

UNITED STATES DISTRICT COURT  
for the  
THE DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

RAECE RICHARDSON,  
DAVID MCKENZIE,  
CAMERON GORGES, and  
FREESTAR TECHNOLOGIES,

Defendants.

02-126

CIVIL ACTION NO.

**FILED**

MAR 13 2002

NANCY MAYER WHITTINGTON, CLERK  
U.S. DISTRICT COURT

**FINAL JUDGMENT OF PERMANENT  
INJUNCTION AS TO DAVID MCKENZIE**

Plaintiff Securities And Exchange Commission ("SEC"), having duly commenced this action by filing its Complaint, and defendant David McKenzie ("McKenzie"), in his Consent and Undertaking of David McKenzie ("Consent"), having (a) entered a general appearance herein; (b) admitted the jurisdiction of this Court over him and over the subject matter of this action; and (c) waived the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure; and without admitting or denying any of the allegations of the Complaint, except as to jurisdiction, which he admits, and without trial, argument or adjudication of any issue of fact or law, having consented to the entry of this Final Judgment Of Permanent Injunction as to David McKenzie ("Final Judgment"); and it further appearing that this Court has jurisdiction over defendant McKenzie and the subject matter hereof, and the Court being fully advised in the premises:

*RM*

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(N)

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that defendant McKenzie, his agents, servants, employees, attorneys and those persons in active concert or participation with him who receive actual notice of this Final Judgment, by personal service or otherwise, and each of them, is permanently restrained and enjoined from violating §17(a) of the Securities Act [15 U.S.C. s 77q(a)] by, directly or indirectly, using any means or instrumentality of interstate commerce, or of the mails to:

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

in connection with the offer or sale of any securities.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant McKenzie, his agents, servants, employees, attorneys and those persons in active concert or participation with him who receive actual notice of this Final Judgment, by personal service or otherwise, and each of them, is permanently restrained and enjoined from violating §10(b) of the Exchange Act [15 U.S.C. § 77q(a)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] by, directly or indirectly, using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange to:



- (1) employ any device, scheme or artifice to defraud;
- (2) 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 light of the circumstances under which they were made, not misleading; or
- (3) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person,

in connection with the purchase or sale of any security.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant McKenzie, his agents, servants, employees, attorneys and those persons in active concert or participation with him who receive actual notice of this Final Judgment, by personal service or otherwise, and each of them, is permanently restrained and enjoined from aiding and abetting violations of Sections 12(g) and 13(a) of the Exchange Act [15 U.S.C. §§ 78l and 78m(a)] and Rules 12b-20, 13a-1, 13a-11 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11 and 240.13a-13] by, directly or indirectly, filing or causing to be filed with the Commission any registration statement filed pursuant to Section 12(g) of the Exchange Act [15 U.S.C. § 78l], or any annual report, current report, quarterly report, or other report pursuant to Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and the rules and regulations promulgated thereunder that: (a) contains any untrue statement of material fact or omits to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; (b) fails to contain information required to be contained therein; or (c) fails to comply in any material respect with the requirements of Section 12(g) or Section 13(a) of



the Exchange Act [15 U.S.C. §§ 78l and 78m(a)] or Exchange Act Rules 12b-20, 13a-1, 13a-11 and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11 and 240.13a-13].

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant McKenzie, his agents, servants, employees, attorneys and those persons in active concert or participation with him who receive actual notice of this Final Judgment, by personal service or otherwise, and each of them, is permanently restrained and enjoined from aiding and abetting violations of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78 m (b)(2)(A)] by, directly or indirectly, failing, or causing any issuer which has a class of securities registered pursuant to Section 12 of the Exchange Act or which is required to file reports pursuant to Section 15(d) of the Exchange Act, to fail to make and keep 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 FURTHER ORDERED, ADJUDGED AND DECREED that defendant McKenzie, his agents, servants, employees, attorneys and those persons in active concert or participation with him who receive actual notice of this Final Judgment, by personal service or otherwise, and each of them, is permanently restrained and enjoined from aiding and abetting violations Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] by, directly or indirectly, failing, or causing any issuer which has a class of securities registered pursuant to Section 12 of the Exchange Act or which is required to file reports pursuant to Section 15(d) of the Exchange Act, to fail to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that :(a)



transactions are executed in accordance with management's general or specific authorization; (b) 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; (c) access to assets is permitted only in accordance with management's general or specific authorization; and (d) 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 FURTHER ORDERED, ADJUDGED AND DECREED that defendant McKenzie, his agents, servants, employees, attorneys and those persons in active concert or participation with him who receive actual notice of this Final Judgment, by personal service or otherwise, and each of them, is permanently restrained and enjoined from violating Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] by, directly or indirectly, knowingly circumventing or knowingly failing to implement a system of internal accounting controls, or knowingly falsifying or causing to be falsified books, records, or accounts of any issuer which has a class of securities registered with the SEC pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or any issuer which is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant McKenzie, his agents, servants, employees, attorneys and those persons in active concert

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or participation with him who receive actual notice of this Final Judgment, by personal service or otherwise, and each of them, is permanently restrained and enjoined from violating Exchange Act Rule 13b2-1 [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 Exchange Act [15 U.S.C. § 78 m(b)(2)].

VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant McKenzie, his agents, servants, employees, attorneys and those persons in active concert or participation with him who receive actual notice of this Final Judgment, by personal service or otherwise, and each of them, is permanently restrained and enjoined from violating Exchange Act Rule 13b2-2 [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 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 a reporting issuer or (2) the preparation or filing of any document or report required to be filed with the SEC.

IX.

IT IS FURTHER HEREBY ORDERED, ADJUDGED AND DECREED that defendant McKenzie shall comply with his undertakings that, in connection with this action or any related judicial or administrative action or investigation undertaken by or on behalf of, or authorized by, the SEC or to which the SEC is a party, (a) he will produce documents and reasonable make himself available for interviews upon the request of the



SEC or its staff on a travel cost reimbursable basis as provided for by applicable federal regulations; and (b) he will accept service by mail of subpoenas for any depositions, trials or hearings, and hereby waives the territorial limits on service set forth in Rule 45 of the Federal Rules of Civil Procedure.

X.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that based upon defendant McKenzie's sworn representations in his Statement of Financial Condition dated September 21, 2001, and other documents submitted to the SEC, the Court is not ordering him to pay a civil penalty. The determination not to impose a civil penalty is contingent upon the accuracy and completeness of his Statement of Financial Condition. If at any time following the entry of this Final Judgment the SEC obtains information indicating that Defendant's representations to the SEC 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 SEC may, at its sole discretion and without prior notice to Defendant, petition the Court for an order requiring Defendant to pay the maximum civil penalty allowable under the law. In connection with any such petition, the only issue shall be whether the financial information provided by Defendant was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made. In its petition, the SEC may move this Court to consider all available remedies, including, but not limited to, ordering Defendant to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment. The SEC may also request additional discovery. Defendant may not, by way of defense to such petition: (1) challenge the validity of his Consent or the Final



Judgment; (2) contest the allegations in the Complaint filed by the SEC; (3) assert that payment of a civil penalty should not be ordered; (4) contest the imposition of the maximum civil penalty allowable under the law; or (5) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.


XI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the annexed Consent be, and the same hereby is, incorporated herein by reference with the same force and effect as if fully set forth herein.

XII.

There being no just cause for delay, the Clerk of the Court is hereby directed, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter this Final Judgment forthwith.

DATED: March 13, 2002

  
UNITED STATES DISTRICT JUDGE

