

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

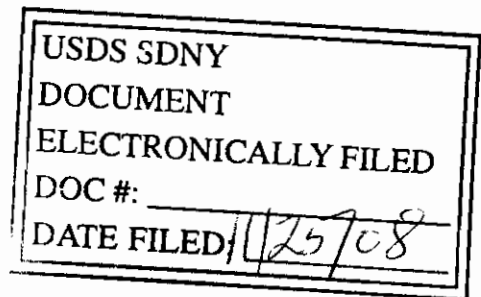
Plaintiff,

v.

JEFFERY STEVEN STONE; JANETTE DILLER
STONE; CRESCENT FUND, LLC; PEDRACAR,
INC.; WEBSKY, INC.; and DOUGLAS HAFFER,

Defendants.

Case No. 06 CV 6258 (HB)

**ORDER GRANTING PLAINTIFF'S APPLICATION FOR FINAL JUDGMENT BY
DEFAULT AS TO DEFENDANT JEFFERY STEVEN STONE
AND FINAL JUDGMENT BY DEFAULT**

The application by plaintiff Securities and Exchange Commission ("Commission") for entry of this Final Judgment By Default against defendant Jeffery Steven Stone ("Stone"), pursuant to Rule 55(b) of the Federal Rules of Civil Procedure, has been submitted to the Court. The application is supported by the Declarations of Eric M. Brooks, Judith L. Anderson, and Douglas Haffer and the evidence attached thereto, the Commission's Memorandum of Law, the Complaint and the other papers and records on file herein. By its application, the Commission requests that the Court find that Stone violated the securities laws as alleged in the Complaint and that the Court impose a permanent injunction against Stone enjoining him from future violations of the securities laws and ordering Stone to comply with the Commission's administrative order of May 5, 2004 barring him from operating as, or associating with, a broker or dealer. The Commission further requests that the Court order disgorgement of Stone's ill-gotten gains from his violations, jointly and severally with Pedracar, Crescent Fund and Diller Stone, in the amount of \$482,738.19, less a credit of \$136,984.15, for net total disgorgement of \$345,754.04, plus prejudgment interest thereon, and that the Court order Stone to pay a civil penalty of \$120,000.00.

The Court, having considered the Commission's application and supporting evidence, the Complaint and the files and records herein, and good cause appearing, hereby GRANTS the Commission's application, finding as follows:

1. The Court has jurisdiction over Defendant Stone and the subject matter of this litigation.
2. On May 30, 2008, the Clerk of the Court entered a default against Defendant Stone pursuant to the Court's May 29, 2008 Order.

3. Defendant Stone directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, or of a national securities exchange, with scienter, in connection with the purchase or sale of securities, employed a device, scheme or artifice to defraud, and made untrue statements of material fact, and omitted to state material facts necessary to make the statements made true, in light of the circumstances under which they were made, in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5;

4. Defendant Stone, directly or indirectly, by use of the means or instruments of transportation and communication in interstate commerce, or by use of the mails, (a) with scienter, employed devices, schemes or artifices to defraud; (b) obtained 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; and (c) engaged in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser, in violation of Section 17(a) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77q(a).

5. Defendant Stone, directly or indirectly, in the absence of any applicable exemption, and without any registration statement filed with the Commission or in effect as to the securities, made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, and to offer to sell securities, in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77c(a) and (c);

6. Defendant Stone, using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, acted as a

broker and/or dealer and/or effected transactions in, and induced or attempted to induce the purchase or sale of, securities (other than an exempted security or commercial paper, bankers' acceptances or commercial bills) without being registered with the Commission in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b), in violation of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

7. Defendant Stone became a broker or dealer and associated with Crescent Fund, a broker or dealer, in contravention of the Commission's May 12, 2004 order barring him from associating with any broker or dealer without consent of the Commission, in violation of Section 15(b)(6)(B), 15 U.S.C. § 78o(b)(6)(B).

8. Unless restrained or enjoined, Defendant Stone is likely again to violate the securities laws described above;

9. Defendant Stone obtained, through fraud and the illegal sale of securities in unregistered distributions to the public, ill-gotten gains that he should disgorge, jointly and severally with Pedracar, Inc. Crescent Fund, LLC and defendant Janette Diller Stone, of \$482,738.19, less a credit of \$136,984.15, for net total disgorgement of \$345,754.04;

10. To ensure that Defendant Stone is not unjustly enriched from his illegal conduct, Defendant Stone, should return his ill-gotten gains with prejudgment interest thereon in the following amounts: (i) \$69,593.14, jointly and severally with Pedracar, Crescent Fund and Diller Stone; and (ii) \$46,900.03, jointly and severally with Diller Stone only.

11. The deterrent purposes of the federal securities laws would be served by the imposition of a civil penalty against Defendant Stone in the amount of \$120,000.00.

NOW, THEREFORE,

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Stone and his respective 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.

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants and their respective 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 Defendant Stone and his respective 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 Sections 5(a) and 5(c) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. §§ 77e(a) and 77e(c)] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for

delivery after sale; 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 security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement 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].

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Stone and his respective 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 15(a) of the Exchange Act [15 U.S.C. § 78o(a)] by acting as a broker and/or dealer and/or effecting transactions in, or inducing or attempting to induce the purchase or sale of securities (other than an exempted security or commercial paper, bankers' acceptances or commercial bills) without being registered with the Commission in accordance with Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)] using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange.

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section 21(c) of the Exchange Act [15 U.S.C. § 78u(e)(1)], Defendant Stone is ordered to comply with

the Commission's order of May 5, 2004 barring him from associating with any broker or dealer without consent of the Commission.

VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Stone is liable, jointly and severally with Pedracar, Crescent Fund and Diller Stone, for disgorgement in the amount of \$482,738.19, less a credit of \$136,984.15, for net total disgorgement of \$345,754.04, representing funds received as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the following amounts:

(i) \$69,593.14, jointly and severally with Pedracar, Crescent Fund and Diller Stone; and
(ii) \$46,900.03, jointly and severally with Diller Stone only. Defendant Stone shall satisfy this obligation by paying the full amount of net disgorgement and prejudgment interest, totaling \$462,247.21, within ten (10) business days after entry of this Final Judgment by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission. The payment shall be delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a letter identifying Defendant Jeffery Steven Stone as a party to 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 Stone shall simultaneously mail a copy of the letter and payment to Marc J. Fagel, Regional Director, U.S. Securities & Exchange Commission, 44 Montgomery Street, Suite 2600, San Francisco, California 94104. Defendant Stone shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Stone shall pay a civil penalty in the amount of \$120,000.00 pursuant to 15 U.S.C. §§ 77t(d) and 78u(d)(3). Defendant Stone shall make his payment in full within ten (10) business days after entry of this Final Judgment by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission. The payment shall be delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a letter identifying Defendant Jeffery Steven Stone as a party to 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 Stone shall mail a copy of such letter and payment to Marc J. Fagel, Regional Director, U.S. Securities & Exchange Commission, 44 Montgomery Street, Suite 2600, San Francisco, California 94104. Defendant Stone shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961. The Commission shall remit the funds paid pursuant to this paragraph to the United States Treasury.

VIII.

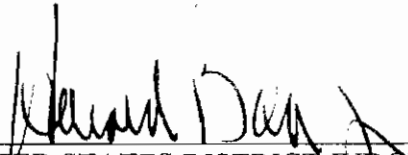
IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

IX.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is hereby ORDERED to enter this judgment by default against Defendant Stone forthwith and without further notice.

Dated: _____

Mar 25, 09


UNITED STATES DISTRICT JUDGE