

NOT FOR PUBLICATION

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

ALFRED S. TEO, SR., *et al.*,

Defendants.

Civil Action No. 2:04-cv-01815
(SDW) (MCA)

FINAL JUDGMENT

December 20, 2011

WIGENTON, District Judge.

Before this Court is the enforcement of this Court's Order and Opinion in the instant case, dated September 12, 2011. There this Court held and ordered that:

- 1) disgorgement is appropriate as to both Alfred S. Teo, Sr. ("Teo") and the MAAA Trust ("Trust") (jointly "Defendants") for all profits gained from the sale of Musicland shares beginning July, 30, 1998, that is \$21,087,345;
- 2) The disgorgement amount shall be reduced by the margin interest paid in connection with the trades of Musicland shares taking place after July 30, 1998.
- 3) Teo and the Trust are jointly and severally liable for the disgorgement amount and prejudgment interest.
- 4) Prejudgment interest will be charged at the IRS underpayment rate and is to be calculated from January 2001.
- 5) Teo is subject to the maximum penalty permitted per violation under Tier II of the Securities Enforcement Remedies and Penny Stock Reform Act of 1990.

6) The Trust is subject to the maximum penalty permitted per violation under Tier I of the Securities Enforcement Remedies and Penny Stock Reform Act of 1990.

7) Injunctive relief is granted to the Securities Exchange Commission (the “SEC” or “Commission”) against both Teo and the Trust.

Also, pursuant to the order and opinion, the SEC was directed to submit an order, within thirty (30) days of the opinion, with amended calculations of the disgorgement amount, prejudgment interest, and civil monetary penalties. On October 12, 2011, the SEC submitted the amended calculations, and on October 26th, Defendants responded. Having considered the parties’ submissions, it is hereby

ORDERED that Defendants are jointly and severally liable for disgorgement of \$17,422,054.13, calculated as follows:

- a) \$21,087,345 in profits gained as a result of the Defendants’ violations of the securities laws;
- b) minus \$181,865.87 in profits also attributable to Teo’s Musicland insider trading and paid on March 26, 2010 as part of Teo Consent Judgment; and
- c) minus 3,483,425 in margin interest paid in connection with the trades of Musicland shares taking place after July 30, 1998. It is further

ORDERED that Defendants are liable for prejudgment interest thereon from January 2001 in the amount of \$14,649,034.89, for a total of \$32,071,089.02. It is further

ORDERED that pursuant to Section 21(d)(3) of the Securities Exchange Act (the “Exchange Act”), 15 U.S.C. § 78u(d)(3), Defendants shall pay a civil penalty in the amount of \$17,422,054.13. It is further

ORDERED that the penalties shall be satisfied by: (a) Defendants paying \$32,071,089.02 on a joint and several basis, and (b) Defendants paying a civil penalty of \$17,422,054.13 on a joint and several basis, within fourteen (14) days after the entry of this Final Judgment to the Clerk of this Court, together with a cover letter identifying Alfred S. Teo, Sr. and the MAAA Trust as defendants in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that the payments are made pursuant to this Final Judgment. Defendants shall simultaneously transmit photocopies of such payments and letter to counsel for the Securities Exchange Commission in this action. By making these payments, Defendants relinquish all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Defendants. The Clerk shall deposit the funds into an interest bearing account with the Court Registry Investment System (“CRIS”) or any other type of interest bearing account that is utilized by the Court. These funds, together with any interest and income earned thereon (collectively the “Fund”), shall be held in the interest bearing account until further order of this 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 this 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 by motion propose a plan to distribute the Fund subject to this Court’s approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of section 308(a) of the Sarbanes–Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the

deterrent effect of the civil penalty, Defendants shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendants' payment of disgorgement in this action, argue that they are entitled to, nor shall they further benefit from the, offset or reduction of such compensatory damages award by the amount of any part of Defendants' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendants shall, within thirty (30) days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendants by or on behalf of one or more investors based on substantially the same facts as alleged in the complaint in this action. Defendants shall pay post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961. It is further

ORDERED that Defendants, Defendants' agents, servants, employees, attorneys, assigns, 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, sections 13(d) of the Exchange Act (15 U.S.C. § 78m(d)), and Rules 13d-1 (17 C.F.R. § 240.13d-1), and 13d-2 (17 C.F.R. § 240.13d-2) promulgated thereunder by:

- a) after acquiring directly or indirectly the beneficial ownership of any equity security of a class which is specified in Exchange Act Rule 13d-1(i) (17 C.F.R. § 240.13d-1(i)), and becoming directly or indirectly the beneficial owner of more than five percent of the

class, failing within ten days after acquisition, to send to the issuer of the security, to send to each exchange where the security is traded and to file with the SEC, a statement containing information required by Schedule 13D (17 C.F.R. § 240.13d-101); or

- b) failing promptly to file or cause to be filed with the Commission, and to transmit to the issuer and the exchange where the security is traded, an amendment disclosing a change if any material change occurs in the facts set forth in Schedule 13D (17.C.F.R. § 240.13d-101) required by the Exchange Act § 13d-1(a) (17 C.F.R. § 240.13d-1(a)), including, but not limited to, any material increase or decrease in the percentage of the class beneficially owned. It is further

ORDERD that Defendants, Defendants' agents, servants, employees, attorneys, assigns, 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 16(a) of the Exchange Act (15 U.S.C. § 78p(a)) and Rule 16a-3 (17 C.F.R. § 240.16a-3) promulgated thereunder by:

- a) being the beneficial owner of more than ten percent of any class of any equity security which is registered pursuant to section 12 of the Exchange Act or an officer or director of the issuer of such security, and failing to file, 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, or within ten days after becoming a beneficial owner, officer or director, a statement with the Commission (and if such security is registered on a national exchange, with the exchange) of the amount of all equity securities of such issuer of which she is the beneficial owner; if there has been a change in such ownership or if such person shall have purchased or sold a security-

based swap agreement since the most recent filing under section 16(a)(2)(c) of the Exchange Act.

s/Susan D. Wigenton, U.S.D.J.

Orig: Clerk
Cc: Madeline Cox Arleo, U.S.M.J.
Parties