

UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT

SECURITIES AND EXCHANGE	:	
COMMISSION	:	
Plaintiff	:	
	:	CIVIL ACTION NO.:
v.	:	3:04-cv-1331 (JCH)
	:	
SHELDON A. STRAUSS, ET AL,	:	
Defendants	:	AUGUST 27, 2008

**RULING RE: PLAINTIFF’S MOTION FOR REMEDIAL ORDERS [Doc. No. 279]**

Before the court is the SEC’s Motion for Remedial Orders as to defendant Sheldon Strauss.<sup>1</sup> See Doc. No. 279. Following a verdict for the SEC on all of its claims against Strauss, the SEC seeks to have this court impose an appropriate penalty on him. A civil penalty is authorized by 15 U.S.C. §§ 77t(d)(2), 78u(d)(3).

Based on all the information submitted, including the amount of the penalties imposed on other defendants in this case, the court will impose a penalty of \$10,000. Strauss violated the securities laws and needs to be punished for that violation. However, because Strauss now acknowledges his violations, because Strauss never profited from his violations, and because Strauss’s current financial circumstances are precarious, the court concludes that a higher penalty, although authorized by statute, would not be appropriate.

In addition to imposing a civil penalty, the court enters the following injunctions against defendant Strauss (and the clerk shall include them in the final judgment):

1. Strauss, and his agents, servants, employees, attorneys, and all persons in

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<sup>1</sup> The Motion also deals with defendant McPike, and the court has separately dealt with that aspect of the Motion. See Doc. No. 318.

active concert or participation with them who receive actual notice of this Injunction/Final Judgment by personal service or otherwise, are permanently restrained and enjoined from violating Section 9(a) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §78i(a)] by, directly or indirectly, using the mails or any means or instrumentality of interstate commerce, or of any facility of any national securities exchange: (a) to enter an order or orders for the purchase or sale of a security registered on a national securities exchange with the knowledge that an order of substantially the same size, at substantially the same time and at substantially the same price, for the sale or purchase of such security, has been or will be entered by or for the same or different parties, for the purpose of creating a false or misleading appearance of active trading in such security or a false or misleading appearance with respect to the market for such security; or (b) to effect, alone or with one or more other persons, a series of transactions in any security registered on a national securities exchange creating actual or apparent active trading in such security, or raising or depressing the price of such security, for the purpose of inducing the purchase or sale of such security by others. This injunction includes a prohibition on defendant Strauss from entering into transactions that “Mark the Close,” i.e. from entering into trades, late in the day, for the purpose of attempting to affect the reported closing price of the stock.

**2.** Straus and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Injunction/Final Judgment by personal service or otherwise, are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 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.

3. Straus and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Injunction/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 the 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 the 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.

**SO ORDERED.**

Dated at Bridgeport, Connecticut, this 27th day of August, 2008.

/s/ Janet C. Hall  
Janet C. Hall  
United States District Judge