

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION  
450 Fifth Street, N.W.  
Washington, DC 20549-0708,

Plaintiff,

v.

SITESTAR CORPORATION,  
FREDERICK T. MANLUNAS, and  
CLINTON J. SALLEE,

Defendants.

Case No.

02 1089

**FILED**

JUN 07 2002

NANCY MAYER WHITTINGTON, CLERK  
U.S. DISTRICT COURT

**FINAL JUDGMENT OF PERMANENT INJUNCTION  
AND OTHER RELIEF AS TO FREDERICK T. MANLUNAS**

Plaintiff United States Securities and Exchange Commission ("Commission"), having filed its Complaint, and defendant Frederick T. Manlunas ("Manlunas") having in his Consent of Frederick T. Manlunas ("Consent"), which was filed simultaneously with this Final Judgment of Permanent Injunction and Other Relief as to Frederick T. Manlunas ("Final Judgment") and incorporated herein by reference, entered a general appearance, admitted the jurisdiction of this Court over him and over the subject matter of this action, waived service of process, waived the filing of an Answer to the Complaint and the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, waived any right he might have to appeal from the entry of this Final Judgment, and, without admitting or denying any of the allegations of the Complaint except as to jurisdiction, which he admits, consented to the entry of this Final Judgment, and it appearing that this Court has jurisdiction over Manlunas and over the subject matter hereof, and the Court being fully advised in the premises:

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**I.**

**IT IS HEREBY ORDERED, ADJUDGED AND DECREED** that Manlunas, his agents, servants, employees, attorneys-in-fact, and those persons in active concert or participation with them who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)] by, directly or indirectly, using any means or instruments of transportation or communication in interstate commerce or by use 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 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 they 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 the offer or sale of any securities.

**II.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that Manlunas, his agents, servants, employees, attorneys-in-fact, and those persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from violating, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of a national securities exchange, Section 10(b) of

the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by:

- (1) employing any device, scheme, or artifice to defraud;
  - (2) making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; or
  - (3) engaging 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 Manlunas, his agents, servants, employees, attorneys-in-fact, and all those persons in active concert or participation with them who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from violating Section 14(e) of the Exchange Act [15 U.S.C. § 78n(e)] and Rule 14e-3 promulgated thereunder [17 C.F.R. § 240.14e-3] by, if any person has taken a substantial step or steps to commence or has commenced a tender offer:

- (1) purchasing or selling or causing to be purchased or sold the securities sought or to be sought by such tender offer or any security convertible into or exchangeable for any such security or any option or right to obtain or dispose of the foregoing securities, while in possession of material information relating to said tender offer which information they know or have reason to know is nonpublic and which they know or have reason to know was acquired directly or indirectly from:

- (a) a person who has taken a substantial step or steps to commence such a tender offer ("the offering person");
- (b) the issuer of the securities sought or to be sought by such tender offer; or
- (c) any officer, director, partner, employee, or other person acting on behalf of the offering person or such issuer,

unless within a reasonable time prior to any such purchase or sale such information and its source are publicly disclosed; or they purchase any such security while acting in the capacity of a broker or agent on behalf of the offering person; or they sell any such security to the offering person; or

- (2) communicating material, nonpublic information relating to such a tender offer, which information they know or have reason to know was acquired directly or indirectly from:

- (a) the offering person;
- (b) the issuer of the securities sought or to be sought in such tender offer; or
- (c) any person acting on behalf of the offering person or on behalf of such issuer,

to any person under circumstances in which it is reasonably foreseeable that such communication is likely to result in the purchase or sale of securities in the manner described in Paragraph III(1), above, of this Final Judgment, *provided, however*, that this Paragraph shall not apply to a communication made in good faith to:

- (a) the officers, directors, partners, or employees of the offering person, to its advisors or to other persons involved in the planning, financing, preparation, or execution of such tender offer;
- (b) the issuer whose securities are sought or to be sought by such tender offer, to its officers, directors, partners, employees, or advisors or to other persons involved in the planning, financing, preparation, or execution of the activities of the issuer with respect to such tender offer; or
- (c) any person pursuant to a requirement of any statute or rule or regulation promulgated thereunder.

**IV.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that Manlunas, his agents, servants, employees, attorneys-in-fact, and all those persons in active concert or participation with them who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from violating Section 14(e) of the Exchange Act [15 U.S.C. § 78n(e)] and Rule 14e-5 promulgated thereunder [17 C.F.R. § 240.14e-5] by purchasing or arranging to purchase, directly or indirectly, from the time of the public announcement of the tender offer until the tender offer expires, any subject securities or related securities except as part of the tender offer.

**V.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that Manlunas shall pay disgorgement of \$7,650, representing all profits obtained as a result of the conduct alleged in the Complaint, plus prejudgment interest thereon of \$515.

**VI.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that Manlunas shall pay civil penalties of \$7,650 pursuant to Section 21A of the Exchange Act and \$10,000 pursuant to Section 21(d)(3) of the Exchange Act, predicated on the acts alleged in the Complaint.

**VII.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that Manlunas shall pay the disgorgement, prejudgment interest and civil penalties, which total \$25,815, within ten (10) business days after entry of this Final Judgment, by bank cashier's check, certified check, United States postal money order, or bank money order payable to the "Securities and Exchange Commission." The payment shall be hand-delivered or mailed to the Office of the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312. The payment shall be accompanied by a letter that identifies Manlunas as the defendant on whose behalf the payment is being made, the caption and case number of this action, the name of this Court, and the Commission's internal file number for this matter (HO-9159). Copies of such check or money order and accompanying cover letter shall be simultaneously transmitted to Scott W. Friestad, Assistant Director, Securities and Exchange Commission, Division of Enforcement, 450 Fifth Street, N.W., Washington, D.C. 20549-0708.

**VIII.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that the Consent be, and hereby is, incorporated herein by reference with the same force and effect as if fully set forth herein and that defendant Manlunas shall fully comply with all of the undertakings and agreements incorporated herein.

**IX.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that this Court shall retain jurisdiction of this matter for the purpose of enforcing the terms of this Final Judgment.

**X.**

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

  
UNITED STATES DISTRICT JUDGE

Dated: *June 6, 2002*