subject matter of this action, it appearing that no further notice for the entry of this Final Judgment need be given, and the Court being fully advised in the premises:

I.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Kriss and his agents, servants, employees, attorneys, 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, are restrained and enjoined from violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)], by, directly or indirectly:

(a) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell a security through the use or medium of any prospectus or otherwise

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

(c) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, through the use or medium of any prospectus or otherwise, any security unless a registration statement has been filed with the Securities and Exchange Commission as to that security or while the registration statement is the subject

of a refusal order, a stop order, or (prior to the effective date of the registrations statement) any public proceeding or examination under Section 8 of the Securities Act [15 U.S. C. §77h].

II.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant Kriss and his agents, servants, employees, attorneys, 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, are restrained and enjoined from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], from making use of any means or instrumentalities of interstate commerce, or of the mails or of any facility of a national securities exchange, directly or indirectly:

- (a) to employ any device, scheme or artifice to defraud;
- (b) obtaining 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 statement(s) made, in the light of the circumstances under which they were made, not misleading; or
- (c) engaging in any transaction, practice or course of business, which operates or would operate as a fraud or deceit upon the purchaser.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Kriss and his agents, servants, employees, attorneys, 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, are restrained and enjoined from violating

Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)], by, directly or indirectly, by the use of any means or instrumentality of interstate commerce, of the mails or of any facility of any national securities exchange, using or employing in connection with the purchase or sale of any security registered on a national securities exchange or any security not so registered any manipulative or deceptive device or contrivance in contravention of a rule or regulation prescribed by the Securities and Exchange Commission; and

- (a) violating Rule 10b-5 of the Securities and Exchange Commission [17 C.F.R. § 240.10b-5], directly or indirectly, by the use of any means or instrumentality of interstate commerce, of the mails or of any facility of any national securities exchange,
- (b) employing any device, scheme or artifice to defraud,
- (c) making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement(s) made, in the light of the circumstances under which were made, not misleading, or
- (d) engaging in any act, practice or course of business, which operates or would operate as a fraud or deceit upon any person.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that based on the sworn representations in Fred C. Kriss' Statement of Financial Condition dated December 9, 2002, the Court is not ordering Kriss to pay a civil penalty pursuant to the provisions of Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], as a result of his activities alleged in the

Complaint. The determination not to impose a civil penalty is contingent upon the accuracy and completeness of the Statement of Financial Condition. If at any time following the entry of this Final Judgment the Commission obtains information indicating that Kriss' 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 Kriss, petition this Court for an order requiring Kriss to pay a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by Kriss 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 move this Court to consider all available remedies, including but not limited to, ordering Kriss to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment, and the Commission may also request additional discovery. Kriss may not, by way of defense to such petition, challenge the validity of his Consent or this Final Judgment, contest the allegations in the Complaint filed by the Commission, or assert that a civil penalty should not be ordered.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Kriss's Stipulation and Consent filed herewith be, and the same is hereby, incorporated herein with the same force and effect as if fully set forth herein, and therefore, a breach of the terms of the Stipulation and Consent shall constitute a breach of this Final Judgment.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this matter and over Defendant Kriss for purposes of enforcing the terms of this Final Judgment and for all other purposes.


VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Final Judgment may be served upon Defendant Kriss in person or by mail either by the United States Marshall, the Clerk of the Court, or any member of the staff of the Commission.

VIII.

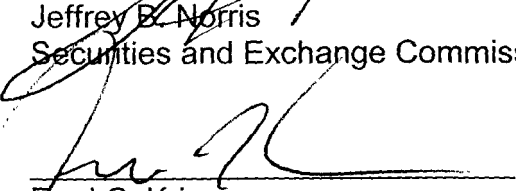
There being no just reason for delay, the Clerk of this Court is hereby directed to enter this Final Judgment of Permanent Injunction and Other Equitable Relief as to Kriss pursuant to Rule 54 of the Federal Rules of Civil Procedure.

SIGNED this 15th day of July, 2002 3

  
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Judge Vanessa D. Gilmore  
United States District Judge

Agreed to form:

  
\_\_\_\_\_  
Jeffrey E. Norris  
Securities and Exchange Commission

  
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Fred C. Kriss