

I.

SECTION 17(a) OF THE SECURITIES ACT

IT IS HEREBY ORDERED AND ADJUDGED that Bornstein, 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 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:

1. to employ any device, scheme, or artifice to defraud;
2. 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
3. to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

II.

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

IT IS HEREBY FURTHER ORDERED AND ADJUDGED that Bornstein and Bornstein'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 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:

1. to employ any device, scheme, or artifice to defraud;
2. 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
3. to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

III.

SECTION 17(b) OF THE SECURITIES ACT

IT IS HEREBY ORDERED AND ADJUDGED that Bornstein, 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 violating Section 17(b) of the Securities Act [15 U.S.C. § 77q(b)], by using any means or instruments of transpiration or communication in interstate commerce or by using the mails, to publish, give publicity to, or circulate 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 post or prospective, of such consideration and the amount thereof.

IV.

CIVIL PENALTY

IT IS HEREBY FURTHER ORDERED AND ADJUDGED that Bornstein shall pay a civil penalty 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)], in the amount of \$55,000.00, for which let execution issue. Bornstein shall satisfy this obligation by paying the above amount within thirty days from the date of this Final Judgment. All payments shall be: (a) made by United States postal money order, certified check, bank cashier's check or bank money order; (b) made payable to the Securities and Exchange Commission; (c) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Alexandria, Stop 0-3, VA 22312; and (d) submitted under cover letter that identifies Paul Bornstein as a Defendant in these proceedings. A copy of the cover letter and money order or check shall be sent to Roger Cruz, Senior Trial Counsel, Securities and Exchange Commission, 801 Brickell Avenue, Suite 1800, Miami, Florida 33131. By making this payment, Bornstein relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to him. Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961. The Commission may enforce the Court's judgment for civil penalties by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after ten days following entry of this Final Judgment. In response to any such civil contempt motion by the Commission, the defendant may assert any legally permissible defense.

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, Bornstein shall not, after offset or reduction of any award of

compensatory damages in any Related Investor Action based on his payment of a civil penalty in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount 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, Bornstein 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 Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Bornstein by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

V.

INCORPORATION OF BORNSTEIN'S CONSENT

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

VI.

RETENTION OF JURISDICTION

IT IS HEREBY FURTHER ORDERED AND ADJUDGED that this Court shall retain jurisdiction over this matter and Bornstein 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.

VII.

CERTIFICATION UNDER RULE 54(b)

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 Judgment forthwith and without further notice.*

Dated this 16th day of March, 2006.


HONORABLE KENNETH A. MARRA
UNITED STATES DISTRICT JUDGE

Copies to:

Roger Cruz, Esq.
Counsel for Securities and Exchange Commission

Richard A. Serafini, Esq.
Counsel for Defendant John Haines

Allan M. Lerner, Esq.
Counsel for Defendant Michael Morrell

Daniel Newman, Esq.
Attorney for Defendant Paul Bornstein

* By approval of this final judgment, the Court does not decide at this time whether this is an unenforceable "obey the law" injunction. Compare SEC v. Smyth, 420 F.3d 1225, 1233 n.14 (11th Cir. 2005) with SEC v. Carriba Air, Inc., 681 F.2d 1318, 1321 (11th Cir. 1982).