

UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION, :
450 5th St., NW :
Washington, DC 20549, :

Plaintiff, :

v. :

UMESH MALHOTRA, :
PAUL CHOPRA, and :
DAVID MANIGAULT, :

Defendants. :

03 0211

FILED

MAY 20 2003

NANCY MAYER WHITTINGTON, CLERK
U.S. DISTRICT COURT

**JUDGMENT OF PERMANENT INJUNCTION AND
OTHER RELIEF AS TO DEFENDANT UMESH MALHOTRA**

Plaintiff Securities and Exchange Commission ("Commission") having filed an complaint ("Complaint"), and Defendant Umesh Malhotra ("Malhotra"), in the attached Consent and Undertakings of Defendant Umesh Malhotra ("Consent"), having entered a general appearance, having admitted the jurisdiction of this Court over him and over the subject matter of this action, having waived the filing of an answer to the Complaint, having waived the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, having waived any right he may have to appeal from the entry of this Judgment of Permanent Injunction and Other Relief as to Defendant Umesh Malhotra ("Judgment"), and, without admitting or denying any of the allegations of the Complaint, except as to jurisdiction, which he admits, having consented to the entry of this Judgment, and it further appearing that this Court has jurisdiction over Defendant Umesh Malhotra and the subject matter of this action, and the Court being fully advised in the premises:

(2)

4

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Malhotra, his agents, servants, employees, attorneys-in-fact, and all those persons having active concert and participation with them who receive actual notice of this Judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from, violating Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 CFR § 240.10b-5] promulgated thereunder, directly or indirectly, through the use of any means or instrumentality of interstate commerce or of the mails, or of the facilities of a national securities exchange 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 the light of the circumstances under which they were made, not misleading, or
- (3) engaging in any act, practice or course of business which operates or would operate as a fraud or deceit on any person,

in connection with the purchase or sale of any security.

II.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Malhotra, his agents, servants, employees, attorneys-in-fact, and all those persons having active concert and participation with them who receive actual notice of this Judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from, knowingly circumventing or knowingly failing to implement a system of internal accounting controls, or

knowingly falsifying, or directly or indirectly, falsifying or causing to be falsified, any book, record, or account described in Section 13(b)(2) of the Exchange Act [15 U.S.C. § 78m(b)(2)], in violation of Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1].

III.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Malhotra, his agents, servants, employees, attorneys-in-fact, and all those persons having active concert and participation with them who receive actual notice of this Judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from violating Rule 13b2-2 of the Exchange Act [17 C.F.R. § 240.13b2-2] by, as a director or officer of any issuer:

- (a) making or causing to be made a materially false or misleading statement, or
- (b) 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 an issuer required to be made pursuant to the rules and regulations under the Exchange Act [17 C.F.R. §§ 240.0-1 et seq.], or (2) the preparation or filing of any document or report required to be filed with the Commission pursuant to the rules and regulations under the Exchange Act [17 C.F.R. §§ 240.0-1 et seq.]

IV.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Malhotra, his agents, servants, employees, attorneys-in-fact, and all those persons having active

concert and participation with them who receive actual notice of this Judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from aiding and abetting the filing with the Commission of any periodic report on behalf of any issuer pursuant to Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Exchange Act Rules 12b-20, 13a-1 and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13] promulgated thereunder, which contains any untrue statement of material fact, or which omits 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 which fails to comply in any material respect with the requirements of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and the rules and regulations thereunder.

V.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Malhotra, his agents, servants, employees, attorneys-in-fact, and all those persons having active concert and participation with them who receive actual notice of this Judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from aiding and abetting violations of Sections 13(b)(2)(A) and (B) of the Exchange Act [15 U.S.C. §§78m(a) and 78m(b)(2)(A) and (B)] by directly or indirectly,

(a) failing or causing the failure to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of an issuer which has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. §78I] or is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. §78o(d)]; or

(b) failing or causing the failure to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: transactions are executed in accordance with management's general or specific authorization; 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; access to assets is permitted only in accordance with management's general or specific authorization; and 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 pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Defendant Malhotra be and hereby is permanently prohibited from acting as an officer or director of any issuer that has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports with the Commission 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 Malhotra shall pay a civil penalty in the amount of \$32,500 pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Within twenty (20) days of the entry of this Judgment, Defendant Malhotra shall pay \$32,500 to the United States Treasury. Such payment shall be: (a) made by United States postal order, certified check, bank cashier's check or bank money order; (b) made payable to the "Securities and Exchange Commission"; (c) hand-delivered or mailed to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way,

Stop 0-3, Alexandria, VA 22312; and (d) submitted with a cover letter that identifies Umesh Malhotra as a defendant in this action, the caption and the civil action number of this action, and the name of this Court. A copy of the cover letter and money order or check shall also be sent to Craig Welter, Staff Attorney, Division of Enforcement, Securities and Exchange Commission, 450 5th Street, NW, Room 8325, Washington, DC 20549-0800.

VIII.

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

IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this action for all purposes, including the implementation and enforcement of this Judgment.

Date: May 20, 2003


UNITED STATES DISTRICT JUDGE