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CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

BY: *J.H.* DEPUTY

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

JAMES E. FRANKLIN, et al.

Defendants.

Case No. 3:02cv84 IEG(RBB)

FINAL JUDGMENT OF PERMANENT
INJUNCTION AS TO DEFENDANT
DIETER RABBE

Defendant Dieter Rabbe, by the Consent annexed hereto, without admitting or denying any of the allegations in the Securities & Exchange Commission's ("Commission") complaint, except that he is admitting the allegations as to the jurisdiction of this Court over him and over the subject matter of this action, and as to venue, has agreed to the entry of this Final Judgment of Permanent Injunction as to Dieter Rabbe.

The Court having accepted such Consent and having jurisdiction over Rabbe and the subject matter hereof, and being fully advised in the premises:

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ENTERED ON 11/13/02

I.

SECTION 5 OF THE SECURITIES ACT

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that defendant Rabbe, his 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 5 of the Securities Act of 1933, as amended ("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

1 filed with the Commission as to such security, or while the
2 registration statement is the subject of a refusal order or stop
3 order or (prior to the effective date of the registration
4 statement) any public proceeding of examination under Section 8 of
5 the Securities Act [15 U.S.C. § 77h].
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7 II.

8 SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5
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10 IT IS ORDERED, ADJUDGED AND DECREED that defendant Rabbe, his
11 agents, servants, employees, attorneys, assigns, and all persons in
12 active concert or participation with them who receive actual notice
13 of this Final Judgment by personal service or otherwise are
14 permanently restrained and enjoined from violating, directly or
15 indirectly, Section 10(b) of the Securities Exchange Act of 1934
16 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5
17 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means
18 or instrumentality of interstate commerce, or of the mails, or of
19 any facility of any national securities exchange:
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21 (a) to employ any device, scheme, or artifice to defraud;

22 (b) to make any untrue statement of a material fact or to
23 omit to state a material fact necessary in order to make the
24 statements made, in the light of the circumstances under which
25 they were made, not misleading; or
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1 (c) to engage in any act, practice, or course of business
2 which operates or would operate as a fraud or deceit upon any
3 person,
4 in connection with the purchase or sale of any security.
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6 III.

7 SECTION 17(a) OF THE SECURITIES ACT

8 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant
9 Rabbe, his agents, servants, employees, attorneys, assigns, and all
10 persons in active concert or participation with them who receive
11 actual notice of this Final Judgment by personal service or
12 otherwise are permanently restrained and enjoined from violating
13 Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] in the
14 offer of any security by the use of any means or instruments of
15 transportation or communication interstate commerce or by use of
16 the mails, directly or indirectly:
17

18 (a) to employ any device, scheme, or artifice to defraud;

19 (b) to obtain money or property by means of any untrue
20 statement of a material fact or any omission of a material
21 fact necessary in order to make the statements made, in
22 light of the circumstances under which they were made, not
23 misleading; or
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25 (c) to engage in any transaction, practice, or course of
26 business which operates or would operate as a fraud or deceit upon
27 the purchaser.
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1 IV.

2 DISGORGEMENT

3 IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that the
4 Court shall retain jurisdiction over this action for purposes of
5 determining whether disgorgement, if any, and prejudgment interest
6 thereon, in an amount subsequently determined by this Court, is
7 appropriate against defendant Rabbe. In connection with any motion
8 or hearing to determine the appropriate amount of disgorgement,
9 Rabbe shall not raise as a defense that he is not liable for the
10 payment of such disgorgement because he did not violate one or more
11 provisions of the Securities Act, Exchange Act and rules
12 thereunder, as alleged in the Complaint.
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16 V.

17 CIVIL MONEY PENALTY

18 IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that this
19 Court shall retain jurisdiction over this action for purposes of
20 determining whether civil money penalties will be assessed against
21 Rabbe pursuant to Section 20(d)(2)(c) of the Securities Act [15
22 U.S.C. § 77t(d)(2)(c)] and Section 21(d)(3) of the Exchange Act [15
23 U.S.C. § 78u(d)(3)], as appropriate. In connection with any motion
24 or hearing to determine the appropriate amount of civil penalties,
25 Rabbe shall not raise as a defense that he is not liable for the
26 payment of such civil penalties because he did not violate one or
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1 more provisions of the Securities Act, Exchange Act and rules
2 thereunder, as alleged in the Complaint.

3 VI.

4 RETENTION OF JURISDICTION

5 IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that this
6 Court shall retain jurisdiction of this action for all purposes,
7 including determining the liability of Rabbe and any remaining
8 defendants in this action, implementing and enforcing the terms of
9 this Final Judgment and all other orders and decrees which have
10 been and may be entered herein, to resolve the Commission's pending
11 claims for disgorgement, civil penalties or an accounting, as
12 appropriate, and to entertain any suitable application or motion
13 for additional relief within the jurisdiction of this Court.
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15 Done and Ordered this 8th day of November at
16 11:15 o'clock a.m./p.m., 2002, in chambers, at San Diego, CA.

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19 
20 IRMA E. GONZALEZ
UNITED STATES DISTRICT JUDGE

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