

1 HELANE L. MORRISON (Cal. Bar No. 127752)
JOHN S. YUN (Cal. Bar No. 112260)
2 ROBERT L. MITCHELL (Cal. Bar No. 161354)
WILLIAM T. SALZMANN (Cal. Bar No. 205808)

3 Attorneys for Plaintiff
4 SECURITIES AND EXCHANGE COMMISSION
44 Montgomery Street, Suite 2600
5 San Francisco, California 94104
Telephone: (415) 705-2500
6 Facsimile: (415) 705-2501

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8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 OAKLAND DIVISION
11

12 SECURITIES AND EXCHANGE COMMISSION, Case No. C-04-4088-CW (EMC)

13 Plaintiff,

14 v.

15 JEREMY R. LENT, JOHN V. HASHMAN, YINZI
16 CAI, DOUGLAS WACHTEL and BRUCE
RIGIONE,

17 Defendants,

18 THE LENT FAMILY TRUST,

19 Relief Defendant.
20

FINAL JUDGMENT

21 The Securities and Exchange Commission having filed a Complaint and Defendant Yinzi Cai
22 (“Defendant”) having signed a Consent of Defendant Yinzi Cai to Entry of Final Judgment
23 (“Consent”), in which she entered a general appearance; consented to the Court’s jurisdiction over
24 Defendant and the subject matter of this action; consented to entry of this Final Judgment without
25 admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of
26 fact and conclusions of law; and waived any right to appeal from this Final Judgment:
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I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's 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, 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:

- (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.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's 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 [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 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 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

(c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$59,000, representing losses avoided as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$4,257, and a civil penalty of \$59,000 pursuant to Section 21A(a)(1)(A) of the Exchange Act [15 U.S.C. § 78u-1(a)(1)(A)], and a civil penalty of \$50,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], for a total of \$172,257. Defendant shall satisfy this obligation as follows. First, within 10 days of the entry of this order Cai shall make a payment of \$50,000 to the Clerk of this Court, together with a cover letter identifying Yinzi Cai 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. Defendant shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action. Cai shall pay the remaining amounts in two equal installments of \$40,752 and a third installment of \$40,753. The first installment shall be due within 120 days after entry of this order, the second within 240 days, and the third within 360 days. By making these payments, Defendant relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Defendant. Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961. If Defendant fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Final Judgment, including post-judgment interest, minus any payments made, shall become due and payable immediately without further application to the Court.

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 the Court. In accordance with 28 U.S.C. § 1914 and the guidelines set by the Director of the Administrative Office of the

1 United States Courts, the Clerk is directed, without further order of this Court, to deduct from the
2 income earned on the money in the Fund a fee equal to ten percent of the income earned on the Fund.
3 Such fee shall not exceed that authorized by the Judicial Conference of the United States.

4 The Commission may by motion propose a plan to distribute the Fund subject to the Court's
5 approval. Such a plan may provide that Fund shall be distributed pursuant to the Fair Fund
6 provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such
7 Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this
8 Judgment shall be treated as penalties paid to the government for all purposes, including all tax
9 purposes. To preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or
10 reduction of any award of compensatory damages in any Related Investor Action based on
11 Defendant's payment of disgorgement in this action, argue that she is entitled to, nor shall she further
12 benefit by, offset or reduction of such compensatory damages award by the amount of any part of
13 Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related
14 Investor Action grants such a Penalty Offset, Defendant shall, within 30 days after entry of a final
15 order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount
16 of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs.
17 Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change
18 the amount of the civil penalty imposed in this Judgment. For purposes of this paragraph, a "Related
19 Investor Action" means a private damages action brought against Defendant by or on behalf of one or
20 more investors based on substantially the same facts as alleged in the Complaint in this action.

21 IV.

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

25 V.

26 IT IS FURTHER ORDERED, Adjudged, AND DECREED that this Court shall retain
27 jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.
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VI.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

10/26

Dated: _____, 2006



UNITED STATES DISTRICT JUDGE

Approved as to form:

Jordan Eth
Margaret L. Wu
Morrison & Foerster LLP
425 Market Street
San Francisco, California 94105
Telephone: (415) 268-7000
Facsimile: (415) 268-7522

Attorneys for Defendant
YINZI CAI