

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 04-60573-CIV-MORENO/SIMONTON

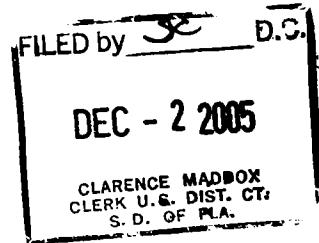
SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

MUTUAL BENEFITS CORP., et al.,

Defendants.



**FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER
RELIEF AS TO DEFENDANT PETER LOMBARDI AND PJL CONSULTING**

Plaintiff Securities and Exchange Commission (“Commission”) commenced this action by filing its Complaint against, among others, Peter Lombardi (“Lombardi”) and PJL Consulting, Inc. (“PJL”). In its Complaint, the Commission sought a temporary restraining order and preliminary and permanent injunctions to prohibit Lombardi from violating Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), and Rule 10b-5 thereunder. The Commission also sought an accounting, disgorgement, records preservation, expedited discovery, an order temporarily freezing assets and an order imposing civil penalties pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act.

Lombardi and PJL, by the Consents affixed hereto, without admitting or denying any of the allegations in the Commission's Complaint, except as to the jurisdiction of the Court over them and the subject matter of the Complaint, have agreed to the entry of this Final Judgment of Permanent Injunction and Other Relief (“Final Judgment”), waived

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findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment. This Court having accepted the Consents and this Court having jurisdiction over Lombardi, PJL and the subject matter of the Complaint, orders as follows:

I. PERMANENT INJUNCTIVE RELIEF

**A. VIOLATION OF SECTIONS 5(a)
AND 5(c) OF THE SECURITIES ACT**

IT IS ORDERED AND ADJUDGED that Lombardi, his officers, agents, servants, employees, representatives, and all persons in active concert or participation with him, and each of them, directly or indirectly, who receive actual notice of this Final Judgment, by personal service or otherwise, are permanently restrained and enjoined from, directly or indirectly:

- (a) making use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell any security, in the form of units, common stock, warrants or any other security, through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect with the Commission as to such security;
- (b) carrying or causing to be carried through the mails or in interstate commerce, by means or instruments of transportation, any security, in the form of units, common stock, warrants or any other security, for the purpose of sale or delivery after sale, unless and until a registration statement is in effect with the Commission as to such security; 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 any security, in the form of units, common stock, warrants or any other security,

through the use or medium of any prospectus or otherwise, unless and until a registration statement is filed with the Commission as to such security, or while a registration statement filed with the Commission as to such security is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act, 15 U.S.C. § 77h,

in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

B. VIOLATION OF SECTION 17(a) OF THE SECURITIES ACT

IT IS FURTHER ORDERED AND ADJUDGED that Lombardi, his officers, agents, servants, employees, representatives, and all persons in active concert or participation with him, and each of them, directly or indirectly, who receive actual notice of this Final Judgment, by personal service or otherwise, are permanently restrained and enjoined from, directly or indirectly, singly or in concert, as aiders and abettors or otherwise, 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:

- (a) employing any device, scheme or artifice to defraud;
- (b) obtaining money or property by means of any untrue statement of material fact or omission to state any material fact necessary in order to make the statement made, in light of the circumstances under which it was made, not misleading; or
- (c) engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon purchasers or prospective purchasers of any such security,

in violation of Sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1), 77q(a)(2) and 77q(a)(3).

**C. VIOLATION OF SECTION 10(b) OF THE EXCHANGE ACT
AND RULE 10b-5 THEREUNDER**

IT IS FURTHER ORDERED AND ADJUDGED that Lombardi, his officers, agents, servants, employees, representatives, and all persons in active concert or participation with him, and each of them, directly or indirectly, who receive actual notice of this Final Judgment, by personal service or otherwise, are permanently restrained and enjoined from, directly or indirectly, singly or in concert, as aiders and abettors or otherwise, in connection with the purchase or sale of any security, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange:

- (a) employing any device, scheme or artifice to defraud;
- (b) making any untrue statements of material fact or omitting 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) engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person,

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

II. DISGORGEMENT AND CIVIL PENALTIES

IT IS FURTHER ORDERED AND ADJUDGED that Lombardi and PJL are jointly and severally liable for disgorgement of \$5,774,160 and prejudgment interest of \$105,840 (the “Funds”), representing alleged proceeds directly or indirectly received in

connection with the conduct alleged in the Complaint. In addition, Lombardi shall pay a civil money penalty of \$120,000 pursuant to Section 20(d) of the Securities Act, 15 U.S.C. §77t(d) (the “Funds”), for which let execution issue.

Lombardi and PJL shall satisfy their disgorgement obligations by paying \$5,880,000, and Lombardi shall satisfy his civil penalty obligations by paying \$120,000, all within 15 days of the entry of this Final Judgment to the Clerk of this Court, together with cover letters identifying Lombardi and PJL as a defendant and relief defendant in this action: setting forth the title and civil action number of the action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. Lombardi and PJL shall simultaneously transmit photocopies of such payments and cover letters to Alise M. Johnson, Securities and Exchange Commission, 801 Brickell Avenue, Suite 1800, Miami, Florida, 33131. By making these payments, Lombardi and PJL relinquish all legal and equitable right, title, and interest in such Funds, and no part of the Funds shall be returned to them. 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 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

propose a plan to distribute the Fund subject to the Court's approval. Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

Lombardi agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Lombardi pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Lombardi further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Lombardi pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

The Commission may by motion propose a plan to distribute the Funds subject to the Court's approval. Such a plan may provide that the Funds 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, the \$120,000 ordered to be paid as a civil penalty pursuant to this Final Judgment shall be treated as a penalty paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Lombardi shall not, after offset or reduction in any Related Investor Action based on his payment of disgorgement in this action, further benefit by offset or reduction of any part of his payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Lombardi shall, within 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 Final Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Lombardi by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

III. INCORPORATION OF CONSENTS

IT IS FURTHER ORDERED AND ADJUDGED that Lombardi and PJL shall comply with the provisions of the Consents, and that the Consents are incorporated by reference into this Final Judgment as if fully set forth herein.

IV. RETENTION OF JURISDICTION

IT IS FURTHER ORDERED AND ADJUDGED that this Court will retain jurisdiction over this matter and over Lombardi and PJL in order to implement and carry out the terms of all Orders and Decrees that may be entered and/or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court, and will order other relief that this Court deems appropriate under the circumstances.

V. ASSET FREEZE

IT IS FURTHER ORDERED AND ADJUDGED that the asset freeze currently in effect against Lombardi and PJL as set forth in this Court's Orders of May 4, 2004 and February 16, 2005, is vacated and set aside in all respects.

VI. RULE 54(b) CERTIFICATION

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.

DONE AND ORDERED this 15 day of December, 2005, Miami, Florida.


HONORABLE FEDERICO MORENO
UNITED STATES DISTRICT JUDGE

Copies to: Counsel of Record