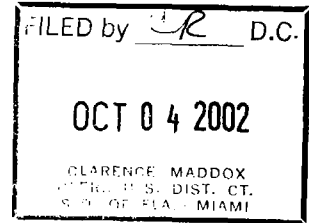


UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

Case No. 02-60363-CIV-HUCK/TURNOFF

SECURITIES AND EXCHANGE COMMISSION, )  
 )  
 Plaintiff, )  
 )  
 v. )  
 )  
 DISCOVERY CAPITAL GROUP, INC. )  
 )  
 ERIK WALSH )  
 )  
 JOHN ABRESCH )  
 )  
 Defendants. )  
 )  
 )  
 )



**JUDGMENT OF PERMANENT INJUNCTION AND OTHER  
RELIEF AGAINST DEFENDANT ERIK WALSH**

Plaintiff Securities and Exchange Commission ("SEC" or "Commission") commenced this action by filing its Complaint against, among others, Defendant Erik Walsh a/k/a Erik Hutton Masters ("Defendant"). In its Complaint, the Commission sought, among other relief, a permanent injunction to prohibit violations by the Defendant of Sections 17(a)(1), 17(a)(2) and 17 (a)(3) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), and Rule 10b-5, thereunder, an order providing for disgorgement and prejudgment interest thereon, and imposition of a civil money penalty against Defendant pursuant to Section 20(d) of the Securities Act and Section 21(d) of the Exchange Act.

Defendant, by having executed a Consent of Defendant Erik Walsh to Judgment of Permanent Injunction and Other Relief ("Consent"), without admitting or denying any of the

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allegations in the Commission's Complaint or any other paper filed herein, except as to the jurisdiction of this Court, has agreed to the entry of this Judgment of Permanent Injunction and Other Relief ("Judgment"). This Court having accepted such Consent and this Court having jurisdiction over the Defendant and the subject matter hereof, and the Court being fully advised in the premises,

**I.**

**VIOLATION OF SECTION 17(a) OF THE SECURITIES ACT**

**IT IS HEREBY ORDERED, ADJUDGED AND DECREED** that Defendant, 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 Judgment, by personal service or otherwise, be and they hereby are, permanently restrained and enjoined from, directly or indirectly, singly or in concert, as aiders and abettors or otherwise, 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:

- (a) knowingly employing any device, scheme or artifice to defraud;
- (b) obtaining money or property by means of any untrue statement of material fact or omission to state any material fact necessary in order to make the statement made, in light of the circumstances under which it was made, not misleading; or
- (c) engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon purchasers or prospective purchasers of any such security,

in violation of Sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1), 77q(a)(2) and 77q(a)(3).

**II.**

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

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that Defendant, 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 Judgment, by personal service or otherwise, be and they hereby are, permanently restrained and enjoined from, knowingly, willfully, or recklessly, directly or indirectly, singly or in concert, as aiders and abettors or otherwise, in connection with the purchase or sale of any security, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange:

- (a) employing any device, scheme or artifice to defraud;
- (b) making any untrue statements of material fact or omitting 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) engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person,

in violation of 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.

**III.**

**DISGORGEMENT**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that Defendant shall disgorge, with prejudgment interest, all ill-gotten profits or proceeds that he received, if any, directly or indirectly, as a result of the acts or courses of conduct described in the Complaint. The amount of disgorgement, if any, shall be reached by agreement of the parties within 120 days of the entry of this Judgment or, if the parties are unable to reach agreement, the amount shall be determined by the Court upon the Commission's motion and after an evidentiary hearing. Nothing in this Judgment shall prevent Defendant from presenting evidence regarding the amount of disgorgement sought by the Commission in such motion, or from appealing any subsequent judgment or order entered by the Court pursuant to this Paragraph setting an amount of disgorgement and prejudgment interest thereon.

**IV.**

**PENALTIES**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED** that the amount of civil penalties, if any, that Defendant shall be required to pay 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 connection with the activities described in the Commission's Complaint, shall be determined by the Court upon the Commission's motion and after an evidentiary hearing. Defendant may not, by way of defense to such a motion, challenge or otherwise contest the allegations of the Complaint, which may be deemed true by the Court for purposes of this

motion. Nothing in this Judgment shall prevent Defendant from presenting evidence of his financial inability to pay a civil penalty, factors mitigating against the imposition of a civil penalty, or its amount. In addition, nothing contained in this Judgment shall preclude Defendant from appealing any subsequent judgment or order entered by the Court pursuant to this Paragraph imposing a civil penalty.

V.

**RETENTION OF JURISDICTION**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED** that nothing contained in the Consent or this Judgment shall be deemed a waiver of Defendant's Fifth Amendment privilege against self-incrimination, and that this Court shall retain jurisdiction over this matter and Defendant 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.

Dated this 4<sup>th</sup> day of October, 2002.

  
\_\_\_\_\_  
**THE HONORABLE PAUL C. HUCK**  
**UNITED STATES DISTRICT JUDGE**

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