

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE	:	
COMMISSION,	:	
	:	
Plaintiff,	:	
	:	
v.	:	Civil Action No. 01-1985 (JR)
	:	
MADERA INTERNATIONAL, INC., et	:	
al.,	:	
	:	
Defendants.	:	

ORDER

For the reasons set forth in the accompanying memorandum, the Security and Exchange Commission's motion for partial summary judgment against Daniel Lezak [#85] is **granted** and Daniel Lezak's cross-motion for partial summary judgment [#91] is **denied**. The Clerk will set a status conference to determine whether Lezak should be enjoined from acting as an officer or director of any issuer of a class of securities as defined in the Exchange Act, and to determine the rate of interest, if any, that will be applied to the disgorgement remedy.<sup>1</sup>

It is also

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<sup>1</sup>Because this order disposes of all the counts pleaded against defendant Lezak, his presence at the status conference now set for September 7, 2004, is unnecessary. The status conference contemplated by this order will be set at another time and will involve only the SEC and Lezak.

**ORDERED, ADJUDGED AND DECREED** that Lezak, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating 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, directly or indirectly, by the use of any means or instrumentality of interstate commerce or of the mails or of any facility of any national securities exchange:

- (1) employing any device, scheme, or artifice to defraud;
- (2) making any untrue statement of a material fact or omitting to state 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) engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.

IT IS **FURTHER ORDERED, ADJUDGED, AND DECREED** that Lezak, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 13(b)(5) of the Exchange Act, 15 U.S.C. § 78m(b)(5), and Rule 13b2-1 thereunder, 17 C.F.R. § 240.13b2-1, by knowingly circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book,

record, or account; or directly or indirectly, falsifying or causing to be falsified any book, record or account subject to Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C.

§ 78m(b)(2)(A).

IT IS **FURTHER ORDERED, ADJUDGED, AND DECREED** that Lezak, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Exchange Act Rule 13b2-2, 17 C.F.R. § 240.13b2-2, by, directly or indirectly:

(1) making or causing to be made a materially false or misleading statement, or

(2) omitting to state, or causing another person to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading, to an accountant in connection with (a) any audit or examination of the financial statements of an issuer required to be made pursuant to the rules and regulations under the Exchange Act, 17 C.F.R. §§ 240.0-1 et seq., or (b) the preparation or filing of any document or report required to be filed with the Commission.

IT IS **FURTHER ORDERED, ADJUDGED AND DECREED** Lezak, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from, directly or indirectly, violating Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a),

and Rules 12b-20 and 13a-1, 17 C.F.R. §§ 240.12b-20 and 240.13a-1, promulgated thereunder by filing or causing to be filed with the Commission quarterly or annual reports on behalf of Madera required to be filed with the Commission pursuant to Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and the Rules and regulations promulgated thereunder, which contains any untrue statement of material fact, or which omits to state any material fact required to be stated therein or necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, or which fails to comply in any material respect with the requirements of Section 13(a) of the Exchange Act and the Rules and regulations promulgated thereunder.

IT IS **FURTHER ORDERED, ADJUDGED AND DECREED** that Lezak, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A), by, directly or indirectly, failing or causing Madera to fail to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Madera.

IT IS **FURTHER ORDERED, ADJUDGED AND DECREED** that Lezak, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 13(b)(2)(B) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(B), by directly or indirectly, failing or causing Madera to fail to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles.

IT IS **FURTHER ORDERED, ADJUDGED, AND DECREED** that Lezak shall pay \$661,000, representing disgorgement of monies obtained improperly by Lezak as a result of the conduct alleged in the Amended Complaint.

JAMES ROBERTSON  
United States District Judge