

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

Decided

MAY 14 2003

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

STEPHEN L. HOLDEN, SCOTT P. SKOGLUND,  
KULDARSHAN S. PADDA, and STEPHAN C. BEAL,

Case No. 01 C 7463

Defendants.

Judge Nordberg  
Magistrate Judge Denlow

**FINAL JUDGMENT AS TO DEFENDANT SCOTT P. SKOGLUND**

The Securities and Exchange Commission having filed a Complaint and Defendant Scott P. Skooglund ("Defendant") having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final 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 Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant, Defendant's agents, servants, employees, attorneys, assigns, 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 [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

47

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.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant, Defendant's agents, servants, employees, attorneys, assigns, 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 aiding and abetting violations of Section 13(a) of the Securities Exchange Act of 1934 [15 U.S.C. § 78m(a)] and Rules 13a-1 and 13a-13 thereunder [17 C.F.R. §§ 240.13a-1 and 240.13a-13], by, directly or indirectly, filing with the Commission, on behalf of any issuer of a security registered pursuant to Section 12 of the Securities Exchange Act of 1934 [15 U.S.C. § 78l], any annual reports, quarterly reports, or such other information or documents as the Commission shall require, containing information that is materially misleading, incomplete, or inaccurate;

III.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant, Defendant's agents, servants, employees, attorneys, assigns, 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 aiding and abetting violations of Rule 12b-20 promulgated under the Securities Exchange Act of 1934 [17 C.F.R. § 240.12b-20] by, directly or indirectly, filing with the Commission, on behalf of any issuer required to file statements or reports pursuant to Section 13 of the Securities Exchange Act of 1934 [15 U.S.C. § 78m], required statements or reports that do not contain, in addition to the information expressly required to be included in such statements or reports, such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made not misleading;

IV.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant, Defendant's agents, servants, employees, attorneys, assigns, 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 aiding and abetting violations of Section 13(b)(2)(A) of the Securities Exchange Act of 1934 [15 U.S.C. § 78m(b)(2)(A)] by, directly or indirectly, failing to make and keep, on behalf of any issuer of a security registered pursuant to Section 12 of the Securities Exchange Act of 1934 [15 U.S.C. § 78l], books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer;

V.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant, Defendant's agents, servants, employees, attorneys, assigns, 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 aiding and abetting violations of Section 13(b)(2)(B) of the Securities Exchange Act of 1934 [15 U.S.C. § 78m(b)(2)(B)] by, directly or indirectly, failing, on behalf of an issuer of a security registered pursuant to Section 12 of the Securities Exchange Act of 1934 [15 U.S.C. §78l], to devise or maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (1) transactions are executed in accordance with management's general or specific authorization; (2) 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; (3) access to assets is permitted only in accordance with management's general or specific authorization; and (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

VI.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant, Defendant's agents, servants, employees, attorneys, assigns, 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, Rule 13b2-1 promulgated under the Securities Exchange Act of 1934 [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 Securities Exchange Act of 1934 [15 U.S.C. § 78m(b)(2)(A)]; and

VII.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant, Defendant's agents, servants, employees, attorneys, assigns, 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, Rule 13b2-2 promulgated under the Securities Exchange Act of 1934 [17 C.F.R. § 240.13b2-2] by, directly or indirectly, making or causing to be made a materially false or misleading statement or omitting to state, or causing another person to omit to state, any material fact necessary in order to make the 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 any issuer required to file statements or reports pursuant to Section 13 of the Securities Exchange Act of 1934 [15 U.S.C. § 78m] or (2) the preparation or filing of any document or report required to be filed with the Commission pursuant to Section 13 of the Securities Exchange Act of 1934 [15 U.S.C. § 78m].

VIII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$11,958, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$3,965.97, and a civil penalty of \$35,000 pursuant to Section 21(d)(3) of the Securities Exchange Act of 1934 [15 U.S.C. § 78u(d)(3)]. Defendant shall satisfy this obligation by paying \$50,923.97 within ten business days to the Clerk of this Court, together with a cover letter identifying Scott

P. Skooglund as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. Defendant shall simultaneously transmit photocopies of such payment and letter to the SEC's counsel in this action. By making this payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Defendant. The Clerk shall deposit the funds into an interest bearing account with the Court Registry Investment System ("CRIS"). These funds, together with any interest and income earned thereon (collectively, the "Fund"), shall be held by the CRIS until further order of the Court. In accordance with 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 may by motion propose a plan to distribute the Fund subject to the Court's approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002.

IX.

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

X.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant's Answer and all other papers filed by Defendant in this matter are hereby withdrawn.

XI.

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.

SO ORDERED

Dated: May 8, 2003

John D Nordberg  
UNITED STATES DISTRICT JUDGE

**Certificate of Service**

I, John E. Birkenheier, an attorney, hereby certify that on this 7<sup>th</sup> day of May, 2003 I caused a copy of the foregoing *PLAINTIFF'S UNOPPOSED MOTION FOR ENTRY OF PROPOSED ORDER OF FINAL JUDGMENT AS TO SCOTT P. SKOOGlund* to be served by facsimile transmission and overnight delivery upon the following persons:

Clark Johnson, Esquire  
Jenner & Block  
One IBM Plaza  
44<sup>th</sup> Floor  
Chicago, Illinois 60611  
Fax: (312) 527-0484

  
John E. Birkenheier