

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEVADA

Securities and Exchange Commission,

Plaintiff,

v.

Gabor S. Acs and
Penny King Holdings, Inc.

Defendants.

CV- N-03-0463-ECR-VPC

FINAL JUDGMENT

BY _____
DEFENDANT
LANCE S. WILSON
CLERK
04 MAY 11 PM 3:14

FILED

The Securities and Exchange Commission having filed a Motion for Summary Judgment against defendant Gabor S. Acs pursuant to Fed. R. Civ. P. 56(a), the Court, having received evidence and heard argument thereon, finds that judgment against defendant Acs is appropriate. In addition, defendant Penny King Holdings, Inc., after service of the Complaint upon it on December 16, 2003, having failed to answer or otherwise respond, the Court, having received evidence and heard argument, finds that default judgment against Penny King is appropriate pursuant to Fed. R. Civ. P. 55(b)(2). Therefore:

I.

The Court FINDS that defendants Gabor S. Acs and Penny King Holdings violated Section 17(b) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(b)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17C.F.R. §240.10b-5].

U.S. DISTRICT COURT
DISTRICT OF NEVADA
SECURITIES AND EXCHANGE COMMISSION

MAY 12 2004

COURT
DEPUTY
(Signature)

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II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Gabor Acs, using any name or alias, and his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(b) of the Securities Act by using any means of interstate communication or the mails to communicate information about a security, describes the security without fully disclosing the receipt of consideration from an issuer, underwriter or dealer and the amount thereof.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Penny King and its agents, servants, employees, attorneys, and all persons in active concert or participation with it who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(b) of the Securities Act by using any means of interstate communication or the mails to communicate information about a security, describes the security without fully disclosing the receipt of consideration from an issuer, underwriter or dealer and the amount thereof.

IV.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Gabor Acs, using any name or alias, and his agents, servants, employees, attorneys, and all persons in active concert or participation with him 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 Exchange Act and Rule 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.

V.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Penny King and its agents, servants, employees, attorneys, and all persons in active concert or participation with it 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 Exchange Act and Rule 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.

VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Gabor Acs, using any name or alias, is permanently barred from participating in an offering of penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock. A penny stock is any equity security that has a price of less than five dollars, except as provided in Rule 3a51-1 under the Exchange Act [17 C.F.R. 240.3a51-1].

VII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Gabor Acs is liable for disgorgement of \$40,168, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$3,794.81, for a total of \$43,962.81. The Commission may enforce the Court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after ten days following entry of this Final Judgment. Payments under this paragraph shall be made to the Clerk of this Court, together with a cover letter identifying Acs 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 each such payment and letter to the Commission's counsel in this action. Defendant relinquishes all legal and equitable right, title, and interest in such payments, and no part of the funds shall be returned to Defendant. 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 by the CRIS until further order of the Court. In accordance with 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.

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Gabor Acs shall pay a third tier civil penalty in the amount of \$600,000 pursuant to Section 20(d) of the Securities Act of 1933 and Section 21(d)(3) of the Securities Exchange Act of 1934. Defendant shall make this payment within ten (10) business days after entry of this Final Judgment by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission. The payment shall be delivered or mailed to the Office of Financial Management, Securities and Exchange Commission,

Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a letter identifying Acs 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.

IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Penny King shall pay a third tier civil penalty in the amount of \$600,000 pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act. Defendant shall make this payment within ten (10) business days after entry of this Final Judgment by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission. The payment shall be delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a letter identifying Penny King 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.

X.

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.

Dated: May 11, 2004

Edward C. Reed.

EDWARD C. REED, JR.
SENIOR UNITED STATES DISTRICT COURT JUDGE