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CLERK, U.S. DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

*J-H* DEPUTY *BB*

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF CALIFORNIA

11 SECURITIES AND EXCHANGE  
12 COMMISSION,

13 Plaintiff,

14 vs.

15 PRESTO TELECOMMUNICATIONS,  
16 INC.; ALFRED LOUIS VASSALLO,  
JR. aka BOBBY VASSALLO,

17 Defendants.

Case No. 04 CV 00163 IEG (WMc)

**FINAL JUDGMENT OF  
PERMANENT INJUNCTION  
AND OTHER RELIEF AGAINST  
DEFENDANT ALFRED LOUIS  
VASSALLO, JR.**

18 The motion of plaintiff, Securities and Exchange Commission  
19 ("Commission"), pursuant to Rule 56, Fed. R. Civ. P., for summary judgment  
20 against defendant Alfred Louis Vassallo, Jr. ("Vassallo"), came before the Court  
21 for hearing on May 9, 2005. Thereafter the Commission filed a motion for  
22 summary adjudication against Vassallo on the amount of disgorgement and civil  
23 penalties to be paid by Vassallo. That motion came on for hearing before the  
24 Court on July 25, 2005. The Court, having considered the Commission's motions,  
25 the Memoranda of Points and Authorities, the declarations including exhibits  
26 relating thereto, the Statements of Uncontroverted Facts and Conclusions of Law,  
27 and other documents filed in support of the motions, and all other evidence and  
28 argument presented regarding the motions, finds as follows:

ENTERED ON 8/24/05

I.

IT IS HEREBY ORDERED that the Commission's motions for summary judgment and summary adjudication against Vassallo are GRANTED.

II.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Vassallo and his 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 5 of the Securities Act of 1933 (the “Securities Act”), 15 U.S.C. § 77e, by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or
- (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding on examination under Section 8 of the Securities Act, 15 U.S.C. § 77h.

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Vassallo

1 and his agents, servants, employees, attorneys, all persons in active concert or  
2 participation with them, who receive actual notice of this Final Judgment by  
3 personal service or otherwise, are permanently restrained and enjoined from  
4 violating Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), in the offer or  
5 sale of any security by the use of any means or instruments of transportation or  
6 communication in interstate commerce or by use of the mails, directly or  
7 indirectly:

- 8 (a) to employ with scienter any device, scheme, or artifice to defraud;
- 9 (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
- 13 (c) to engage in any transaction, practice, or course of business which  
operates or would operate as a fraud or deceit upon the purchaser.

15 **IV.**

16 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Vassallo  
17 and his agents, servants, employees, attorneys, and all persons in active concert or  
18 participation with them who receive actual notice of this Final Judgment by  
19 personal service or otherwise are permanently restrained and enjoined from  
20 violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of  
21 1934 (the "Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated  
22 thereunder, 17 C.F.R. § 240.10b-5, by using any means or instrumentality of  
23 interstate commerce, or of the mails, or of any facility of any national securities  
24 exchange, in connection with the purchase or sale of any security:

- 25 (a) to employ any device, scheme, or artifice to defraud;
- 26 (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.

5 IT IS ORDERED, ADJUDGED AND DECREED that Vassallo, within 30  
6 days of this Final Judgment, disgorge to Thomas F. Lennon, the Court-appointed  
7 Receiver for Presto Telecommunications, Inc., the sum of \$1,263,658.79 in cash,  
8 that was received by Vassallo as a consequence of the conduct alleged in the  
9 Complaint, plus prejudgment interest thereon of \$23,638.97 from January 27,  
10 2004 through July 25, calculated pursuant to 28 U.S.C. § 1961. This  
11 disgorgement payment shall be transmitted to Thomas F. Lennon, 7777 Alvarado  
12 Road, Suite 712, La Mesa, California 91941, under cover of a letter that identifies  
13 the defendant, the name and case number of this litigation, and the court. Copies  
14 of this cover letter and the means of payment shall be simultaneously transmitted  
15 to counsel for the Commission in this action at its Pacific Regional Office.

VII.

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Vassallo  
18 shall pay a third tier civil penalty in the amount of \$120,000 pursuant to Section  
19 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act. Pursuant to  
20 Section 308 of the Sarbanes-Oxley Act of 2002 and upon application of the  
21 Commission and approval of the Court, Vassallo shall make this payment within  
22 ten (10) business days after entry of this Final Judgment by certified check, bank  
23 cashier's check, or United States postal money order payable to the Receiver, and  
24 shall be transmitted to Thomas F. Lennon, 7777 Alvarado Road, Suite 712, La  
25 Mesa, California 91941, under cover of a letter that identifies the defendant, the  
26 name and case number of this litigation, and the court. Copies of this cover letter  
27 and the means of payment shall be simultaneously transmitted to counsel for the  
28 Commission in this action at its Pacific Regional Office.

VIII.

2 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that  
3 Vassallo, within 30 days of this Final Judgment, shall pay to Thomas F. Lennon,  
4 the Court-appointed Receiver for Presto Telecommunications, Inc., the sum of  
5 \$601,784.77 for the costs, fees, and expenses incurred by Thomas F. Lennon and  
6 his professionals in this case. Vassallo shall make this payment by certified check,  
7 bank cashier's check, or United States postal money order payable to the Receiver,  
8 and shall be transmitted to Thomas F. Lennon, 7777 Alvarado Road, Suite 712, La  
9 Mesa, California 91941, under cover of a letter that identifies the defendant, the  
10 name and case number of this litigation, and the court. Copies of this cover letter  
11 and the means of payment shall be simultaneously transmitted to counsel for the  
12 Commission in this action at its Pacific Regional Office.

IX.

14 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Vassallo  
15 shall provide all documents in his possession, custody or control to the  
16 Commission and disclose under oath all information with respect to his activities  
17 and the activities of others about which the Commission or its staff may inquire or  
18 request. Such production of documents and disclosure of information by Vassallo  
19 shall be made upon reasonable notice in writing and without service of a subpoena  
20 and subject only to the good faith assertion of any privileges recognizable  
21 pursuant to the provisions of Rule 501 of the Federal Rules of Evidence or the  
22 United States Constitution and amendments thereto. Failure to comply with the  
23 foregoing will subject these defendants to the sanctions set forth in Rule 37 of the  
24 Federal Rules of Civil Procedure and all other available remedies.

X.

26 IT IS HEREBY FURTHER ORDERED that all Orders freezing assets of the  
27 defendants herein, or any of them, issued by this Court at the time of the  
28 Temporary Restraining Order and continued in effect by the Preliminary

1 Injunction issued on March 2, 2004 shall remain in full force and effect pending  
2 further Order of this Court.

3 **XI.**

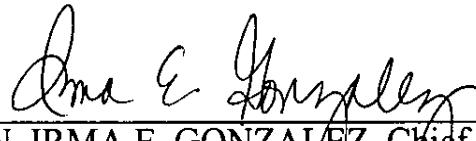
4 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this  
5 Court shall retain jurisdiction over this action for all purposes, including to  
6 determine the liability of any remaining defendants in this action, to implement  
7 and enforce the terms of this Final Judgment and other orders and decrees which  
8 may be entered, and to grant such other relief as this Court may deem necessary  
9 and just.

10 **XII.**

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

14 IT IS SO ORDERED.

15  
16 DATED: 8/19/05

  
17 HON. IRMA E. GONZALEZ, Chief Judge  
18 United States District Court  
19 Southern District of California

20  
21 cc: Magistrate Judge McCurine  
22 Counsel of Record