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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

#114

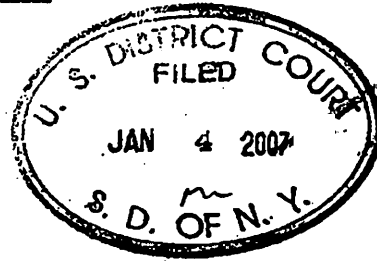
SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

SAVE THE WORLD AIR, INC.,
JEFFREY ALAN MULLER, and
BILLY BLACKWELDER,

Defendants.



01 CV 11586 (GBD) (FM)

SAVE THE WORLD AIR, INC.,

Cross-Claimant,

-against-

JEFFREY ALAN MULLER, LYN MULLER,
MURRAY MULLER, GUY MULLER, ALAN
MULLER, MELISSA MULLER, WINCHESTER
CAPITAL CORP., CEDARVIEW INTERNATIONAL
CORP., BOKSBERT UNTERNEHMEN,
SAN BLAS DESARROLO, CANVASS
PACIFIC LTD., REDGRAVE, INC., GREYON
PROPERTIES, INC., DOUGLAS, INC., CASTEEN
INTERNATIONAL LTD., PEREQUINE CORP.,
TROY INTERNATIONAL, INC., LOYALTY
UNITED INTERNATIONAL, INC., AND DOES 1-10,

Cross-Defendants.

07,0007

FINAL JUDGMENT AS TO JEFFREY ALAN MULLER

Upon consideration of the Consent to Exercise of Jurisdiction by a United States Magistrate Judge over Dispositive Motions Described under 28 U.S.C. §636(b)(1)(B), filed September 9, 2005; and of the Memorandum Decision and Order by Magistrate Judge Maas,

entered on November 16, 2005; and of the Order by Magistrate Judge Maas, entered on October 31, 2006:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Jeffrey Alan Muller ("Muller") and Muller's agents, servants, employees, attorneys, 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 (the "Exchange Act") [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 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 FURTHER ORDERED, ADJUDGED, AND DECREED that Muller and Muller's agents, servants, employees, attorneys, 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 Section 17(a) of the Securities Act of 1933

(“Securities Act”) [15 U.S.C. § 77q(a)] 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, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;**
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;**
or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.**

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Muller and Muller's agents, servants, employees, attorneys, 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, directly or indirectly, controlling any person who violates Section 13(a) or 13(b) of the Exchange Act [15 U.S.C. §§ 78m(a) and 78m(b)] and Rules 12b-20, 13a-1, 13a-13 and 13b2-1 promulgated thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-13, 240.13b2-1] by:

- (a) failing to file with the Commission in accordance with the rules and regulations prescribed by the Commission, such information and documents as the Commission has prescribed;**

- (b) filing with the Commission information and documents, including the amendments thereto, which contain false and materially misleading statements or omissions of material fact;
- (c) failing to file material information as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading;
- (d) failing to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of an issuer; or
- (e) falsifying or causing to be falsified any book, record or account subject to section 13(b)(2)(A) of the Exchange Act,

unless Defendant acts in good faith and does not directly or indirectly induce the act or acts constituting the violation.

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Muller and Muller's agents, servants, employees, attorneys, 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, directly or indirectly, failing to file required reports concerning beneficial ownership of equity securities in violation of Section 16(a) of the Exchange Act [15 U.S.C. §78p(a)] and Rules 16a-2 and 16a-3 thereunder [17 C.F.R. 240.16a-2 and 240.16a-3].

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Defendant is prohibited, for 20 years following the date of entry of this Final Judgment, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$7,500,000, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$2,405,455, and a civil penalty in the amount of \$100,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3)(A) of the Exchange Act [15 U.S.C. § 78u(d)(3)(A)]. Defendant shall satisfy this obligation by paying \$10,005,455 within ten (10) business days after entry of this Final Judgment by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission. The payment shall be delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a letter identifying Jeffrey Alan Muller 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

pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961. The Commission shall remit the funds paid pursuant to this paragraph to the United States Treasury.

VII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Muller shall disgorge any shares of Save the World Air, Inc. stock directly or indirectly owned or controlled by Muller or any of his nominees, and that Save the World Air, Inc. shall cancel said disgorged shares, as well as cancel any stock options Muller directly or indirectly owns or controls.

VIII.

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.

IX.

There being no just reason for delay, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated: JAN 03 2007, _____


UNITED STATES DISTRICT JUDGE

HON. GEORGE B. DANIELS


THIS DOCUMENT WAS ENTERED
ON THE DOCKET ON 1/4/07