

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
(ORLANDO DIVISION)

SECURITIES AND EXCHANGE COMMISSION,)

Plaintiff,)

v.)

LINDA BALLOU, et al.)

Defendants.)

CASE NO. 6:00-cv-692-ORL-19

U.S. DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO
JUN 8 2000
PM 3:25

FINAL JUDGMENT OF PERMANENT INJUNCTIVE AND OTHER RELIEF

On June 1, 2000, Plaintiff, Securities and Exchange Commission ("Commission"), filed an action against Defendant Linda Ballou ("Ballou"); the Commission also sued three additional Defendants who are not affected by this Order. Securities and Exchange Commission v. Linda Ballou, et al., No. _____ (hereinafter, "SEC v. Ballou"). Ballou, by her Consent affixed hereto, without admitting or denying any of the 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 Final Judgment of Permanent Injunction and Other Relief ("Permanent Injunction"). This Court having accepted such Consent and this Court having

jurisdiction over Ballou and the subject matter hereof, and the Court being fully advised of the premises,

I.

**PERMANENT INJUNCTIVE RELIEF --
SECTION 5 OF THE SECURITIES ACT**

IT IS HEREBY ORDERED that Ballou, her officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, and each of them, are hereby permanently restrained and enjoined from directly or indirectly, (a) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell securities in the form of units, common stock, warrants or any other securities (including, but not limited to, interests in limited liability partnerships), through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect with the Commission as to such securities; (b) carrying securities, in the form of units, common stock, warrants or any other securities, or causing them to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, unless and until a registration statement is in effect with the Commission as to such securities; or (c) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, through the use or medium of any prospectus or otherwise, any securities, in the form of units, common stock, warrants or any other securities, unless a registration statement is filed with the Commission as to such securities, or while a registration statement filed with the Commission as to such security is the subject of a refusal order or 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, in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c), provided, however, that nothing in the foregoing portion of this injunction shall apply to any security or transaction which is exempt from the provisions of Section 5 of the Securities Act, 15 U.S.C. § 77e.

II.

**PERMANENT INJUNCTIVE RELIEF --
SECTION 17(A)(1) OF THE SECURITIES ACT**

IT IS HEREBY FURTHER ORDERED that Ballou, her officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, and each of them, are hereby permanently restrained and enjoined from directly or indirectly, by use of any means or instruments of transportation or communication in interstate commerce, or by the use of the mails, in the offer or sale of securities, knowingly, willfully or recklessly employing devices, schemes or artifices to defraud, in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

III.

**PERMANENT INJUNCTIVE RELIEF --
SECTIONS 17(A)(2) & (3) OF THE SECURITIES ACT**

IT IS HEREBY FURTHER ORDERED that Ballou, her officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, and each of them, are hereby permanently restrained and enjoined from directly or indirectly, by use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, in the offer or sale of securities, (i) obtaining money or property by means of untrue

statements of material facts or omissions to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; or (ii) engaging in acts, practices and courses of business which have operated and will operate as a fraud or deceit upon purchasers and prospective purchasers of such securities, in violation of Sections 17(a)(2) & (3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) & (3).

IV.

**PERMANENT INJUNCTIVE RELIEF --
SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5**

IT IS HEREBY FURTHER ORDERED that Ballou, her officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, and each of them, are hereby permanently restrained and enjoined from directly or indirectly, by use of 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 securities, knowingly, willfully or recklessly: (i) employing devices, schemes or artifices to defraud; (ii) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (iii) engaging in acts, practices and courses of business which have operated, are now operating or will operate as a fraud upon the purchasers of such securities, in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

V.

**PERMANENT INJUNCTIVE RELIEF --
SECTION 15(A)(1) OF THE EXCHANGE ACT**

IT IS HEREBY FURTHER ORDERED that Ballou, her agents, servants, employees, attorneys, and those persons in active concert or participation with them, and each of them, are hereby permanently restrained and enjoined from directly or indirectly, by use of any means or instrumentality of interstate commerce or of the mails, engaging in the business of effecting transactions in securities for the accounts of others or inducing or effecting the purchase and sale of securities while not themselves registered with the Commission in accordance with the provisions of Section 15(b) of the Exchange Act, or while not associated with a broker-dealer that was so registered, in violation of Section 15(a)(1) of the Exchange Act, 15 U.S.C. § 78j(a)(1).

VI.

DISGORGEMENT AND PENALTIES FROM BALLOU

IT IS HEREBY FURTHER ORDERED that Ballou shall disgorge \$154,994, representing her gains from the conduct alleged in the Complaint, plus pre-judgment interest thereon. Based on Ballou's sworn Statement of Financial Affairs dated March 10, 2000, submitted in connection with her petition, pursuant to Chapter 7 of the United States Bankruptcy Code, for bankruptcy protection filed in the United States Bankruptcy Court, Central District of California, and submitted to the Commission, payment of all of such disgorgement and pre-judgment interest is waived, contingent upon the accuracy and completeness of these financial statements.

IT IS HEREBY FURTHER ORDERED that based on Ballou's sworn Statement of Financial Affairs dated March 10, 2000, and submitted to the Commission, the Court is not ordering Ballou to pay a civil penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d). The determination not to impose a civil penalty and to waive payment of all disgorgement and pre-judgment interest thereon except for the amounts noted above, is contingent upon the accuracy and completeness of Ballou's sworn Statements of Financial Affairs dated March 10, 2000, and submitted to the Commission. If at any time following the entry of this Permanent Injunction the Commission obtains information indicating that Ballou's financial representations 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, petition this Court for an order requiring Ballou to pay all or part of the remaining portion of the disgorgement, pre-judgment and post-judgment interest thereon, and for Ballou to pay a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by Ballou was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of civil penalty to be imposed. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Ballou to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Permanent Injunction, and the Commission may also request additional discovery. Ballou may not, by way of defense to such petition, challenge the validity of its Consent or the Permanent Injunction, contest the allegations in the Complaint filed by the Commission, contest the

amount of disgorgement and interest, or assert that disgorgement or the payment of a civil penalty should not be ordered.

VII.

RETENTION OF JURISDICTION

IT IS HEREBY FURTHER ORDERED that this Court shall retain jurisdiction over this matter and Ballou 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.

DONE AND ORDERED at 1:06 o'clock, p m. this 8th day of June, 2000,
at Orlando, Florida.


UNITED STATES DISTRICT JUDGE

JPH
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