

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

**FILED**  
IN CLERK'S OFFICE  
U.S. DISTRICT COURT E.D.N.Y.  
★ FEB 6 - 2008 ★

**BROOKLYN OFFICE**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

ERIC PATTON, et al.,

Defendants.

02 Civ. 2564 (SJ)(JMA)

**MOTION FOR ENTRY ON CONSENT  
OF FINAL JUDGMENT AGAINST DEFENDANT  
KONSTANTINE DRAKOPOULOS**

The plaintiff, the Securities and Exchange Commission, moves that the Court enter the proposed Final Judgment as to Defendant Konstantine Drakopoulos, which is filed herewith. As shown by the Consent and letter attached to the proposed Judgment, the defendant has consented to entry of all of the relief in the proposed Final Judgment, while neither admitting nor denying liability for the offenses alleged in the Complaint.

The proposed Final Judgment enters a permanent injunction against further violations by defendant Drakopoulos of the antifraud provisions of the Securities Exchange Act of 1934, 15 U.S.C. §78j(b) and Rule 10b-5 promulgated thereunder, 17 C.F.R. §240.10b-5. It also imposes a civil penalty of \$14,209 to be paid by the defendant in installments, pursuant to Section 21A of the Exchange Act, 15 U.S.C. §78u-1. The attached letter provides that Mr. Drakopoulos shall pay post-judgment interest on the

principal owed on the installment debt as provided in paragraph III of the Final Judgment.

The proposed Final Judgment also provides for dismissal of the Complaint with prejudice as to a relief defendant, Kathy Drakopoulos, pursuant to Federal Rule of Civil Procedure 41(a)(2).

Entry of the attached Final Judgment will conclude this multi-defendant case except as to two defendants. One of them, Mr. John Tsiforis, has submitted a consent to settlement which the staff of the Commission is recommending its client accept. A decision on the settlement by the Commission is expected soon.

The other remaining defendant, Constantine Stamoulis, will be tried by this Court beginning February 4, 2008.

Dated: January 31, 2008

s/ James A. Kidney  
James A. Kidney  
Amie Kruse Long  
Attorneys for Plaintiff  
Securities and Exchange  
Commission  
100 F St. NE  
Washington, DC 20549-4010  
(tel) 202/551-4441 (Kidney)  
(fax) 202/772-9246 (Kidney)  
[kidneyj@sec.gov](mailto:kidneyj@sec.gov)

**CERTIFICATE OF SERVICE**

The undersigned counsel hereby certifies that a copy of this Motion on Consent for Entry of Final Judgment Against Defendant Konstantine Drakopoulos, the proposed Final Judgment and attached Consent and letter were served via e-mail this 31st day of January on defendants Constantine Stamoulis and John Tsiforis.

s/James A. Kidney

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

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ERIC PATTON, et al.,

Defendants.

02 Civ. 2564 (SJ)(JMA)

**FINAL JUDGMENT AS TO DEFENDANT KONSTANTINE DRAKOPOULOS**

The Securities and Exchange Commission having filed an Amended Complaint and Defendant Konstantine Drakopoulos ("Defendant") having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Amended Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant'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 Defendant is liable for disgorgement of \$14,209.00, representing profits gained as a result of the conduct alleged in the Amended Complaint. The Court, however, is not ordering Defendant to pay disgorgement given that the profits gained are being disgorged by co-Defendant Dimitrios Kostopoulos as part of the relief ordered in the parallel proceeding styled United States v. Kostopoulos, 02 CR 504 (E.D.N.Y.). Defendant shall pay a civil penalty in the amount of \$14,209.00 pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1]. Defendant shall satisfy this obligation by paying \$14,209.00 pursuant to the terms set forth in paragraph III below to the Clerk of this Court, together with a cover letter identifying Konstantine Drakopoulos 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 simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action. By making this payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be

returned to Defendant. Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.

The Clerk shall deposit the funds into an interest bearing account with the Court Registry Investment System ("CRIS"). These funds, together with any interest and income earned thereon (collectively, the "Fund"), shall be held in the interest bearing account 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.

The Commission may propose a plan to distribute the Fund subject to the Court's approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant's payment of disgorgement in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendant shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund,

as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Amended Complaint in this action.

III.

Konstantine Drakopoulos shall pay \$14,209.00 in four installments according to the following schedule: (1) \$5,209.00 within 10 business days of entry of this Final Judgment; (2) \$3,000.00 plus post-judgment interest within 120 days of entry of this Final Judgment; (3) \$3,000.00 plus post-judgment interest within 240 days of entry of this Final Judgment; and (4) \$3,000.00 plus post judgment interest within 360 days of entry of this Final Judgment.

If Konstantine Drakopoulos fails to make any payment by the date and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Final Judgment, including post-judgment interest, minus any payments made, shall become due and payable immediately without further application to the Court.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

V.

On motion of the Plaintiff, the Complaint in this action is hereby DISMISSED with prejudice as to Relief Defendant Kathy Drakopoulos pursuant to Federal Rule of Civil Procedure 41(a)(2).

VI.

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.

VII.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated: Feb 1 2008

s/SJ

  
\_\_\_\_\_  
Judge Sterling Johnson, Jr.  
Senior United States District Judge



UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ERIC PATTON, et al.,

Defendants.

02 CIV 2564 (SJ-JMA)

**CONSENT OF DEFENDANT KONSTANTINE DRAKOPOULOS**

1. Defendant Konstantine Drakopoulos ("Defendant") acknowledges having been served with the amended complaint in this action, enters a general appearance, and admits the Court's jurisdiction over Defendant and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as to personal and subject matter jurisdiction, which Defendant admits), Defendant hereby consents to the entry of the Final Judgment in the form attached hereto (the "Final Judgment") and incorporated by reference herein, which, among other things:

- (a) permanently restrains and enjoins Defendant from violations of Section 10(b) of the Securities and 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]; and
- (b) orders Defendant to pay a civil penalty in the amount of \$14,209.00 under Section 21A of the Exchange Act [15 U.S.C. § 78u-1].

3. Defendant acknowledges that the civil penalty paid pursuant to the Final Judgment may be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, the civil penalty shall be treated as a penalty paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant agrees that he shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant's payment of disgorgement in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendant agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this action. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

4. Defendant agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendant further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any

federal, state, or local tax for any penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

5. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

6. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

7. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

8. Defendant agrees that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

9. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

10. Defendant waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to waive his right to provide counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

11. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendant understands that he shall not be permitted to contest the factual allegations of the complaint in this action.

12. Defendant understands and agrees to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegation in the complaint or order for proceedings." 17 C.F.R. § 202.5. In compliance with this policy, Defendant agrees: (i) not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; and (ii) that upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they

deny any allegation in the complaint. If Defendant breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

13. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

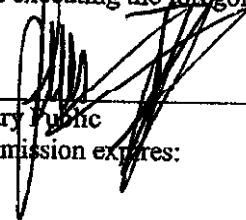
14. Defendant agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

15. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

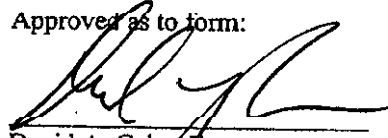
Dated 11.26.07

  
Konstantine Drakopoulos

On November 26 2007, Konstantine Drakopoulos, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.

  
Notary Public  
Commission expires:

Approved as to form:

  
David A. Gehr, Esq.  
Gusrae, Kaplan, Bruno & Nusbaum, PLLC  
120 Wall Street, 11<sup>th</sup> Floor  
New York, NY 10005

**JAMES TSEMPELIS**  
Notary Public, State of New York  
No. 02TS6125443  
Qualified in Queens County  
Commission Expires April 18, 2009



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
100 F STREET, NE  
WASHINGTON, D.C. 20540-8540C

AMIE KRUSE LONG  
SENIOR COUNSEL  
DIRECT DIAL: (202) 551-4832  
FACSIMILE: (202) 772-9240

January 10, 2008

**VIA FEDERAL EXPRESS**

Mr. Konstantine Drakopoulos  
c/o David Gehn, Esq.  
Gusrac, Kaplan & Bruno  
120 Wall Street  
New York, NY 10005

RE: **SEC v. Eric Patton, et al.; 02 Civ. 2564 (SJ) (JMA)**

Dear Mr. Drakopoulos:

This letter serves as an addendum to the Consent of Konstantine Drakopoulos ("Consent") you signed on November 26, 2007, in connection with the above-referenced matter. In addition to the terms of your settlement outlined in the Consent, the enclosed Final Judgment as to Defendant Konstantine Drakopoulos ("Final Judgment") also orders you to pay post-judgment interest on the second, third and fourth installments of the payment schedule. Your consent to pay post-judgment interest as ordered by the terms of the Final Judgment is signified by your signature on the line provided below.

Sincerely,

A handwritten signature in cursive script that reads "Amie Kruse Long".

Amie Kruse Long  
Senior Counsel

Agreed and Accepted:

By:

A handwritten signature in cursive script that reads "Konstantine Drakopoulos".  
Konstantine Drakopoulos