

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
WEST PALM BEACH DIVISION**

**CASE NO. 04-80354-CIV-MIDDLEBROOKS/JOHNSON**

**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

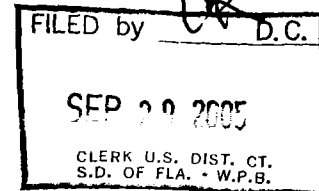
**v.**

**DENNIS CROWLEY, SPEAR & JACKSON, INC.,  
INTERNATIONAL MEDIA SOLUTIONS, LLC.,  
YOLANDA VELAZQUEZ, and KERMIT SILVA,**

**Defendants,**

**HOUNDSTOOTH, LTD., PITTSFIELD RESOURCES LTD.,  
NORTHBASE LTD., BELLOW CAPITAL MANAGEMENT, LTD.,  
RIVER GROUP HOLDINGS, CORP.,  
ROLLING HILLS ENTERPRISES, LTD. a/k/a  
ROLLINS HILLS ENTERPRISES LTD.,  
ARDEN ENTERPRISES, INC., KIDZ, INC.,  
PNC INVESTMENTS, INC., and TRITON ENTERPRISES,**

**Relief Defendants.**



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**FINAL JUDGMENT OF PERMANENT INJUNCTION  
AND OTHER RELIEF AGAINST KERMIT SILVA**

Plaintiff Securities and Exchange Commission ("Commission") commenced this action by filing its Complaint against, among others, Defendant Kermit Silva ("Silva"). In its Complaint, the Commission sought a temporary restraining order, preliminary and permanent injunctions, an asset freeze, a sworn accounting, a penny stock bar and disgorgement and civil penalties against Silva, based on allegations that he violated certain provisions of the federal securities laws.

Silva, by the attached Consent, without admitting or denying any of the allegations in the Commission's Complaint, except that he acknowledges service of the Complaint on him and admits

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the jurisdiction of this Court over him and over the subject matter of this action, has agreed to the entry of this Final Judgment of Permanent Injunction and Other Relief Against Kermit Silva ("Final Judgment"). Silva has furthermore waived findings of fact and conclusions of law and has waived any right to appeal from this Final Judgment. This Court, having accepted Silva's Consent and having jurisdiction over Silva and the subject matter of this action, and having considered the record in the case, orders as follows:

**I.**

**PERMANENT INJUNCTION AS TO SILVA**

**IT IS ORDERED AND ADJUDGED** that Silva, his directors, officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him, and each of them, are restrained and enjoined from:

**Section 5 of the Securities Act of 1933**

A. Directly or indirectly, (a) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell securities in the form of units, common stock, warrants or any other securities (including, but not limited to, the investment contracts, promissory notes or limited liability companies), 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 securities; (b) carrying securities, in the form of units, common stock, warrants or any other securities (including, but not limited to, the investment contracts, promissory notes or limited liability companies), or causing them to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, unless and until a registration statement is in effect with the Commission as to such securities; 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 securities, in the form of units, common stock, warrants or any other securities (including, but not limited to, the investment contracts, promissory notes or limited liability companies), unless a registration statement is filed with the Commission as to such securities, 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 of 1933 ("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), provided, however, that nothing in the foregoing portion of this injunction shall apply to any security or transaction which is exempt from the provisions of Section 5 of the Securities Act, 15 U.S.C. § 77e;

**Section 17(a)(2) & (3) of the Securities Act of 1933**

B. Directly or indirectly, by use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, in the offer or sale of securities, (i) obtaining money or property by means of untrue statements of material facts or omissions to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; or (ii) engaging in acts, practices and courses of business which have operated and will operate as a fraud or deceit upon purchasers and prospective purchasers of such securities, in violation of Sections 17(a)(2) & (3) of the Securities Act, 15 U.S.C. §§ 77q(a)(2) & (3);

**Section 17(b) of the Securities Act of 1933**

C. Directly or indirectly, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, publishing, giving publicity to,

or circulating any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, describes such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof, in violation of Section 17(b) of the Securities Act, 15 U.S.C. § 77q(b);

**Section 15(a)(1) of the Securities Exchange Act of 1934**

D. Directly or indirectly, by use of any means or instrumentality of interstate commerce or of the mails, engaging in the business of effecting transactions in securities for the accounts of others or inducing or effecting the purchase and sale of securities while not themselves registered with the Commission in accordance with the provisions of Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act"), or (in the case of Silva) while not associated with a broker-dealer that was so registered, in violation of Section 15(a)(1) of the Exchange Act, 15 U.S.C. § 78j(a)(1).

**II.**

**PENNY STOCK BAR**

**IT IS FURTHER ORDERED AND ADJUDGED** that pursuant to Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), Silva is barred for a period of three years commencing from the date of this Final Judgment from participating in an offering of a penny stock, including acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of issuing, trading or inducing or attempting to induce the purchase or sale of any penny stock. A penny stock is any equity security that has a price of less

than five dollars, except as provided in Rule 3a51-1 under the Exchange Act [17 C.F.R. § 240.3a51-1].

### III.

#### **DISGORGEMENT AND CIVIL PENALTY**

**IT IS FURTHER ORDERED AND ADJUDGED** that Silva shall pay disgorgement of \$336,307, representing his ill-gotten gains as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$23,952, and a civil penalty in the amount of \$60,000 pursuant to Section 20(d) of the Securities Act (15 U.S.C. § 77t(d)) and Section 21(d) of the Exchange Act (15 U.S.C. § 78u(d)(3)) (the “Funds”). Silva shall pay the Funds as follows: \$100,000 shall be due and payable within seven days of entry of the Final Judgment; an additional \$125,000 shall be due and payable within six months of entry of the Final Judgment; and the remaining \$195,259 shall be due and payable within one year of entry of the Final Judgment. All payments shall be: (a) made by United States postal money order, certified check, bank cashier’s check or bank money order; and (b) made payable to the Registry of the Court of the United States District Court for the Southern District of Florida under cover of a letter that identifies the name and number of this action, with a copy of said cover letter and money order or check to Robert K. Levenson, Esq., Securities and Exchange Commission, 801 Brickell Avenue, Suite 1800, Miami, Florida, 33131. By making these payments, Silva relinquishes all legal and equitable right, title, and interest in the Funds, and no part of the Funds shall be returned to him.

The Clerk of the Court shall deposit the Funds into an interest-bearing account with the Court Registry Investment System (“CRIS”). The Funds, together with any interest and income earned thereon, 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

than five dollars, except as provided in Rule 3a51-1 under the Exchange Act [17 C.F.R. § 240.3a51-1].

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The Clerk of the Court shall deposit the Funds into an interest-bearing account with the Court Registry Investment System (“CRIS”). The Funds, together with any interest and income earned thereon, 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 this Court, to deduct from the income earned on the Funds a fee equal to ten percent of the income earned. Such fee shall not exceed that authorized by the Judicial Conference of the United States. The Commission may, after all of the payments have been made, propose a plan to distribute the Funds subject to the Court's approval.

If Silva fails to make any single payment, or part of any single payment, of the Funds within the precise time specified for such payment, the installment payment terms of this Final Judgment shall no longer apply, and the full amount of Silva's remaining unpaid disgorgement, prejudgment interest, and civil penalty shall be immediately due, owing and payable, plus post-judgment interest on such remaining unpaid amount calculated at the rate of interest set forth in Rule 600(b) of the Commission's Rules of Practice, 17 C.F.R. § 201.600(b), from the date of entry of the Final Judgment until such amount is paid in full.

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 \$60,000 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, Silva shall not, after offset or reduction in any Related Investor Action based on Silva's 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, Silva 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 Silva by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

**IV.**

**INCORPORATION OF CONSENT**

**IT IS FURTHER ORDERED AND ADJUDGED** that Silva shall comply with the provisions of the Consent, and that the Consent is incorporated by reference into this Final Judgment as if fully set forth herein.

**V.**

**ASSET FREEZE VACATED**

**IT IS FURTHER ORDERED AND ADJUDGED** that except as to SunTrust Bank Accounts 1000014548902 and 1000014548894, which the Court shall address in a separate order, the asset freeze imposed against Silva by Section VI of the District Court's Temporary Restraining Order and Other Emergency Relief of April 15, 2004 and Section II of the District Court's Order of Preliminary Injunction and Other Relief as to Defendant Kermit Silva of May 17, 2004, is hereby vacated.

**VI.**

**RETENTION OF JURISDICTION**

**IT IS FURTHER ORDERED AND ADJUDGED** that this Court shall retain jurisdiction over this matter and Silva in order to implement and carry out the terms of this Final



Judgment and 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.

**VII.**

**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** in Chambers in WEST PALM BEACH, Florida, this 27<sup>th</sup> day of SEPTEMBER, 2005.



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**LINNEA R. JOHNSON**  
**UNITED STATES MAGISTRATE JUDGE**

Copies: Counsel of Record

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
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**DENNIS CROWLEY, SPEAR & JACKSON, INC.,  
INTERNATIONAL MEDIA SOLUTIONS, LLC.,  
YOLANDA VELAZQUEZ, and KERMIT SILVA,**

**Defendants,**

**And**

**HOUNDSTOOTH, LTD., PITTSFIELD RESOURCES LTD.,  
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PNC INVESTMENTS, INC., and TRITON ENTERPRISES,**

**Relief Defendants.**

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**CONSENT OF DEFENDANT KERMIT SILVA TO FINAL JUDGMENT  
OF PERMANENT INJUNCTION AND OTHER RELIEF**

1. Defendant Kermit Silva ("Silva") acknowledges service of the Complaint in this action on him and admits the jurisdiction of this Court over him and over the subject matter of this action.

2. Silva states that he has entered into this Consent voluntarily, after consulting with undersigned counsel, and that no promise, threat, or inducement of any kind, except as stated in this Consent or in the attached Final Judgment of Permanent Injunction and Other Relief Against

Kermit Silva ("Final Judgment"), has been made by plaintiff Securities and Exchange Commission ("Commission") or any member, officer, agent, or representative of the Commission to Silva or to anyone acting for him or on his behalf, to induce him to enter into this Consent.

3. Silva, without admitting or denying the allegations of the Complaint, except that he admits the allegations as to personal and subject matter jurisdiction, voluntarily consents to the entry of the Final Judgment, in the form annexed hereto and incorporated by reference herein, which, among other things:

- (a) permanently restrains and enjoins Silva from violations of: Sections 5(a) and(c), 17(a)(2) and (3), and 17(b) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77e(a), 77e(c), 77q(a)(2), 77q(a)(3), and 77q(b); and Section 15(a)(1) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78o(a)(1);
- (b) prohibits Silva from participating in an offering of penny stock for three years pursuant to Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d);
- (c) orders Silva to pay disgorgement in the amount of \$336,307, plus prejudgment interest in the amount of \$23,952; and
- (d) orders Silva to pay a civil penalty in the amount of \$60,000 pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d); and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

4. Silva agrees that the Commission may present the attached Final Judgment to the Court for signature and entry, without further notice.

5. Silva agrees that this Consent shall be made a part of the attached Final Judgment to be entered by the Court in this action, and further agrees that the Court shall retain jurisdiction over him for purposes of enforcement of the Final Judgment.

6. Silva states that he understands that the Commission cannot and does not confer on him or on any person or entity, immunity from any criminal proceedings against him or other persons or entities for any actions related to or arising from this or any other matter.

7. Silva understands and agrees to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings" (17 C.F.R. § 202.5(e)). In compliance with this policy, Silva agrees: (i) not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any allegation in the Complaint or creating the impression that the Complaint is without factual basis; and (ii) that upon the filing of this Consent, he hereby withdraws any papers filed in this action to the extent that they deny any allegation in the Complaint. If Silva breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this case to its active docket. Nothing in this provision affects Silva's testimonial obligations or his right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

8. Silva waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

9. Silva waives any right he may have to appeal from the entry of the Final Judgment.

10. Silva waives service of the Final Judgment upon him and agrees that entry of the Final Judgment by the Court and filing with the Clerk in the Southern District of Florida will constitute notice to him of the terms and conditions of the Final Judgment. Silva further agrees to provide Robert K. Levenson, counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that he has received and read a copy of the Final Judgment.

11. Silva agrees that he will not oppose the enforcement of the Final Judgment on the grounds that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

12. Silva waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to pursue reimbursement of attorneys' fees or other fees, expenses, or costs expended by him to defend against this action. For these purposes, Silva agrees that he is not the prevailing party in this action since the parties have reached a good faith settlement.

13. Silva agrees that this proceeding and this Consent are for the purposes of resolving this proceeding only, in conformity with the provisions of 17 C.F.R. § 202.5(f), and do not resolve, affect, or preclude any other proceeding which may be brought against him. Consistent with the provisions of 17 C.F.R. § 202.5(f), Silva waives any claims of Double Jeopardy based upon the settlement of this action, including the imposition of any remedy or civil penalty herein. Silva acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding.

14. Silva acknowledges that the Court is ordering him to pay disgorgement of \$336,307, prejudgment interest of \$23,952, and a civil penalty of \$60,000 within one year of entry of this Final Judgment as follows: \$100,000 shall be due and payable within seven days of entry of the Final

Judgment; an additional \$125,000 shall be due and payable within six months of entry of the Final Judgment; and the remaining \$195,259 shall be due and payable within one year of entry of the Final Judgment. All payments shall be: (a) made by United States postal money order, certified check, bank cashier's check or bank money order; and (b) made payable to the Registry of the Court of the United States District Court for the Southern District of Florida under cover of a letter that identifies the name and number of this action, with a copy of said cover letter and money order or check to Robert K. Levenson, Esq., Securities and Exchange Commission, 801 Brickell Avenue, Suite 1800, Miami, Florida, 33131.

15. Silva agrees that if he fails to make any single payment, or part of any single payment, within the precise time specified for such payment in Paragraph 14 above, the installment payment terms of Paragraph 14 shall no longer apply, and the full amount of Silva's remaining unpaid disgorgement, prejudgment interest and civil penalty shall be immediately due, owing and payable, plus post-judgment interest on such remaining unpaid amount calculated at the rate of interest set forth in Rule 600(b) of the Commission's Rules of Practice, 17 C.F.R. § 201.600(b), from the date of entry of the Final Judgment until such amount is paid in full.

16. Silva acknowledges that the civil penalty paid pursuant to the Final Judgment may 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 civil penalty 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, Silva agrees that he 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, Silva

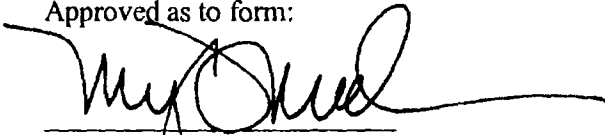
agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this action. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Silva by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

17. Silva 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 Silva 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. Silva 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 civil penalty he 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. This paragraph does not affect Silva's right to claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any disgorgement he pays pursuant to the Final Judgment.

18. In connection with this action and any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, Silva: (i) agrees to appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) will accept service by mail or facsimile transmission of notices or subpoenas issued by the Commission for documents or testimony at

depositions, hearings, or trials, or in connection with any related investigation by Commission staff; (iii) with respect to such notices and subpoenas, waives the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the testimony reimburses Silva's travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (iv) consents to personal jurisdiction over him in any United States District Court for purposes of enforcing any such subpoena.

Approved as to form:



Myles Malman, Esq.  
Malman, Malman & Rosenthal  
3230 Stirling Road, Suite 1  
Hollywood, FL 33021  
*Counsel for Kermit Silva*

I, Kermit Silva, having read and understood the foregoing Consent and the Final Judgment, and having had the advice of competent counsel, agree to the terms and conditions in the Consent and the Final Judgment and consent to the Court's entry of the Final Judgment.

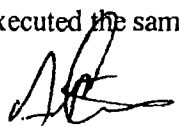
Dated: 7/5/05, 2005

  
KERMIT SILVA




STATE OF FL )  
COUNTY OF Orange ) SS:

On this 5<sup>th</sup> day of July, 2005, before me personally appeared KERMIT SILVA, who        is personally known to me or        who produced a driver's license bearing his name and photograph as identification, and who executed this Consent, and he acknowledged to me that he executed the same.

  
\_\_\_\_\_  
Notary Public

July 10<sup>th</sup> 2007  
Commission Expires

 Amreshkumar Patel  
My Commission DD231049  
Expires July 10, 2007