

ORIGINAL

IN THE UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION:

Plaintiff,

vs.

Case No. 3-03CV-2781P

IPIC INTERNATIONAL, INC.,  
a/k/a I.P.I.C. International,  
a/k/a International Product Investment Corp.,  
a/k/a IPIC Investments, Inc.,  
a/k/a IPIC Invests, Inc.,

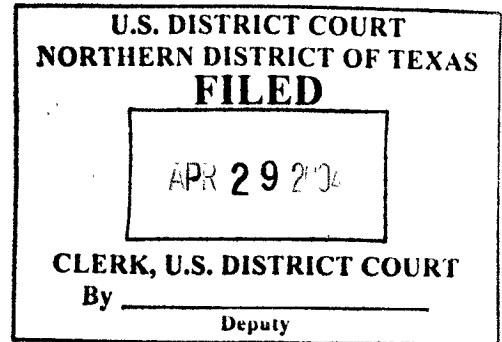
IPIC ATLANTIC LLC,  
HOME RECOVERY NETWORK, INC.,  
GREGORY SETSER,  
CYNTHIA SETSER,  
CHARNELLE SETSER,  
DEBORAH SETSER,  
CHARMAINE SEARS,  
TORSTEN THOMAS HENSCHKE,

Defendants,

and

EVA SETSER a/k/a EVA SMITH,  
and LARRY KUNCL,

Relief Defendants.



AGREED JUDGMENT OF PERMANENT INJUNCTION  
AGAINST DEFENDANT CHARMAINE SEARS

The Securities and Exchange Commission having filed a Complaint and Defendant Charmaine Sears (pursuant to that certain Consent of Defendant Charmaine Sears filed of even date herewith (the "Consent")) having entered a general appearance; consented to the Court's jurisdiction over her and the subject matter of this action; consented to entry of this Agreed Judgment without admitting or denying the allegations of the Complaint (except as to

jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Agreed Judgment:

**IT IS THEREFORE ORDERED THAT:**

1. Sears, her affiliates, agents, servants, employees, attorneys and all other persons in active concert or participation with her, who receive actual notice of this Agreed Judgment, by personal service or otherwise, are permanently restrained and enjoined from violating Sections 5 of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§77e 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 the 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; or

(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 of the mails to offer to sell or offer to buy through the use or medium of a prospectus or otherwise a security unless a registration statement has been filed as to the security; or while the registration statement is the subject of a refusal order, 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.

2. Sears, her affiliates, agents, servants, employees, attorneys and all other persons in active concert or participation with her, who receive actual notice of this Agreed 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 using 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 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 transaction, practice or course of business that operates or would operate as a fraud or deceit upon any purchaser.

3. Sears, her affiliates, agents, servants, employees, attorneys and all other persons in active concert or participation with her, who receive actual notice of this Agreed 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 (“Exchange Act”), 15 U.S.C. §78j(b), and Commission Rule 10b-5, 17 C.F.R. §240.10b-5, in connection with the purchase or sale of any security, by using any means or instrumentality of interstate commerce, of the mails or of any facility of any national securities exchange:

(a) to use or employ any manipulative or deceptive device or contrivance;

(b) to employ any device, scheme or artifice to defraud;

(c) to make any untrue statement of a material fact, or 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

(d) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

4. All further proceedings in this action are stayed as against Sears, pending the entry of a final judgment in the matter of *U.S. v. Setser, et al.* (U.S.D.C., N.D. Tex., Dallas Div., Case No. 3-03CR-0381M) (the “Stay”). Effective on the entry of such final judgment, the Stay shall no longer be in effect; and the Commission, *sua sponte* or at the instance of the Court, may move in accordance with the Federal Rules of Civil Procedure and the Local Rules of this Court then in effect (collectively, the “Rules”), for an order requiring Sears to disgorge profits gained by Sears as a result of the conduct alleged in the Complaint and/or to pay a civil penalty by reason of such conduct (the “Motion”). After notice, the opportunity to file and serve an opposition and a reply, and a hearing, all in accordance with the Rules, the Court will determine the amount of disgorgement or civil penalty or both (if any) to be paid by Sears in light of all the relevant facts and circumstances. The issues on the Motion shall be limited to determining the appropriateness of and amount of any such disgorgement and/or civil penalty. Sears will be precluded from asserting, in connection with the Motion, that she did not violate the federal securities laws in the manner described in the Complaint herein; and, solely for the purposes of such hearing, the allegations of the Complaint shall be accepted as and deemed true by the Court. The Court may determine whether to order disgorgement, and whether to order a penalty, and the amounts of any such disgorgement or penalty, on the basis of affidavits, declarations, deposition

excerpts and exhibits, or any other information deemed appropriate by the Court. Sears may not, at the hearing, challenge the validity of the Consent or this Agreed Judgment.

6. This Agreed Judgment may be served upon Sears, in person or by mail, either by the United States marshal, by the Clerk of the Court or by any member of the staff of the Commission.

7. The United States marshal in any district in which Sears resides or may be found is authorized and directed to make service on Sears at the request of the Commission.

8. Based on Sears' approval of the terms of this Agreed Judgment against her, Sears, understanding that it is the Commission's policy, as set forth in 17 C.F.R. §202.5(e), not to permit a defendant to consent to a judgment or order that imposes a sanction while denying the allegations in a complaint, and further understanding that the Commission's assent to this Agreed Judgment against Sears is based upon her compliance with the said policy, shall not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the Complaint or creating the impression that the Complaint is without factual basis; *provided*, that nothing in this Paragraph 8 shall affect or impair Sears' right or power to take legal or factual positions inconsistent with the provisions of this Paragraph 8 in connection with any litigation or other legal proceedings to which the Commission is not a party; including without limitation, the matter of *U.S. v. Setser, et al.* (U.S.D.C., N.D. Tex., Dallas div., Case No. 3-03CR-0381M).

9. Consistent with provisions of 17 C.F.R. §202.5(f), Sears has waived any claim of Double Jeopardy based upon entry of this Agreed Judgment against Sears, including the imposition of any remedy or civil penalty herein. Accordingly, this Agreed Judgment against Sears shall not bar the institution or prosecution against Sears of any criminal action or proceeding arising as a result of the matters alleged in the Complaint.

10. The Court shall retain jurisdiction over Sears and over the subject matter of this action in order to implement and carry out the terms of all orders and decrees that may be entered herein and to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

11. Sears shall continue to be considered a party to this action for purposes of the Right to Financial Privacy Act of 1978, 12 U.S.C. §§3401-22, and, as if still a party to this action, shall respond to requests for discovery by the Commission in accordance with provisions of the Federal Rules of Civil Procedure and the local rules and orders of the Court and shall make herself available as a witness upon reasonable notice at all trials or hearings in this matter.

12. All equitable relief previously entered by the Court against Sears shall remain in effect pending further order of the Court; except that:

(a) Paragraphs 1 through 3, inclusive, of the *Ex Parte* Temporary Restraining Order, and Order Freezing Assets and Granting Other Emergency Relief, issued by this Court on November 17, 2003, as subsequently extended by orders of this Court on December 1, 2003 and December 15, 2003 (the "TRO"); and Paragraphs 1 through 3, inclusive, of the Agreed Preliminary Injunction as to Charmaine Sears, etc., entered in this matter on December 30, 2003 (the "Agreed Preliminary Injunction"); all shall be superseded by this Agreed Permanent Injunction; and the said Paragraphs are hereby dissolved and of no further force or effect as to Sears;

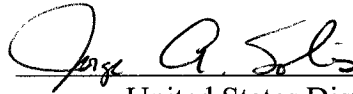
(b) Paragraphs 4 and 6 of the TRO are hereby superseded by Paragraphs 4, 5 and 6 of the Agreed Preliminary Injunction; and the said Paragraphs of the TRO are hereby dissolved and of no further force or effect as to Sears;

(c) Paragraph 7 of the TRO is hereby superseded by Paragraphs 10 of the Agreed Preliminary Injunction; and the said Paragraph of the TRO is hereby dissolved and of no further force or effect as to Sears; and

(d) Paragraph 9 of the TRO is hereby superseded by Paragraph 8 of the Agreed Preliminary Injunction; and the said Paragraph of the TRO is hereby dissolved and of no further force or effect as to Sears.

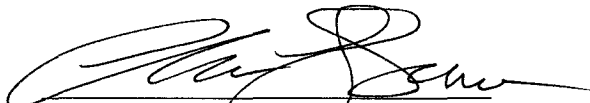
13. Based on the Court's express determination that there is no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk shall enter judgment accordingly.

EXECUTED ~~AND ENTERED~~ this 29<sup>th</sup> day of April, 2004.

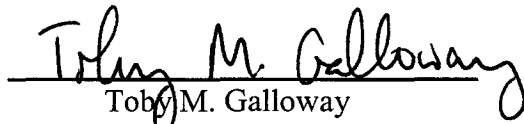


United States District Judge

Approved as to Form and Content:



Charmaine Sears



Toby M. Galloway  
Texas Bar No. 00790733

**SECURITIES AND EXCHANGE COMMISSION**

Fort Worth District Office

801 Cherry Street

Suite 1900

Fort Worth, TX 76102-6819

Telephone: (817) 978-6447

Facsimile: (817) 978-4927

Attorney for Securities and Exchange Commission



### CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }  
County of ORANGE } ss.

On April 15, 2004, before me, Christine Vaughn-Gentry,  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
personally appeared CHARMAINE SEARS,  
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal.  
Christine Vaughn-Gentry  
Signature of Notary Public

#### OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document*

#### Description of Attached Document

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

#### Capacity(ies) Claimed by Signer

- Signer's Name: \_\_\_\_\_
- Individual
  - Corporate Officer — Title(s): \_\_\_\_\_
  - Partner —  Limited  General
  - Attorney in Fact
  - Trustee
  - Guardian or Conservator
  - Other \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

