

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-v.-

CARNEGIE INTERNATIONAL CORPORATION, *et al.*,

Defendants,

and

SCOTT CARUTHERS, *et al.*,

Relief Defendants.

Civil Action No.
1:03CV01513 (EGS)

FILED

APR 22 2004

NANCY MAYER WHITTINGTON, CLERK
U.S. DISTRICT COURT

**FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER
RELIEF AS TO DEFENDANT EDWARD DAVID GABLE**

Plaintiff Securities and Exchange Commission ("Commission") having commenced this action by filing its Complaint on July 14, 2003, Defendant Edward David Gable ("Gable" or "Defendant") having been duly and properly served with the Summons and Complaint in this action, the Clerk having entered a default against Gable for failure to answer, plead, or otherwise defend this action within the time prescribed by law, Gable having failed to answer, plead, or otherwise defend this action and having manifested no intention of defending this action, the Court having found that Gable has defaulted in this action, the Court having reviewed the Commission's Motion for Entry of Final Judgment by Default as to Defendant Edward David Gable and supporting documentation, and the pleadings, records, and files in this action, the Court having found that this Court has jurisdiction over Gable and the subject matter of this action and jurisdiction to grant the relief requested by the Commission, and the Court being fully advised in the premises:

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that plaintiff's Motion for Entry of Final Judgment by Default as to Defendant Edward David Gable is GRANTED.

II.

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.

III.

IT IS HEREBY FURTHER 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 Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

IV.

IT IS HEREBY FURTHER 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 Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] by knowingly circumventing or knowingly failing to

implement a system of internal accounting controls or knowingly falsifying any book, record, or account subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

V.

IT IS HEREBY FURTHER 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 Rule 13b2-1 of the Exchange Act [17 C.F.R. § 240.13b2-1] by, directly or indirectly, falsifying or causing to be falsified any book, record or account subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

VI.

IT IS HEREBY FURTHER 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 Rule 13b2-2 of the Exchange Act [17 C.F.R. § 240.13b2-2] by, as a director or officer of any issuer, directly or indirectly:

- (1) making or causing to be made a materially false or misleading statement, or
- (2) 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 (a) 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 (b) the preparation or filing of any document or report required to be filed with the Commission.

VII.

IT IS HEREBY FURTHER 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 Section 16(a) of the Exchange Act [15 U.S.C. § 78p(a)] and Rules 16a-2 and 16a-3 [17 C.F.R. §§ 240.16a-2 and 240.16a-3] thereunder, by, as a direct or indirect beneficial owner of more than 10 percent of any class of equity security (other than an exempt security) which is registered pursuant to Section 12 of the Exchange Act, or as a director or an officer of the issuer of such security, failing to timely file with the Commission (and, if such security is registered on a national securities exchange, also with that exchange):

- (1) at the time of the registration of such security on a national securities exchange or by the effective date of a registration statement filed pursuant to Section 12(g) of the Exchange Act [15 U.S.C. § 78l(g)], or within ten days after becoming such beneficial owner, director, or officer, a statement, in the form and manner required by Section 16(a) of the Exchange Act [15 U.S.C. § 78p(a)] and Rules 16a-2 and 16a-3 [17 C.F.R. §§ 240.16a-2 and 240.16a-3] thereunder, of the amount of all equity securities of such issuer of which such person is the beneficial owner;

- (2) before the end of the second business day following the execution of a transaction resulting in a change in such ownership or in which such person purchased or sold a security-based swap agreement involving such equity security, a statement, in the form and manner required by Section 16(a) of the Exchange Act [15 U.S.C. § 78p(a)] and Rules 16a-2 and 16a-3 [17 C.F.R. §§ 240.16a-2 and 240.16a-3] thereunder, indicating ownership by the filing person at the date of the filing, and any such changes in such ownership, and such purchases and sales of the security-based swap agreements, as have occurred since the most recent such filing; or
- (3) within forty-five days of the issuer's year-end, a statement, in the form and manner required by Section 16(a) of the Exchange Act [15 U.S.C. § 78p(a)] and Rules 16a-2 and 16a-3 [17 C.F.R. §§ 240.16a-2 and 240.16a-3] thereunder, disclosing, among other things, all holdings and transactions that should have been reported, but were not, during the most recent fiscal year.

VIII.

IT IS HEREBY FURTHER 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 aiding and abetting the violation of Sections 12(g) and 13(a) of the Exchange Act [15 U.S.C. §§ 78l(g) and 78m(a)] and Rules 12b-20 and 13a-1 thereunder [17 C.F.R. §§ 240.12b-20 and 240.13a-1] by, directly or indirectly, filing or causing to be filed with the Commission any registration statement pursuant to Exchange Act Section 12(g) [15 U.S.C. § 78l(g)], or any periodic report pursuant to Exchange Act

Section 13(a) [15 U.S.C. § 78m(a)], and the rules and regulations thereunder, that: (a) contains any untrue statement of material fact, or omits to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (b) fails to comply in any material respect with the requirements of Exchange Act Sections 12(g) or 13(a) [15 U.S.C. §§ 78l(g) and 78m(a)] and the rules and regulations thereunder.

IX.

IT IS FURTHER 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 aiding and abetting the failure of any issuer which has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or which is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)] to:

- (1) make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the issuer, as required by Exchange Act Section 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)], or
- (2) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary (a) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (b)

to maintain accountability for assets, as required by Exchange Act Section 13(b)(2)(B) [15 U.S.C. § 78m(b)(2)(B)].

X.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Defendant is hereby permanently prohibited from acting as an officer or director of any issuer of securities that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l], or that is required to file reports pursuant to Section 15(d) of such Act [15 U.S.C. § 78o(d)].

XI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$843,028.02, representing the Defendant's unjust enrichment as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$257,832.99 and a civil penalty in the amount of \$110,000 pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)].

XII.

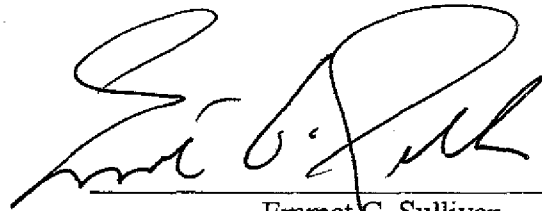
IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant shall pay the disgorgement, prejudgment interest and civil penalty set forth in paragraph XI within ten (10) days after the entry of this Final Judgment by certified check, bank cashier's check, or United States postal money order payable to 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, VA 22312, and shall be accompanied by a letter that identifies Edward David Gable as a defendant in this action, the caption and the civil action number of this action, the name of this Court, and specifying that payment is made pursuant to this Final Judgment. A copy of the cover letter and money order or check shall also be sent to Brian O. Quinn, Senior Counsel, Division of Enforcement, Securities and Exchange Commission, 450 5th Street, N.W., Washington, D.C. 20549-0806.

XIII.

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: 4/16/, 2004



Emmet G. Sullivan
United States District Judge