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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

LACV03-6716 JFW VBK

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

SOPHIA M. KABLER, et al.,

Defendants.

Civil Action No.

**FINAL JUDGMENT OF
PERMANENT INJUNCTION AND
OTHER RELIEF AGAINST
DEFENDANT SAILESH PATEL**

THIS DOCUMENTS NOTICE OF ENTRY
IS FILED IN ACCORDANCE WITH RULE 77(d).

Plaintiff Securities and Exchange Commission ("Commission"), having filed and served upon Defendant Sailesh Patel ("Patel") a Summons and Complaint in this action; Patel having admitted service upon him of the Summons and Complaint in this action and the jurisdiction of this Court over him and over the subject matter of this action; having been fully advised and informed of his 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 Injunction And Other Relief Against Defendant Sailesh Patel ("Final Judgment") without admitting or denying the allegations in the Complaint, except as specifically set forth in the Consent Of Defendant Sailesh Patel To Entry Of

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1 Final Judgment Of Permanent Injunction And Other Relief (“Consent”); no notice
2 of hearing upon the entry of this Final Judgment being necessary; and this Court
3 being fully advised:

4 I.

5 IT IS ORDERED, ADJUDGED AND DECREED that Patel and his agents,
6 servants, employees and attorneys, and all persons in active concert or
7 participation with any of them who receive actual notice of this Final Judgment by
8 personal service or otherwise, and each of them, are permanently restrained and
9 enjoined from, directly or indirectly, in the offer or sale of the securities of any
10 issuer, by the use of any means or instruments of transportation or communication
11 in interstate commerce or by use of the mails:

12 A. employing any device, scheme or artifice to defraud;

13 B. obtaining money or property by means of any untrue statement of a
14 material fact or any omission to state a material fact necessary in
15 order to make the statements made, in the light of the circumstances
16 under which they were made, not misleading; or

17 C. engaging in any transaction, practice, or course of business which
18 operates or would operate as a fraud or deceit upon the purchaser;

19 in violation of Section 17(a) of the Securities Act of 1933 (“Securities Act”), 15
20 U.S.C. § 77q(a).

21 II.

22 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Patel and
23 his agents, servants, employees and attorneys, and all persons in active concert or
24 participation with any of them who receive actual notice of this Final Judgment by
25 personal service or otherwise, and each of them, are permanently restrained and
26 enjoined from, directly or indirectly, in connection with the purchase or sale of any
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1 security, by the use of any means or instrumentality of interstate commerce, or of
2 the mails, or of any facility of any national securities exchange:

- 3 A. employing any device, scheme, or artifice to defraud;
- 4 B. making any untrue statement of a material fact or omitting to state a
5 material fact necessary in order to make the statements made, in the
6 light of the circumstances under which they were made, not
7 misleading; or
- 8 C. engaging in any act, practice, or course of business which operates or
9 would operate as a fraud or deceit upon any person;

10 in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange
11 Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

12 III.

13 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Patel and
14 his agents, servants, employees and attorneys, and all persons in active concert or
15 participation with any of them who receive actual notice of this Final Judgment by
16 personal service or otherwise, and each of them, are permanently restrained and
17 enjoined from, directly or indirectly, by the use of any means or instrumentality of
18 interstate commerce or of the mails:

- 19 A. knowingly circumventing or knowingly failing to implement a system
20 of internal accounting controls;
- 21 B. falsifying or causing to be falsified books, records or accounts subject
22 to Section 13(b)(2)(A) of the Exchange Act;
- 23 C. making or causing to be made, or causing another person to omit or
24 state, a materially false or misleading statement, or omitting to state a
25 material fact necessary in order to make statements made, in light of
26 the circumstances under which such statements were made, not
27 misleading to an accountant in connection with (1) an audit or
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1 examination of financial statements required to be made, or (2) the
2 preparation or filing of reports or documents required to be filed with
3 the Commission;

4 in violation of Section 13(b)(5) of the Exchange Act, 15 U.S.C., § 78m(b)(5), and
5 Rules 13b2-1 and 13b2-2 thereunder, 17 C.F.R. §§ 240.13b2-1 and 240.13b2-2.

6 IV.

7 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Patel and
8 his agents, servants, employees and attorneys and all persons in active concert or
9 participation with any of them who receive actual notice of this Final Judgment by
10 personal service or otherwise, and each of them, are permanently restrained and
11 enjoined from, directly or indirectly:

12 causing the filing of a required periodic report with the Commission
13 containing any untrue statement of material fact or omitting to state a
14 material fact required to be stated or necessary in order to make the
15 statements made, in light of the circumstances under which they were
16 made, not misleading;

17 in violation of Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules
18 12b-20 and 13a-13 thereunder, 17 C.F.R. §§ 240.12b-20 & 240.13a-13.

19 V.

20 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Patel and
21 his agents, servants, employees and attorneys, and all persons in active concert or
22 participation with any of them who receive actual notice of this Final Judgment by
23 personal service or otherwise, and each of them, are permanently restrained and
24 enjoined from, directly or indirectly, by the use of any means or instrumentality of
25 interstate commerce or of the mails:

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1 causing the failure to make and keep accurate books, records, and
2 accounts which, in reasonable detail, accurately and fairly reflect
3 financial transactions and disposition of assets;
4 in violation of Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C.
5 § 78m(b)(2)(A).

6 VI.

7 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that
8 Patel is liable for disgorgement of \$138,900, representing profits gained as a
9 result of the conduct alleged in the Complaint, together with prejudgment interest
10 thereon in the amount of \$6,906, and a civil penalty of \$25,000 pursuant to
11 Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the
12 Exchange Act, 15 U.S.C. § 78u(d)(3). Patel shall satisfy this obligation by paying
13 \$170,806 within 30 days of the entry of this Final Judgment to the Clerk of this Court
14 in the form of a cashiers check, certified check or postal money order payable to the
15 Clerk of this Court, together with a cover letter identifying his name as a defendant in
16 this action; setting forth the title and civil action number of this action and the name
17 of this Court; and specifying that payment is made pursuant to this Final Judgment.
18 Patel shall simultaneously transmit photocopies of such payment and letter to counsel
19 for the Commission at its Los Angeles office located at 5670 Wilshire Boulevard, 11th
20 floor, Los Angeles, California 90036. By making this payment, Patel relinquishes all
21 legal and equitable right, title, and interest in such funds, and no part of the funds
22 shall be returned to Patel. The Clerk shall deposit the funds into an interest bearing
23 account with the Court Registry Investment System ("CRIS"). These funds, together
24 with any interest and income earned thereon (collectively, the "Fund"), shall be held
25 by the CRIS until further order of the Court. In accordance with the guidelines set by
26 the Director of the Administrative Office of the United States Courts, the Clerk is
27 directed, without further order of this Court, to deduct from the income earned on the
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1 money in the Fund a fee equal to ten percent of the income earned on the Fund. Such
2 fee shall not exceed that authorized by the Judicial Conference of the United States.
3 The Commission may propose a plan to distribute the Fund subject to the Court's
4 approval. Such a plan may provide that the Fund shall be distributed pursuant to the
5 Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002.
6 Regardless of whether any such Fair Fund distribution is made, amounts ordered to be
7 paid as civil penalties pursuant to this Final Judgment shall be treated as penalties
8 paid to the government for all purposes, including all tax purposes.

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10 VII.

11 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the
12 provisions of the Consent filed concurrently with this Final Judgment are
13 incorporated herein with the same force and effect as if fully set forth herein and that
14 Patel shall comply with his Consent.

15 VIII.

16 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that during the
17 pendency of this action, Patel shall remain a party to this action subject to the
18 discovery provisions of the Federal Rules of Civil Procedure which apply to parties,
19 and, in addition, agrees and undertakes that he will appear, without the service of a
20 subpoena, for deposition or to testify as a witness at any trial of this action or at any
21 other related proceeding. With respect to any depositions or other discovery, Patel
22 shall waive any discovery cut-off date or any other restrictions on discovery imposed
23 by the Federal Rules of Civil Procedure or the Court's Local Rules. Failure to comply
24 with the foregoing will subject Patel to the remedies and sanctions set forth in Rule 37
25 of the Federal Rules of Civil Procedure and all other available remedies.

26 IX.

27 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court
28 shall retain jurisdiction over this action for all purposes, including to implement and

1 enforce the terms of this Final Judgment and other orders and decrees which may be
2 entered, and to grant such other relief as this Court may deem necessary and just.

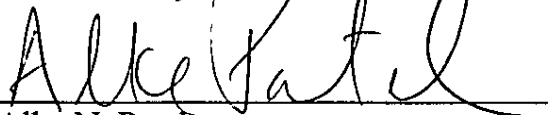
3 X.

4 There being no just reason for delay, the Clerk of the Court is hereby directed,
5 pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter this Final
6 Judgment.

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8 DATED: 9/23/03

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10 UNITED STATES DISTRICT JUDGE

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12 Submitted By:

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14 Alka N. Patel

15 Attorney for Plaintiff
16 Securities and Exchange Commission
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