

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 01-8220-CIV-LYNCH

SECURITIES AND EXCHANGE COMMISSION,

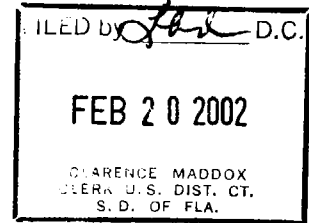
Plaintiff,

HAWA CORPORATION,
HAWA COMMUNICATIONS, INC.,
HAWA MED, INC.,
ILONA ALEXIS MANDELBAUM,
ROBERT DUKE, AND SARA GOMEZ DE FERRO,

Defendants,

ROTHSCHILD RESERVE INTERNATIONAL,
INC., SAM SARA INVESTMENTS, INC.,
and SHAVA CORPORATION,

Relief Defendants.



**FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER
RELIEF AS TO DEFENDANT ROBERT E. DUKE AND FINAL JUDGMENT
OF DISGORGEMENT AS TO RELIEF DEFENDANTS
SAM SARA INVESTMENTS, INC. AND SHAVA CORPORATION**

Plaintiff Securities and Exchange Commission ("SEC" or "Commission") commenced this action by filing its Complaint against, among others, Defendant Robert E. Duke ("Duke"). The SEC named Sam Sara Investments, Inc. ("Sam Sara") and Shava Corporation ("Shava"), amongst others, as Relief Defendants. (Duke, Sam Sara and Shava are collectively referred to herein as "Defendants"). In its Complaint, the Commission sought a temporary restraining order, and preliminary and permanent injunctions to prohibit violations by Duke of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act"), Sections 10(b) and 15(a)(1) of the Securities

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Exchange Act of 1934 ("Exchange Act"), and Rule 10b-5, thereunder. The Commission also sought other relief against Defendants in the form of accountings, disgorgement, records preservation, expedited discovery, an order temporarily freezing assets and an order imposing civil penalties.

On March 15, 2001, this Court entered a Temporary Restraining Order, which temporarily restrained and enjoined Duke from violations of the above-mentioned provisions of the federal securities laws; temporarily froze Defendants' assets; granted the Commission an accounting, expedited discovery, and prohibited the concealing or destruction of the Defendants books, records and other documents. On April 12, 2001, this Court entered a preliminary injunction against Duke, pursuant to a Stipulated Order of Preliminary Injunction and Other Relief, which kept in force the relief granted on March 15, 2001.

Duke, by the Consent affixed hereto, without admitting or denying any of the allegations in the Commission's Complaint or any other paper filed herein, except as to the jurisdiction of this Court, has agreed to the entry of this Final Judgment of Permanent Injunction and Other Relief. Sam Sara and Shava, by the Consent affixed hereto, have also agreed to the entry of this Final Judgment of Disgorgement. This Court having accepted such Consent and this Court having jurisdiction over the Defendants, and the subject matter hereof, and the Court being fully advised in the premises,

I.

**VIOLATION OF SECTIONS 5(a)
AND 5(c) OF THE SECURITIES ACT AS TO DUKE**

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Duke, his officers, agents, servants, employees, representatives, and all persons in active concert or

participation with him, and each of them, directly or indirectly, who receive actual notice of this Final Judgment of Permanent Injunction, by personal service or otherwise, be and they hereby are permanently restrained and enjoined from, directly or indirectly:

- (a) making use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell any security, in the form of units, common stock, warrants or any other security, through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect with the Commission as to such security;
- (b) carrying or causing to be carried through the mails or in interstate commerce, by means or instruments of transportation, any security, in the form of units, common stock, warrants or any other security, for the purpose of sale or delivery after sale, unless and until a registration statement is in effect with the Commission as to such 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 any security, in the form of units, common stock, warrants or any other security, through the use or medium of any prospectus or otherwise, unless and until a registration statement is filed with the Commission as to such security, or while a registration statement filed with the Commission as to such security is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act, 15 U.S.C. § 77h,

in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

II.

**FRAUD IN VIOLATION OF SECTION 17(a)
OF THE SECURITIES ACT AS TO DUKE**

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Duke, his officers, agents, servants, employees, representatives, and all persons in active concert or participation with him, and each of them, directly or indirectly, who receive actual notice of this Final Judgment of Permanent Injunction, by personal service or otherwise, be and they hereby are, permanently restrained and enjoined from, directly or indirectly, singly or in concert, as aiders and abettors or otherwise, in the offer or sale of any security, by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails:

- (a) knowingly employing any device, scheme or artifice to defraud;
- (b) obtaining money or property by means of any untrue statement of material fact or omission to state any material fact necessary in order to make the statement made, in light of the circumstances under which it was 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 purchasers or prospective purchasers of any such security,

in violation of Sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1), 77q(a)(2) and 77q(a)(3).

III.

**FRAUD IN VIOLATION OF SECTION 10(b) OF
THE EXCHANGE ACT AND RULE 10b-5 THEREUNDER AS TO DUKE**

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Duke, his officers, agents, servants, employees, representatives, and all persons in active concert or participation with him, and each of them, directly or indirectly, who receive actual notice of this Final Judgment of Permanent Injunction, by personal service or otherwise, be and they hereby are, permanently restrained and enjoined from, knowingly and willfully, directly or indirectly, singly or in concert, as aiders and abettors or otherwise, in connection with the purchase or sale of any security, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange:

- (a) employing any device, scheme or artifice to defraud;
- (b) making any untrue statements of 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; or
- (c) 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 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

IV.

VIOLATION OF SECTION 15(a)(1) OF THE EXCHANGE ACT AS TO DUKE

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Duke, his officers, agents, servants, employees, representatives, and all persons in active concert or participation with him, and each of them, directly or indirectly, who receive actual notice of

this Final Judgment of Permanent Injunction, by personal service or otherwise, be and they hereby are, permanently restrained and enjoined from, directly or indirectly, 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 securities, while acting as a broker or dealer engaged in the business of effecting transactions in securities for the accounts of others, but not registered as a broker-dealer in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b), in violation of Section 15(a)(1) of the Exchange Act, 15 U.S.C. § 78o(a)(1).

V.

DISGORGEMENT AS TO DUKE, SAM SARA AND SHAVA

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendants shall disgorge approximately \$ 274,295.00 representing their gains from the conduct alleged in the Complaint, plus pre-judgment interest thereon; provided, however, that all but \$225,000.00 of such disgorgement and pre-judgment interest is waived based upon Duke's, Sam Sara's and Shava's sworn representations in their Statement of Financial Condition dated June 30, 2001, September 10, 2001 and September 14, 2001, respectively. Defendants shall be given credit for the \$225,000.00 payment to the court-appointed Receiver in this case pursuant to Defendants' settlement with the Receiver.

If at any time following the entry of this Final Judgment the Commission obtains information indicating that Defendants' representations to the Commission concerning their 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 Defendants, petition

this Court for an order requiring Defendants to pay the remaining amount of disgorgement set herein, plus pre-judgment and post-judgment interest thereon. In connection with any such petition, the only issue shall be whether the financial information provided by Defendants was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendants 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. Defendants 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 should not be ordered.

VI.

PENALTIES AS TO DUKE

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that based upon Duke's sworn representations in his Statement of Financial Condition dated June 30, 2001, and submitted to the Commission, the Court is not ordering him to pay 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 determination not to impose a civil penalty is contingent upon the accuracy and completeness of Duke's Statement of Financial Condition. If at any time following the entry of this Final Judgment the Commission obtains information indicating that Duke'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 Duke, petition this Court for an order requiring Duke to pay a civil penalty. In connection with any such petition, the only issue shall be whether the financial information provided by Duke was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Duke 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. Duke 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 civil penalty, or assert that a civil penalty should not be ordered.

VII.

INCORPORATION OF CONSENT

IT IS HEREBY FURTHER ORDERED that Defendants shall comply with the provisions of the Consent attached hereto, and that such Consent is incorporated herein by reference as if fully set forth herein.

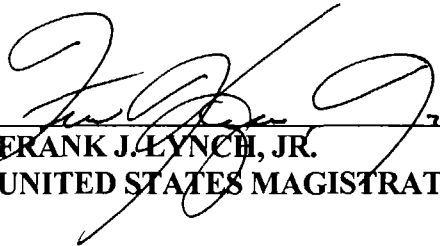
VIII.

RETENTION OF JURISDICTION

IT IS FURTHER HEREBY ORDERED that this Court will retain jurisdiction over this matter and Defendants in order to implement and carry out the terms of all Orders and Decrees that may be entered and/or to entertain any suitable application or motion for

additional relief within the jurisdiction of this Court, and will order other relief that this Court deems appropriate under the circumstances.

DONE AND ORDERED in Chambers at Fort Pierce, Florida, this 20th day of February 2002.



FRANK J. LYNCH, JR.
UNITED STATES MAGISTRATE JUDGE

Copies to:

Kerry A. Zinn, Esq.
Richard Brodsky, Esq.
Arthur Rice, Esq.
Steve Bronis, Esq.
Ilona Mandelbaum, pro se