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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
EASTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v

NEMDACO, INC, STANLEY SCHULMAN,
JEFFREY R BENDER and GARY J LARKIN,

Defendants

Civil Action No :

EDCV 00-861 RT (SGX)

FINAL JUDGMENT OF
PERMANENT
INJUNCTION AS TO
STANLEY SCHULMAN

- Docketed
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Plaintiff Securities and Exchange Commission (the "Commission"), having filed its Complaint, and defendant Stanley Schulman ("Schulman"), in his Consent of Stanley Schulman ("Consent"), filed simultaneously with this Final Judgment of Permanent Injunction as to Stanley Schulman ("Final Judgment") and incorporated herein by reference, having entered a general appearance, having admitted the jurisdiction of this Court over himself and over the subject matter of this action, having waived service of process, having waived filing an answer, having waived the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, having waived any right he may have to appeal from the entry of this Final Judgment, and, without admitting or denying any of the allegations of the Complaint, except as to jurisdiction, which he admits, having consented to the entry of this Final Judgment enjoining him from engaging in transactions, acts, practices and courses of business that constitute violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U S C §§ 77e(a), 77e(c) and 77q(a)], and Sections 10(b), 13(d)(1) and 16(a) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U S C. §§ 78j(b), 78m(d)(1) and 78p(a)] and Rules 10b-5, 13d-1, 13d-2 and 16a-3 promulgated thereunder [17 C F R §§ 240 10b-5, 240 13d-1, 240 13d-2 and 240 16a-3], and further enjoining him from aiding and abetting violations of Section 13(a) of the Exchange Act [15 U S C § 78m(a)] and Rules 12b-20, 13a-1, 13a-11 and 13a-13 thereunder [17 C F R §§ 240 12b-20, 240 13a-1, 240 13a-11 and 240 13a-13], and it further appearing that this Court has jurisdiction over defendant Schulman and the subject matter hereof, and the Court being fully advised in the premises.

I

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that defendant Schulman, his agents, servants, employees, attorneys-in-fact and all persons in active concert or participation with them

1 who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be
2 and they hereby are permanently restrained and enjoined from violating Sections 5(a) and 5(c) of the
3 Securities Act [15 U.S.C § 77e(a) and 77e(c)] by, in the absence of an applicable exemption, directly or
4 indirectly

- 5 a) unless a registration statement is in effect as to a security, 1) making use of any means or
6 instruments of transportation or communication in interstate commerce or of the mails to
7 sell such security through the use or medium of any prospectus or otherwise, or 11)
8 carrying or causing to be carried through the mails or in interstate commerce, by any
9 means or instruments of transportation, any such security for the purpose of sale or
10 delivery, or
11
12 b) making use of any means or instruments of transportation or communication in interstate
13 commerce or of the mails to offer to sell or offer to buy through the use or medium of any
14 prospectus or otherwise any security, unless a registration statement has been filed as to
15 such security, or while the registration statement is the subject of a refusal or stop order or
16 (prior to the effective date of the registration statement) any public proceeding under
17 Section 8 of the Securities Act [15 U S C § 77h]
18
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20 II

21 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that defendant Schulman, his
22 agents, servants, employees, attorneys-in-fact and all persons in active concert or participation with them
23 who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be
24 and they hereby are permanently restrained and enjoined from violating Section 17(a) of the Securities Act
25
26

1 [15 U.S.C § 77q(a)] by, in the offer or sale of any securities, using any means or instruments of
2 transportation or communication in interstate commerce, or using the mails, directly or indirectly

- 3 (a) employing any device, scheme, or artifice to defraud,
4 (b) obtaining money or property by means of any untrue statement of a material fact
5 or any omission to state a material fact necessary in order to make the statements
6 made, in the light of the circumstances under which they were made, not
7 misleading; or
8 (c) engaging in any transaction, practice, or course of business which operates or
9 would operate as a fraud or deceit upon a purchaser
10

11
12 III

13 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Schulman, his
14 agents, servants, employees, attorneys-in-fact and all persons in active concert or participation with them
15 who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be
16 and they hereby are permanently restrained and enjoined from violating Section 10(b) of the Exchange Act
17 [15 U S C § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C F R § 240.10b-5] by, directly or
18 indirectly, through the use of any means or instrumentality of interstate commerce, or of the mails, or of any
19 facility of a national securities exchange
20

- 21 (a) employing any device, scheme, or artifice to defraud,
22 (b) making any untrue statement of a material fact or omitting to state a material fact
23 necessary in order to make the statements made, in light of the circumstances
24 under which they are made, not misleading, or
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1 (c) engaging in any act, practice, or course of business which operates or would
2 operate as a fraud or deceit upon any person,
3 in connection with the purchase or sale of any security.

4 IV

5 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant
6 Schulman, his agents, employees, servants, attorneys-in-fact, and those persons in active
7 concert or participation with them who receive actual notice of this Final Judgment by personal
8 service or otherwise, and each of them, be and they hereby are enjoined and restrained from
9 violating Section 13(d)(1) of the Exchange Act [15 U S C § 78m(d)(1)] and Rules 13d-1 and
10 13d-2 promulgated thereunder [17 C F R §§ 240 13d-1 and 240 13d-2] by
11

12 (a) failing to file or cause to be filed with the Commission, within ten (10) days after
13 acquiring, directly or indirectly, the beneficial ownership of more than five (5) percent
14 of:
15

16 (i) any equity security of a class which is registered pursuant to Section 12 of
17 the Exchange Act [15 U.S C § 78l], or
18

19 (ii) any equity security of an insurance company which would have been
20 required to be so registered except for the exemption contained in Section
21 12(g)(2)(G) of the Exchange Act [15 U S C § 78l(g)(2)(G)]; or
22

23 (iii) any equity security issued by a closed-end investment company registered
24 under the Investment Company Act of 1940 [15 U S C § 80a-1, et seq], the
25 statements containing information required by Section 13(d) of the Exchange
26

1 Act [15 U.S.C § 78m(d)] and Rule 13d-1 promulgated thereunder [17 C F R
2 § 240 13d-1], or

3 (b) failing promptly to file or cause to be filed with the Commission, if any material
4 change occurs in the facts set forth in such statements, the amendments to such
5 statements required by Section 13(d) of the Exchange Act [15 U.S.C. § 78m(d)] and
6 Rule 13d-2 promulgated thereunder [17 C F R § 240 13d-2]
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8 V

9 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant
10 Schulman, his agents, employees, servants, attorneys-in-fact, and those persons in active
11 concert or participation with them who receive actual notice of this Final Judgment by personal
12 service or otherwise, and each of them, be and they hereby are enjoined and restrained from
13 violating Section 16(a) of the Exchange Act [15 U S C § 78p(a)] and Rule 16a-3 promulgated
14 thereunder [17 C.F.R. § 240 16a-3] by
15

16 (a) within ten (10) days after becoming

17
18 (i) the beneficial owner of more than ten (10) percent of any class of equity
19 security (other than an exempted security) which is registered pursuant to
20 Section 12 of the Exchange Act [15 U S C § 78l], or
21

22 (ii) a director or an officer of the issuer of such security,

23 failing to file or cause to be filed with the Commission and the issuer (and, if such
24 security is registered with a national securities exchange, also with the exchange), the
25 statements containing information required by Section 16(a) of the Exchange Act [15
26

1 U S C § 78p(a)] and Rule 16a-3 promulgated thereunder [17 C F R § 240 16a-3],

2 or

3 (b) within ten (10) days after the close of each calendar month thereafter, if there has
4 been a change in such ownership during such month, failing to file or cause to be filed
5 with the Commission and the issuer (and if such security is registered on a national
6 securities exchange, also with the exchange) the statements containing information
7 required by Section 16(a) of the Exchange Act [15 U S C § 78p(a)] and Rule 16a-3
8 promulgated thereunder [17 C F R § 240.16a-3] indicating ownership at the close of
9 the calendar month and such changes in ownership as have occurred during such
10 calendar month, or
11

12 (c) within forty-five (45) days after the close of the issuer's fiscal year end, failing to file
13 or cause to be filed with the Commission and the issuer the statements containing
14 information required by Rule 16a-3 [17 C.F R § 240 16a-3]
15
16

17 VI

18 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Schulman, his
19 agents, employees, servants, attorneys-in-fact, and those persons in active concert or participation with
20 them who receive actual notice of this Final Judgment by personal service or otherwise, and each of
21 them, be and they hereby are enjoined and restrained from, directly or indirectly, aiding and abetting
22 violations of Sections 13(a) of the Exchange Act of 1934 [15 U.S C. § 78m(a)] and Rules 12b-20,
23 13a-1, 13a-11 and 13a-13 promulgated thereunder [17 C.F R §§ 240 12b-20, 240 13a-1, 240 13a-
24 11 and 240 13a-13] by, directly or indirectly, filing or causing to be filed with the Commission, on
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behalf of any issuer, any annual, quarterly or other report 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, which omits to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or which omits to disclose any information required to be disclosed

VII

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Schulman pay disgorgement in the amount of \$1,491,981 representing his gains from the conduct alleged in the Complaint together with prejudgment interest thereon. Based upon Schulman's sworn representations in his Statements of Financial Condition dated May 2, 2000, and July 5, 2000, and submitted to the Commission, the Court is waiving payment by Schulman of the disgorgement of his ill-gotten gains and prejudgment interest thereon, and the Court is not imposing a civil penalty upon him 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)]. The determination to waive payment of disgorgement and prejudgment interest, and to not impose a civil penalty is contingent upon the accuracy and completeness of Schulman's Statement of Financial Condition. If at any time following the entry of this Final Judgment the Commission obtains information indicating that Schulman's representations to the Commission concerning his assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Schulman, petition this Court for an order requiring Schulman to pay disgorgement,

1 prejudgment interest, a civil penalty and post-judgment interest thereon. In connection with any such
2 petition, the only issues shall be whether the financial information provided by Schulman was fraudulent,
3 misleading, inaccurate or incomplete in any material respect as of the time such representations were
4 made, and the amount of disgorgement and interest to be ordered, and the amount of the civil penalty to
5 be imposed. In its petition, the Commission may move this Court to consider all available remedies,
6 including, but not limited to, ordering Schulman to pay funds or assets, directing the forfeiture of any
7 assets, or sanctions for contempt of this Final Judgment, and the Commission may also request
8 additional discovery. Schulman may not, by way of defense to such petition, challenge the validity of his
9 Consent or the Final Judgment, contest the allegations in the Complaint filed by the Commission, or
10 assert that payment of disgorgement and a civil penalty should not be ordered.
11

12
13 VIII

14 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, pursuant to Section
15 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Schulman is hereby barred from acting as an
16 officer or director of any issuer required to file reports pursuant to Sections 12(b), 12(g) or 15(d) of the
17 Exchange Act [15 U.S.C. §§ 78l(b), 78l(g) or 78o(d)], as a result of Schulman's violations of Section
18 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5],
19

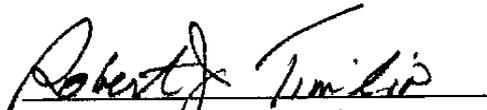
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21 IX

22 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain
23 jurisdiction over this action for all purposes, including the implementation and enforcement of this Final
24 Judgment.
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There being no just reason for delay, the Clerk of the Court is hereby directed, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter this Final Judgment forthwith


United States District Judge

DATED 11/15, 2000