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FILED
CLERK, U.S. DISTRICT COURT
MAY - 1 2003
MAY
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

eCONNECT, THOMAS S. HUGHES,
RICHARD EPSTEIN AND ALLIANCE
EQUITIES, INC.

Defendants.

Case No. CV-02-6156 NM (Mex)

**FINAL JUDGMENT OF
PERMANENT INJUNCTION AND
OTHER RELIEF AGAINST
RICHARD EPSTEIN AND
ALLIANCE EQUITIES, INC.**

ENTERED
CLERK, U.S. DISTRICT COURT
MAY - 5 2003
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY

Plaintiff Securities and Exchange Commission ("Commission"), having filed and served upon defendants Richard Epstein ("Epstein") and Alliance Equities, Inc. ("Alliance") a Summons and Complaint in this action; Epstein and Alliance having admitted service upon them of the Summons and Complaint in this action and the jurisdiction of this Court over them and over the subject matter of this action; having been fully advised and informed of their right to a judicial determination of this matter; having waived the entry of findings of fact and conclusions of law as provided by Rule 52 of the Federal Rules of Civil Procedure; having consented to the entry of this Final Judgment Of Permanent

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1 Injunction And Other Relief Against Richard Epstein and Alliance Equities, Inc.
2 (“Judgment”) without admitting or denying the allegations in the Complaint,
3 except as specifically set forth in the Consent Of Alliance Equities, Inc. To Entry
4 Of Final Judgment Of Permanent Injunction And Other Relief and the Consent of
5 Richard Epstein To Entry Of Final Judgment Of Permanent Injunction And Other
6 Relief (“Consents”); no notice of hearing upon the entry of this Judgment being
7 necessary; and this Court being fully advised:

8 I.

9 IT IS ORDERED, ADJUDGED AND DECREED that Epstein and Alliance
10 and their agents, servants, employees, and all persons in active concert or
11 participation with any of them, who receive actual notice of this Judgment by
12 personal service or otherwise, and each of them, are permanently restrained and
13 enjoined from, directly or indirectly, violating Section 16(a) of the Exchange Act
14 and Rule 16a-3 thereunder, 15 U.S.C. § 78p(a) and 17 C.F.R. § 240.16a-3.
15 Epstein and Alliance shall file, with respect to any equity security registered
16 pursuant to Section 12 of the Exchange Act, a statement indicating a change in
17 ownership, to the extent that Epstein and Alliance are, directly or indirectly, the
18 beneficial owner of more than 10% of any class of any such security. Such
19 statement indicating a change in ownership shall be filed before the end of the
20 second business day following execution of the transaction giving rise to the
21 change in ownership.

22 II.

23 IT FURTHER IS ORDERED, ADJUDGED AND DECREED that Epstein
24 and Alliance and their agents, servants, employees, and all persons in active
25 concert or participation with any of them, who receive actual notice of this
26 Judgment by personal service or otherwise, and each of them, are permanently
27 restrained and enjoined from, directly or indirectly, violating Section 13(d) of the
28 Exchange Act and Rules 13d-1 and 13d-2 thereunder, 15 U.S.C. § 78m(d) and 17

1 C.F.R. §§ 240.13d-1 and 240.13d-2, regarding any security. Epstein and Alliance
 2 shall timely file or cause to be filed with the Commission, and send or cause to be
 3 sent to the issuer of any equity security of a class which is registered pursuant to
 4 Section 12 of the Exchange Act, and to any national securities exchange where
 5 such equity security is traded, the statements containing information required by
 6 Section 13(d) of the Exchange Act, 15 U.S.C. § 78m(d), and Rules 13d-1 and 13d-
 7 2 thereunder, 17 C.F.R. § 240.13d-1 and 240.13d-2.

8 III.

9 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Epstein
 10 and Alliance shall jointly and severally pay disgorgement in the amount of
 11 \$618,230.32, representing ill-gotten gains as a result of the conduct alleged in the
 12 Complaint, plus prejudgment interest in the amount of \$12,179.14. Epstein and
 13 Alliance shall satisfy their disgorgement and prejudgment interest obligation in the
 14 following manner. Epstein and Alliance (with the assistance of GunnAllen
 15 Financial, Inc.) shall liquidate the following accounts and transmit all of the cash
 16 in the accounts to the Securities and Exchange Commission and transmit the
 17 securities in the accounts to Epstein and Alliance:

<u>Financial Institution</u>	<u>Account Name</u>	<u>Account No.</u>
18 GunnAllen Financial, 19 Inc.	Alliance Equities, Inc. or Richard 20 Epstein	3025-6959
21 GunnAllen Financial, 22 Inc.	Alliance Equities, Inc. or Richard Epstein	1101-7723

23 Any unpaid balance of the disgorgement and prejudgment interest shall be paid in
 24 four equal installments beginning sixty days after entry of this Judgment and
 25 continuing every ninety days thereafter. All of the above payments shall be made
 26 in the form of a certified check, bank cashier's check, or United States postal
 27 money order payable to the Securities and Exchange Commission. The payments
 28 shall be delivered or mailed to the Office of Financial Management, Securities and

1 Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop
2 0-3, Alexandria, Virginia 22312, under cover of a letter that identifies the
3 defendant, the name and case number of this litigation, and the court. Copies of
4 these cover letters and the certified checks shall be simultaneously transmitted to
5 counsel for the Commission in this action at its Pacific Regional Office. By
6 making these payments, Epstein and Alliance relinquish all legal and equitable
7 right, title, and interest in such funds, and no part of the funds shall be returned to
8 Epstein or Alliance.

9 IV.

10 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Epstein
11 is assessed, and shall pay to the Commission for delivery to the United States
12 Treasury, civil penalties in the amount of \$25,000 pursuant to Section 21A of the
13 Exchange Act, 15 U.S.C. § 78u-1. Epstein shall pay the above penalty by
14 cashier's check, certified check, or postal money order in four equal installments
15 beginning sixty days after entry of this Judgment and continuing every ninety days
16 thereafter. These payments shall be made payable to the United States Treasury
17 and shall be transmitted to the Office of Financial Management, Securities and
18 Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3,
19 Alexandria, VA 22312, under cover of a letter that identifies the defendant, the
20 name and case number of this litigation, and the court. Copies of the cover letters
21 and the certified checks shall be simultaneously transmitted to counsel for the
22 Commission in this action at its Pacific Regional Office.

23 V.

24 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the
25 provisions of the Consents filed concurrently with this Judgment are incorporated
26 herein with the same force and effect as if fully set forth herein and that Epstein
27 and Alliance shall comply with their Consents.

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VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this action for all purposes, including to implement and enforce the terms of this Judgment and other orders and decrees which may be entered, and to grant such other relief as this Court may deem necessary and just.

VII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that during the pendency of this action against any defendant, Epstein and Alliance shall remain subject to the discovery provisions of the Federal Rules of Civil Procedure which apply to parties, and, in addition, that Epstein and Alliance agree and undertake, without service of a subpoena, to appear for their deposition or to testify as a witness at any trial of this action or at any related proceeding. Failure to comply with the foregoing will subject Epstein and Alliance to the remedies and sanctions set forth in Rule 37 of the Federal Rules of Civil Procedure and all other available remedies.

VIII.


There being no just reason 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 Judgment.

DATED: May 1, 2003


UNITED STATES DISTRICT JUDGE

NORA M. MANELLA

Submitted By:


Nicolas Morgan
Attorney for Plaintiff
Securities and Exchange Commission

PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036.

Telephone: (323) 965-3998 Fax: (323) 965-3908

On April 29, 2003, I served the document entitled **FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST RICHARD EPSTEIN AND ALLIANCE EQUITIES, INC.** upon the parties to this action addressed as stated on the attached service list:

OFFICE MAIL: By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

PERSONAL DEPOSIT IN MAIL: By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

EXPRESS U.S. MAIL: Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

PERSONAL SERVICE: I caused to be personally delivered each such envelope by hand to the office of the addressee in the attached service list.

FEDERAL EXPRESS: By placing in sealed envelope(s) designated by Federal Express with delivery fees paid or provided for, which I deposited in a facility regularly maintained by Federal Express or delivered to a Federal Express courier, at Los Angeles, California.

FAX (PURSUANT TO COURT ORDER): By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

(Federal) I declare that I am employed in the office of a member of the bar of this Court, at whose direction the service was made. I declare under penalty of perjury that the foregoing is true and correct

Date: April 29, 2003

Magnolia M. Marcelo
MAGNOLIA M. MARCELO

1 **SEC v. eCONNECT et al.**
2 **United States District Court - Central District of California**
3 **Case No. CV CV 02-6156 NM (MCx)**
4 **(LA-2627)**

5 **SERVICE LIST**

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11 *Attorney for Defendants eConnect and Thomas S. Hughes*

12 Edward Gartenberg, Esq.
13 Thelen Reid & Priest LLP
14 333 S. Hope Street, Suite 2900
15 Los Angeles, CA 90071-3048
16 Facsimile: (213) 576-8080
17 *Attorney for Defendants Richard Epstein and Alliance Equities,*
18 *Inc.*