

UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION
450 Fifth Street, N.W.
Washington, D.C. 20549,

Plaintiff,

v.

MICHAEL JERRY SAYLOR,
SANJEEV KUMAR BANSAL and
MARK STEVEN LYNCH,

Defendants.

Civil Action No. _____

00 2995

FILED

DEC 18 2000

NANCY MAYER WHITTINGTON, CLERK
U.S. DISTRICT COURT

FINAL JUDGMENT OF PERMANENT INJUNCTION
AND OTHER RELIEF

Plaintiff Securities and Exchange Commission (the "Commission") having filed a Complaint (the "Complaint") against Michael Jerry Saylor, Sanjeev Kumar Bansal, and Mark Steven Lynch (collectively, the "Defendants"), Defendants in their respective Consent and Undertakings (the "Consents") having each entered a general appearance herein, admitted the jurisdiction of this Court over them and over the subject matter of this action, waived service of process, having waived the filing of an Answer to the Complaint and the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, and without admitting or denying any of the allegations of the Complaint, except as to jurisdiction, which each admits, and without trial, argument or adjudication of any issue of fact or law, having consented to the entry of this Final Judgment of Permanent Injunction and Other Relief (the "Final Judgment"), permanently restraining and enjoining each of the Defendants from violating

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(W)

Section 17(a) of the Securities Act of 1933 and Section 10(b) of Securities Exchange Act of 1934 (the "Exchange Act") and Rules 10b-5 and 13b2-1 thereunder, ordering Defendants each to pay a civil money penalty of \$350,000; and ordering Saylor to pay \$8,280,000, Bansal to pay \$1,630,000, Lynch to pay \$138,000 in unjust enrichment, and it further appearing that this Court has jurisdiction over Defendants and the subject matter hereof, and the Court being fully advised in the premises;

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendants, their agents, servants, employees, attorneys-in-fact, and all those persons in active concert or participation with them who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently enjoined and restrained from violating Section 17(a) of the Securities Act of 1933 ("Securities Act") (15 U.S.C. §77q(a)) by, in the offer or sale of any securities 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) employing any device, scheme or artifice to defraud,

(b) obtaining 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) engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon any person.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants, their

agents, servants, employees, attorneys-in-fact, and all those persons in active concert or participation with them who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently enjoined and restrained from violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by, directly or indirectly, using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange to:

- (a) employ any device, scheme or artifice to defraud;
- (b) 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 light of the circumstances under which they were made, not misleading; or
- (c) engage 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.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants, their agents, servants, employees, attorneys-in-fact, and all those persons in active concert or participation with them who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently enjoined and restrained from violating Rule 13b2-1 of the Exchange Act by, 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.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants each shall comply with his undertakings that, in connection with this action or any related judicial or

administrative action or investigation undertaken by or on behalf of, or authorized by, the Commission or to which the Commission is a party, (a) he will produce documents and reasonably make himself available for interviews upon the request of the Commission or its staff on a travel cost reimbursable basis as provided for by applicable federal regulations; and (b) he will accept service by mail of subpoenas for any depositions, trials or hearings, and hereby waives the territorial limits on service set forth in Fed. R. Civ. P. Rule 45.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants each shall pay a civil penalty of \$350,000 pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act. Payment of the civil penalty is to be made by U.S. Postal money order, certified check, bank cashier's check, or bank money order, made payable to the Securities and Exchange Commission and shall be hand-delivered or mailed to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312, under cover of a letter that identifies the defendant and the name and file number of this proceeding. A copy of the cover letter and of the form of payment shall be simultaneously transmitted to Gregory S. Bruch, Esq., Securities and Exchange Commission, Division of Enforcement, 450 Fifth Street, N.W., Washington, D.C. 20549-0703.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Saylor shall pay \$8,228,000, Bansal shall pay \$1,634,000 and Lynch shall pay \$138,000 in unjust enrichment. Disgorgement will be paid in equity securities of MicroStrategy Incorporated deposited with a person or entity satisfactory to the Commission within fifteen (15) business days from the entry of the Final Judgment. Such disgorgement shall remain in deposit pending final resolution of the

shareholder class action captioned, In re MicroStrategy Inc. Securities Litigation , No. 00-473-A (E.D. Va.). The securities will be revalued in accordance with the procedures and timing established in the Stipulation of Settlement in that case. If the revalued securities are then worth less than \$10,000,000, Defendants shall ratably contribute additional equity securities necessary to bring the total value of the securities in deposit to \$10,000,000. If the revalued securities are worth more than \$10,000,000, securities equal to the excess of the amount in deposit over \$10,000,000 minus interest from the date of the Final Judgment at the applicable statutory rate of interest will be returned ratably to Defendants. The amount in deposit will be distributed to the class members pursuant to a distribution method approved by the court in that case, provided, however, none of the disgorgement funds will be used to pay attorney fees. In the event that final resolution of the class action results in a distribution to or judgment in favor of the class members of less than \$10 million or no distribution to class members or judgment in favor of defendants, the Defendants will ratably deliver to the Comptroller, Securities and Exchange Commission an amount that, together with the distribution or judgment to the class members attributable to Defendants, will equal \$10 million. Payment will be delivered by hand or in person within 30 days of the final resolution of the class action and will be addressed to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312, under cover of a letter that identifies the defendant and the name and file number of this proceeding. A copy of the cover letter and of the form of payment shall be simultaneously transmitted to Gregory S. Bruch, Esq., Securities and Exchange Commission, Division of Enforcement, 450 5th Street, N.W., Washington, D.C. 20549-0703.

VII.

IT IS FURTHER ORDERED that the annexed Consents be, and the same hereby is,

incorporated herein by reference with the same force and effect as if fully set forth herein.

VIII.

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for the purpose of enforcing the terms of this Final Judgment.

IX.

There being no just reason for delay, the Clerk of this Court is hereby directed, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter this Final Judgment forthwith.

Dated: *December 18*, 2000


UNITED STATES DISTRICT JUDGE