

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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DOC #:
DATE FILED: <u>2/28/06</u>

SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

Civil Action No.

v. :

05 CV 5880(GEL)

PATRICK A. GROTTO :

MARK B. LEFFERS, AND :

JON M. BLOODWORTH :

Defendants. :

**FINAL JUDGMENT AS TO  
DEFENDANT JON M. BLOODWORTH**

Plaintiff Securities and Exchange Commission (“Commission”) having filed a Complaint in this action, and Defendant Jon M. Bloodworth (“Bloodworth”) in his attached and herein incorporated Consent of Jon M. Bloodworth (“Consent”), having admitted the Court’s jurisdiction over himself and over the subject matter of this action, having waived the entry of findings of fact and conclusions of law under Rule 52 of the Federal Rules of Civil Procedure, having waived any right he may have to appeal from the entry of this Final Judgment of Permanent Injunction and Other Relief as to Defendant Jon M. Bloodworth (“Final Judgment”), and without admitting or denying the allegations in the complaint except as to jurisdiction, which he admits, having consented to entry of this Final Judgment, and it further appearing that this Court has jurisdiction over Bloodworth and the subject matter hereof, and the Court being fully advised in the premises:

## I.

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that Bloodworth and all of his 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 of 1933 (“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.

## II.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Bloodworth and all of his 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.

### **III.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Bloodworth pay disgorgement of \$105,936, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$35,680 for a total of \$141,616. Bloodworth shall satisfy this obligation as follows:

1. \$20,000 within ten business days of the date of entry of this Final Judgment;
2. \$25,000 within 364 days of the entry of entry of this Final Judgment;
3. \$35,000 within 729 days of the entry of entry of this Final Judgment; and
4. \$61,616 within 1094 days of entry of this Final Judgment.

All payments, with the exception of the initial payment of \$20,000, shall include post judgment interest calculated pursuant to 28 U.S.C. § 1961. Each such payment shall be: (a) made by certified check, bank cashier's check, or United States postal money; (b) made payable to the Clerk of this Court; and (c) accompanied by a cover letter identifying Bloodworth 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. Bloodworth shall

simultaneously transmit photocopies of each such payment and its accompanying letter to Jordan A. Thomas and Patrick L. Feeney, the Commission's counsel in this action, at U.S. Securities and Exchange Commission, Division of Enforcement, 100 F. Street NE, Washington D.C. 20549. By making these payments, Bloodworth relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Bloodworth. Bloodworth shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.

**IV.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Clerk shall deposit the funds collected pursuant to paragraphs III of this Final Judgment into an interest bearing account with the Court Registry Investment System (“CRIS”). These funds, together with any interest and income earned thereon (collectively, the “Fund”), 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 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 the Court’s approval.

**V.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Bloodworth, pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], is prohibited, for a period of five (5) years beginning on the date of entry of this Final Judgment, from acting as an officer or director of any issuer that

has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

VI.

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

VII.

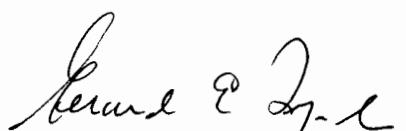
**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

VIII.

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.

Dated: New York, New York

February  
March 22, 2006

  
\_\_\_\_\_  
GERARD E. LYNCH  
UNITED STATES DISTRICT JUDGE

**United States District Court  
Southern District of New York  
Office of the Clerk  
U.S. Courthouse  
500 Pearl Street, New York, N.Y. 10007-1213**

**Date:**

**In Re:**

-v-

**Case #:** ( )

Dear Litigant,

Enclosed is a copy of the judgment entered in your case.

Your attention is directed to Rule 4(a)(1) of the Federal Rules of Appellate Procedure, which requires that if you wish to appeal the judgment in your case, you must file a notice of appeal within 30 days of the date of entry of the judgment (60 days if the United States or an officer or agency of the United States is a party).

If you wish to appeal the judgment but for any reason you are unable to file your notice of appeal within the required time, you may make a motion for an extension of time in accordance with the provision of Fed. R. App. P. 4(a)(5). That rule requires you to show "excusable neglect" or "good cause" for your failure to file your notice of appeal within the time allowed. Any such motion must first be served upon the other parties and then filed with the Pro Se Office no later than 60 days from the date of entry of the judgment (90 days if the United States or an officer or agency of the United States is a party).

The enclosed Forms 1, 2 and 3 cover some common situations, and you may choose to use one of them if appropriate to your circumstances.

The Filing fee for a notice of appeal is \$5.00 and the appellate docketing fee is \$250.00 payable to the "Clerk of the Court, USDC, SDNY" by certified check, money order or cash. **No personal checks are accepted.**

**J. Michael McMahon, Clerk of Court**

by: \_\_\_\_\_

, Deputy Clerk

**APPEAL FORMS**

**United States District Court  
Southern District of New York  
Office of the Clerk  
U.S. Courthouse  
500 Pearl Street, New York, N.Y. 10007-1213**

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**NOTICE OF APPEAL**

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Notice is hereby given that \_\_\_\_\_  
(party)  
hereby appeals to the United States Court of Appeals for the Second Circuit from the Judgment [describe it]

entered in this action on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.  
(day) (month) (year)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City, State and Zip Code)

Date: \_\_\_\_\_ ( ) \_\_\_\_\_ - \_\_\_\_\_  
(Telephone Number)

**Note:** You may use this form to take an appeal provided that it is received by the office of the Clerk of the District Court within 30 days of the date on which the judgment was entered (60 days if the United States or an officer or agency of the United States is a party).

FORM 1

APPEAL FORMS

**United States District Court  
Southern District of New York  
Office of the Clerk  
U.S. Courthouse  
9 Pearl Street, New York, N.Y. 10007-1**

Pursuant to Fed. R. App. P. 4(a)(5), \_\_\_\_\_ respectfully  
(party)  
requests leave to file the within notice of appeal out of time. \_\_\_\_\_  
(party)  
desires to appeal the judgment in this action entered on \_\_\_\_\_ but failed to file a  
(day)  
notice of appeal within the required number of days because:

[Explain here the “excusable neglect” or “good cause” which led to your failure to file a notice of appeal within the required number of days.]

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(Signature)

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(Address)

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(City, State and Zip Code)

Date: \_\_\_\_\_ ( ) \_\_\_\_\_ - \_\_\_\_\_  
(Telephone Number)

**Note:** You may use this form, together with a copy of Form 1, if you are seeking to appeal a judgment and did not file a copy of Form 1 within the required time. If you follow this procedure, these forms must be received in the office of the Clerk of the District Court no later than 60 days of the date which the judgment was entered (90 days if the United States or an officer or agency of the United States is a party).

## FORM 2

## **APPEAL FORMS**

**United States District Court  
Southern District of New York  
Office of the Clerk  
U.S. Courthouse  
500 Pearl Street, New York, N.Y. 10007-1213**

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**NOTICE OF APPEAL  
AND  
MOTION FOR EXTENSION OF TIME**

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1. Notice is hereby given that \_\_\_\_\_ hereby appeals to  
(party)  
the United States Court of Appeals for the Second Circuit from the judgment entered on \_\_\_\_\_.  
[Give a description of the judgment]

2. In the event that this form was not received in the Clerk's office within the required time  
\_\_\_\_\_ respectfully requests the court to grant an extension of time in  
(party)  
accordance with Fed. R. App. P. 4(a)(5).

a. In support of this request, \_\_\_\_\_ states that  
(party)  
this Court's judgment was received on \_\_\_\_\_ and that this form was mailed to the  
(date)  
court on \_\_\_\_\_.  
(date)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City, State and Zip Code)

Date: \_\_\_\_\_ ( ) \_\_\_\_\_-\_\_\_\_\_  
(Telephone Number)

**Note:** You may use this form if you are mailing your notice of appeal and are not sure the Clerk of the District Court will receive it within the 30 days of the date on which the judgment was entered (60 days if the United States or an officer or agency of the United States is a party).

FORM 3

APPEAL FORMS

**United States District Court  
Southern District of New York  
Office of the Clerk  
U.S. Courthouse  
9 Pearl Street, New York, N.Y. 10007-1**

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**AFFIRMATION OF SERVICE**  
  
civ. ( )

I, \_\_\_\_\_, declare under penalty of perjury that I have served a copy of the attached \_\_\_\_\_ upon \_\_\_\_\_

whose address is:

Date: \_\_\_\_\_  
New York, New York

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(Signature)

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## (Address)

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(City, State and Zip Code)

FORM 4

## APPEAL FORMS