

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT
BRIDGEPORT

FILED
2005 JUL -8 P 5:20

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

COMPETITIVE TECHNOLOGIES, INC.,
CHAUNCEY D. STEELE,
JOHN R. GLUSHKO,
THOMAS C. KOCHERHANS,
RICHARD A. KWAK,
SHELDON A. STRAUSS,
STEPHEN J. WILSON and
FRANK R. McPIKE,

Defendants.

Case No. 3:04-cv-1331-JCH

7-7, 2005

**FINAL JUDGMENT OF PERMANENT INJUNCTION,
DISGORGEMENT AND OTHER RELIEF
AS TO DEFENDANT CHAUNCEY D. STEELE**

Plaintiff Securities and Exchange Commission ("Commission") having filed a Complaint in this action, and defendant Chauncey D. Steele having entered a general appearance, consented to the Court's jurisdiction over him and the subject matter of this action, consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction), waived findings of fact and conclusions of law, and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Steele 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 9(a) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §78i(a)] by, directly or indirectly, using the mails or any means or instrumentality of interstate commerce, or of any facility of any national securities exchange: (a) to enter an order or orders for the purchase or sale of a security registered on a national securities exchange with the knowledge that an order of substantially the same size, at substantially the same time and at substantially the same price, for the sale or purchase of such security, has been or will be entered by or for the same or different parties, for the purpose of creating a false or misleading appearance of active trading in such security or a false or misleading appearance with respect to the market for such security; or (b) to effect, alone or with one or more other persons, a series of transactions in any security registered on a national securities exchange creating actual or apparent active trading in such security, or raising or depressing the price of such security, for the purpose of inducing the purchase or sale of such security by others.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Steele 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 10(b) of the Exchange Act [15

U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5] by, directly or indirectly, 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 Steele 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 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 the 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 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 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 Steele 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 17(a) of the Exchange Act [15 U.S.C. §78q(a)] and Rule 17a-3 thereunder [17 C.F.R. §240.17a-3] by causing a registered brokerage firm to fail to make and keep certain required books and records, including accurate records of the securities trades which they place for their customers.

V.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Steele shall pay disgorgement of \$47,439, representing profits gained as a result of the conduct alleged in the Complaint, together with pre-judgment interest thereon in the amount of \$10,667, for a total disgorgement obligation of \$58,106. Steele shall pay this disgorgement obligation 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 Clerk of Court, United States District Court for the District of Connecticut. The payment shall be delivered or mailed to the Clerk of Court, together with a cover letter identifying Steele as a defendant in this action, setting forth the title and civil action number of this action and the name of the Court, and specifying that payment is made pursuant to this Final Judgment. Steele shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action. By making this payment, Steele relinquishes all legal and equitable right, title and interest in such funds, and no part of the funds shall be returned to him. 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 28 U.S.C. §1914 and the guidelines set by the Director of the Administrative Office of the United States Courts, the Clerk is directed, without further order of the 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. Steele shall pay post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. §1961.

VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Steele shall pay a civil penalty of \$110,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)]. Steele shall pay this penalty 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, VA 22312, together with a cover letter identifying Steele as a defendant in this action, setting forth the title and civil action number of this action and the name of the Court, and specifying that payment is made pursuant to this Final Judgment. Steele shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action. Steele shall pay post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. §1961.

VII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Steele shall comply with all of the undertakings and agreements set forth therein.

VIII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over Steele as a party to this matter for purposes of enforcing the terms of this Final Judgment.

IX.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that, the Court finding no just reason for delay, the entry of this Final Judgment shall constitute a final judgment as to all of the Commission's claims against Steele in this action, and the Clerk of the Court is directed to enter this Final Judgment forthwith pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

DONE AND ORDERED at Bridgeport, Connecticut, this 7th day of July,
2005.

UNITED STATES DISTRICT JUDGE