

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

**- against -**

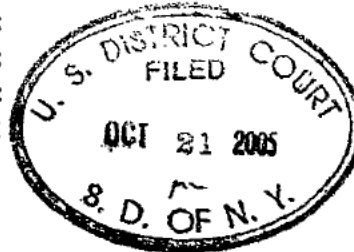
**eWEALTH SECURITIES, INC.,  
eWEALTH HOLDINGS, INC.,  
NEIL FORMISANO, DONALD  
CUNNINGHAM, JONATHAN  
ARONICA, and STEVEN  
MASTROSIMONE,**

**Defendants.**

02 Civ. 8626 (JES)

#05,2082

#52



**FINAL JUDGMENT OF  
PERMANENT INJUNCTION  
AND OTHER RELIEF AS TO  
DEFENDANT STEVEN MASTROSIMONE**

Plaintiff Securities and Exchange Commission ("Commission"), having filed a Complaint ("Complaint") on October 29, 2002, charging Defendant Steven Mastrosimone ("Mastrosimone") with violations of Sections 5(a), 5(c), and 17(a), of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77e(a), 15 U.S.C. § 77e(c), and 15 U.S.C. § 77q(a)], and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder; and the Court, having entered on December 9, 2002 a Preliminary Injunction and Order Freezing Assets and Granting Other Relief ("Preliminary Injunction Order") against Mastrosimone; and the Commission, having submitted a motion to the Court requesting an order: (1) granting summary judgment with respect to the all the Commission's claims against Mastrosimone; (2) requiring that Mastrosimone disgorge \$386,638 in ill-gotten profits he received from his unlawful conduct, plus \$154,170.71 in prejudgment

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interest; (3) assessing third-tier civil penalties against the Defendants under Section 21(d)(3) of the Exchange Act; and (4) such other and further relief as the Court may deem just and proper, and the Court, having granted the Commission's Motion:

**I.**

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that Mastrosimone, Mastrosimone's agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with them who receive actual notice of this **Final Judgment Of Permanent Injunction And Other Relief As To Defendant Steven Mastrosimone ("Final Judgment")** by personal service or otherwise are permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

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

## II.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Mastrosimone, Mastrosimone'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 (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.

### III.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Mastrosimone, Mastrosimone'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 Section 17(a) of the 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.

### IV.

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that Mastrosimone is permanently barred from participating in an offering of penny stock, including ~~engaging in~~ activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing ~~or attempting to induce~~ the purchase or sale of any penny stock. A penny stock is any equity

security that has a price of less than five dollars, except as provided in Rule 3a51-1 under the Exchange Act [17 C.F.R. 240.3a51-1].

V.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that

Mastrosimone shall disgorge his ill-gotten gains from the conduct alleged in the Complaint in the amount of \$386,638, plus prejudgment interest thereon in the amount of \$154,170.71, for a total of \$540,808.71. Any amounts paid by Mastrosimone pursuant to the criminal restitution order against him in U.S. v. Mastrosimone, 03 cr. 339, (DLC)(SDNY) shall be credited against the disgorgement amount. Such payment shall be made to the Clerk of this Court, together with a cover letter identifying Mastrosimone 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**. A copy of the cover letter and payment shall be simultaneously transmitted to Mark K. Schonfeld, Esq., Regional Director, U.S. Securities and Exchange Commission, Northeast Regional Office, 3 World Financial Center, Room 4300, New York, New York 10281, Attn: Elisabeth L. Goot, Esq.

The Clerk shall deposit the payment into an interest bearing account with the Court Registry Investment System ("CRIS"). The payment, together with any interest and income earned thereon, shall be held by the CRIS until further order of the Court. In accordance with 28 U.S.C. § 1914 and 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.

**VI.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Mastrosimone shall pay a third-tier civil penalty in the amount of \$ 330,000 pursuant to Section 20(d)(2)(C) of the Securities Act [15 U.S.C. §§ 77t(d)(2)(C)] and Section 21 (d)(3)(B)(iii) of the Exchange Act [15 U.S.C. § 78u(d)(3)(B)(iii)], and Rule 17 CFR 201.1002 thereunder. Such payment shall be made to the United States Treasury ("Treasury") within thirty (30) business days from the date of entry of this Final Judgment by cashier's check, certified check, U.S. postal money order, or bank money order payable to the order of the "United States Securities and Exchange Commission." The payment shall be transmitted to the Comptroller, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, under cover of letter identifying the name and civil action number of this litigation and the name of Defendant and identifying the payment as disgorgement. A copy of the cover letter and payment shall be simultaneously transmitted to Mark K. Schonfeld, Esq., Regional Director, U.S. Securities and Exchange Commission, Northeast Regional Office, 3 World Financial Center, Room 4300, New York, New York 10281, Attn: Elisabeth L. Goot, Esq.

**VII.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that all assets attributable to Mastrosimone that are frozen pursuant to the Preliminary Injunction Order shall be liquidated and disbursed to the United States District Court Cashier for the Southern District of New York for distribution pursuant to the criminal restitution order against Mastrosimone. Such ~~disbursement~~ shall be accompanied by cover letter specifying that the disbursement is for ~~distribution~~ pursuant to the restitution order in the case U.S. v. Mastrosimone, 03 cr. 339,

(b)(7)(D)(SDNY). Any such assets disbursed to the United States District Court Cashier for the Southern District of New York and distributed pursuant to the criminal restitution order against Mastrosimone shall be credited against the disgorgement amount in Paragraph VI. above.

**VIII.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, pursuant to Federal Rule of Civil Procedure 65(d), this **Final Judgment** shall be binding on Mastrosimone, his officers, agents, servants, employees, attorneys, and upon those persons in active concert or participation with her who receive actual notice of this **Final Judgment** by personal service or otherwise.

**IX.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that this Court shall retain jurisdiction of this matter for all purposes, including, but not limited to, implementing and enforcing the terms and conditions of this **Final Judgment**.



X.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that there is no just reason for delay, and the Clerk of the Court is hereby directed to enter this **Final Judgment** pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

**SO ORDERED:**

  
JOHN E. SPRIZZO  
UNITED STATES DISTRICT COURT JUDGE

Date:

10-13-05

THIS DOCUMENT WAS ENTERED  
ON THE DOCKET ON 10/13/05

**CERTIFIED AS A TRUE COPY ON**

**THIS DATE** 11/31/06

**BY** 

☐ Clerk  
☒ Deputy