

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MARYLAND

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SECURITIES AND EXCHANGE COMMISSION,
450 Fifth Street, N.W.
Washington, DC 20549,

AT GREENBELT
CLERK U.S. DISTRICT COURT
DISTRICT OF MARYLAND

BY

DEPUT

Plaintiff,

v.

ERIC I. TSAO,
13404 Bissel Lane
Potomac, MD 20854
Montgomery County, MD,

Civil Action No.

AW-03-1596 (D.Md.)

Defendant.

FINAL JUDGMENT AS TO DEFENDANT ERIC I. TSAO

Plaintiff Securities and Exchange Commission ("Commission") having filed a complaint and Defendant Eric I. Tsao ("Tsao") having entered a general appearance; consented to the Court's jurisdiction over him and over the subject matter of this action; withdrawn his answer; consented to the entry of this Final Judgment without admitting or denying the allegations of the complaint, except as to jurisdiction, which he admits; waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment; and it further appearing that this Court has jurisdiction over Tsao and the subject matter hereof, and the Court being fully advised in the premises and there being no just reason for delay:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Tsao, his agents, servants, employees, attorneys-in-fact, and all those persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, are hereby 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:

- (1)** to employ any device, scheme or artifice to defraud;
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
to engage in any act, practice or course of business which operates or would operate as a fraud or deceit on any person.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Tsao is permanently prohibited from acting as an officer or director of any issuer 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 the Exchange Act [15 U.S.C. § 78o(d)].

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that that Tsao is liable for disgorgement of \$146,850, representing profits gained as a result of the conduct alleged in the complaint, together with prejudgment interest thereon in the amount of \$24,758.30, for a total of \$171,608.30. Tsao shall satisfy this obligation by paying \$171,608.30 within ten (10) business days after entry of this Final Judgment, or within ten (10) business days after the imposition of sentence in the parallel criminal case against him, whichever is later, by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission; **provided, however,** that Tsao may deduct from this \$171,608.30 payment obligation the amount of any criminal restitution imposed against him, and paid by him, in the parallel criminal case (United States v. Eric I. Tsao, Crim. No. 04-359-HHK (D.D.C.)). The \$171,608.30 payment—or the payment of such lesser portion thereof as results from deduction of the criminal restitution amount referenced above—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 Tsao 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. Tsao shall simultaneously transmit photocopies of such payment and letter (along with documents evidencing payment of any criminal restitution) shall be sent to Samuel J. Draddy, Senior Counsel, Division of Enforcement, Securities and Exchange Commission, 450 5th Street, NW, Washington, DC 20549-0806.to Samuel J. Draddy, Senior Counsel, Division of

Enforcement, Securities and Exchange Commission, 450 5th Street, NW, Washington, DC 20549-0806. By making this payment, Tsao relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Tsao.

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that that Tsao shall pay a civil penalty in the amount of \$330,275, consisting of \$220,275 imposed under the Insider Trading Sanctions Act, codified at Exchange Act Section 21A(a) [15 U.S.C. § 78u-1(a)], and \$110,000 imposed under the Remedies Act, codified at Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)] ; **provided, however,** that Tsao may deduct from this \$330,275 payment obligation the amount of any criminal fine imposed against him, and paid by him, in the parallel criminal case (United States v. Eric I. Tsao, Crim. No. 04-359-HHK (D.D.C.)). Tsao shall make this \$330,275 payment—or such lesser portion thereof as results from deduction of any criminal fine as referenced above—within ten (10) business days after entry of this Final Judgment, or within ten 10) business days after the imposition of sentence in the parallel criminal case against him, whichever is later, 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 Tsao 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. Tsao

shall simultaneously transmit photocopies of such payment and letter (along with documents evidencing payment of any criminal fine) to Samuel J. Draddy, Senior Counsel, Division of Enforcement, Securities and Exchange Commission, 450 5th Street, NW, Washington, DC 20549-0806.

V.

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, and that Tsao shall comply with all of the undertakings and agreements set forth therein.

VI.

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 Final Judgment.

SO ORDERED, this 20th day of September, 2004.


UNITED STATES DISTRICT JUDGE