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EASTERN DISTRICT OF CALIFORNIA  
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U.S. Securities & Exchange Commission  
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Attorney for Plaintiff Securities and Exchange Commission

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA  
(SACRAMENTO DIVISION)

SECURITIES AND EXCHANGE COMMISSION,	)	CASE NO. CIV
	)	S-00-1198 WBS GGH
Plaintiff,	)	
	)	
v.	)	
	)	
CLAUDE COSSU,	)	
	)	
Defendant.	)	

**FINAL JUDGMENT OF PERMANENT INJUNCTIVE AND OTHER RELIEF**

On May 31, 2000, Plaintiff, Securities and Exchange Commission ("Commission"), filed an action against Defendant Claude Cossu ("Cossu"). Securities and Exchange Commission v. Claude Cossu, et al., No. CIV S-00-1198 WBS GGH (hereinafter, "SEC v. Cossu"). On November 28, 2000 the Commission filed an Amended Complaint against Cossu. Cossu, by his Consent affixed hereto, without admitting or denying any of the allegations in the Commission's Amended 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 Cossu and the subject matter hereof, and the Court being fully advised of the premises,

**I.**

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

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4       **IT IS HEREBY ORDERED** that Cossu, his agents, servants, employees, attorneys, and  
5 those persons in active concert or participation with them, and each of them, are hereby  
6 permanently restrained and enjoined from directly or indirectly, (a) making use of any means or  
7 instruments of transportation or communication in interstate commerce or of the mails to sell  
8 securities in the form of units, common stock, warrants or any other securities (including, but not  
9 limited to, interests in purportedly high interest promissory notes), through the use or medium of  
10 any prospectus or otherwise, unless and until a registration statement is in effect with the  
11 Commission as to such securities; (b) carrying securities, in the form of units, common stock,  
12 warrants or any other securities (including, but not limited to, interests in purportedly high interest  
13 promissory notes), or causing them to be carried through the mails or in interstate commerce, by  
14 any means or instruments of transportation, for the purpose of sale or for delivery after sale, unless  
15 and until a registration statement is in effect with the Commission as to such securities; or (c)  
16 making use of any means or instruments of transportation or communication in interstate commerce  
17 or of the mails to offer to sell or offer to buy, through the use or medium of any prospectus or  
18 otherwise, any securities, in the form of units, common stock, warrants or any other securities  
19 (including, but not limited to, interests in purportedly high interest promissory notes), unless a  
20 registration statement is filed with the Commission as to such securities, or while a registration  
21 statement filed with the Commission as to such security is the subject of a refusal order or stop  
22 order or (prior to the effective date of the registration statement) any public proceeding or

1 examination under Section 8 of the Securities Act , 15 U.S.C. § 77h, in violation of Sections 5(a)  
2 and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c), provided, however, that nothing in  
3 the foregoing portion of this injunction shall apply to any security or transaction which is exempt  
4 from the provisions of Section 5 of the Securities Act, 15 U.S.C. § 77e.

5 **II.**

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

8 **IT IS HEREBY FURTHER ORDERED** that Cossu, his agents, servants, employees,  
9 attorneys, and those persons in active concert or participation with them, and each of them, are  
10 hereby permanently restrained and enjoined from directly or indirectly, by use of any means or  
11 instruments of transportation or communication in interstate commerce, or by the use of the mails,  
12 in the offer or sale of securities (including, but not limited to, interests in purportedly high interest  
13 promissory notes), knowingly, willfully or recklessly employing devices, schemes or artifices to  
14 defraud, in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

15 **III.**

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

18 **IT IS HEREBY FURTHER ORDERED** that Cossu, his agents, servants, employees,  
19 attorneys, and those persons in active concert or participation with them, and each of them, are  
20 hereby permanently restrained and enjoined from directly or indirectly, by use of any means or  
21 instruments of transportation or communication in interstate commerce or by the use of the mails,  
22 in the offer or sale of securities (including, but not limited to, interests in purportedly high interest

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

7 IV.

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

10 **IT IS HEREBY FURTHER ORDERED** that Cossu, his agents, servants, employees,  
11 attorneys, and those persons in active concert or participation with them, and each of them, are  
12 hereby permanently restrained and enjoined from directly or indirectly, by use of any means or  
13 instrumentality of interstate commerce or of the mails, or of any facility of any national securities  
14 exchange, in connection with the purchase or sale of any securities (including, but not limited to,  
15 interests in purportedly high interest promissory notes), knowingly, willfully or recklessly: (i)  
16 employing devices, schemes or artifices to defraud; (ii) making untrue statements of material facts  
17 and omitting to state material facts necessary in order to make the statements made, in light of the  
18 circumstances under which they were made, not misleading; or (iii) engaging in acts, practices and  
19 courses of business which have operated, are now operating or will operate as a fraud upon the  
20 purchasers of such securities, in violation of Section 10(b) of the Securities Exchange Act of 1934  
21 ("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**

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4 **IT IS HEREBY FURTHER ORDERED** that Cossu, his agents, servants, employees,  
5 attorneys, and those persons in active concert or participation with them, and each of them, are  
6 hereby permanently restrained and enjoined from directly or indirectly, by use of any means or  
7 instrumentality of interstate commerce, or of the mails, engaging in the business of effecting  
8 transactions in securities for the accounts of others or inducing or effecting the purchase or sale  
9 of securities while not associated with a broker-dealer that is registered with the SEC in  
10 accordance with the provisions of Section 15(b) of the Exchange Act.

11 VI.

12 **DISGORGEMENT AND PENALTIES FROM COSSU**

13 **IT IS HEREBY FURTHER ORDERED** that Cossu shall disgorge \$394,065.00  
14 representing his gains from the conduct alleged in the Complaint, plus pre-judgment interest  
15 thereon. Based on Cossu's sworn Statements of Financial Condition dated August 1, 2000 and  
16 submitted to the Commission, payment of all of such disgorgement and pre-judgment interest is  
17 waived, contingent upon the accuracy and completeness of these financial statements.

18 **IT IS HEREBY FURTHER ORDERED** that based on Cossu's sworn Statements of  
19 Financial Condition dated August 1, 2000, and submitted to the Commission, the Court is not  
20 ordering Cossu to pay a civil penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. §  
21 77t(d). The determination not to impose a civil penalty and to waive payment of all disgorgement  
22 and pre-judgment interest thereon except for the amounts noted above, is contingent upon the

1 accuracy and completeness of Cossu's sworn Statements of Financial Condition dated August 1,  
2 2000, and submitted to the Commission. If at any time following the entry of this Permanent  
3 Injunction the Commission obtains information indicating that Cossu's financial representations  
4 were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such  
5 representations were made, the Commission may, at its sole discretion, petition this Court for an  
6 order requiring Cossu to pay all or part of the remaining portion of the disgorgement, pre-judgment  
7 and post-judgment interest thereon, and for Cossu to pay a civil penalty. In connection with any  
8 such petition, the only issues shall be whether the financial information provided by Cossu was  
9 fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such  
10 representations were made, and the amount of civil penalty to be imposed. In its petition, the  
11 Commission may move this Court to consider all available remedies, including, but not limited to,  
12 ordering Cossu to pay funds or assets, directing the forfeiture of any assets, or sanctions for  
13 contempt of this Permanent Injunction, and the Commission may also request additional discovery.  
14 Cossu may not, by way of defense to such petition, challenge the validity of its Consent or the  
15 Permanent Injunction, contest the allegations in the Complaint filed by the Commission, contest the  
16 amount of disgorgement and interest, or assert that disgorgement or the payment of a civil penalty  
17 should not be ordered.

18 **VII.**

19 **RETENTION OF JURISDICTION**

20 **IT IS HEREBY FURTHER ORDERED** that this Court shall retain jurisdiction over this  
21 matter and Cossu in order to implement and carry out the terms of all Orders and Decrees that may

1 be entered and/or to entertain any suitable application or motion for additional relief within the  
2 jurisdiction of this Court, and will order other relief that this Court deems appropriate under the  
3 circumstances.

4 **DONE AND ORDERED** at 4 o'clock, p m. this 29<sup>th</sup> day of November, 2000,  
5 at Sacramento, California.

6  
7   
8 **UNITED STATES DISTRICT JUDGE**  
9

10 Copies to:

11  
12 Russell C. Weigel III, Esq.  
13 Securities and Exchange Commission  
14 1401 Brickell Avenue  
15 Suite 200  
16 Miami, FL 33131

17  
18 Henry G. Wykowski, Esq.  
19 235 Montgomery Street, Suite 1875  
20 San Francisco, CA 94104  
21 Attorney for Defendant Claude Cossu  
22  
23

United States District Court  
for the  
Eastern District of California  
November 30, 2000

\* \* CERTIFICATE OF SERVICE \* \*

2:00-cv-01198

Securities & Exchange

v.

Cossu

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I, the undersigned, hereby certify that I am an employee in the Office of the Clerk, U.S. District Court, Eastern District of California.

That on November 30, 2000, I SERVED a true and correct copy(ies) of the attached, by placing said copy(ies) in a postage paid envelope addressed to the person(s) hereinafter listed, by depositing said envelope in the U.S. Mail, by placing said copy(ies) into an inter-office delivery receptacle located in the Clerk's office, or, pursuant to prior authorization by counsel, via facsimile.

Russell C Weigel III  
Securities and Exchange Commission  
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Suite 200  
Miami, FL 33131

SH/WBS

Henry George Wykowski  
Henry G Wykowski and Associates  
235 Montgomery Street  
Suite 1875  
San Francisco, CA 94104

Jack L. Wagner, Clerk

BY:   
Deputy Clerk