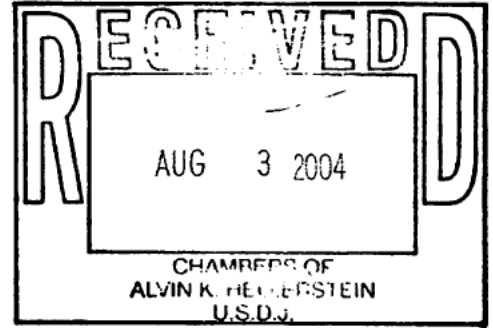


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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

**DOC # 27**



SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

AURORA FOODS INC., et al.,

Defendants.

01 Civ. 554 (AKH)

*# 04/1464*

**FINAL CONSENT JUDGMENT OF PERMANENT INJUNCTION  
AND OTHER RELIEF AS TO RAY CHUNG**



Plaintiff Securities and Exchange Commission ("Commission"), having filed a Complaint on January 23, 2001, charging, among others, Defendant Ray Chung ("Chung") with violations of Sections 10(b), and 13(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b) and 78m(b)(5)] and Rules 10b-5, 13b2-1 and 13b2-2 promulgated thereunder [17 C.F.R. §§ 240.10b-5, 240.13b2-1, and 240.13b2-2], and with violations pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] of Sections 13(a) and 13(b)(2) of the Exchange Act [15 U.S.C. §§ 78m(a) and 78m(b)(2)] and Rules 12b-20, 13a-1, and 13a-13 promulgated thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13], and Chung having executed the annexed Consent of Ray Chung ("Consent"), having consented to the jurisdiction of this Court over him and over the subject matter of this action, having admitted to receiving service of the Summons and Complaint in this action, having waived the filing of an answer pursuant to Rule 12 of the Federal Rules of Civil Procedure 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

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denying the allegations contained in the Complaint (except as to jurisdiction), having consented to the entry of this Final Consent Judgment of Permanent Injunction and Other Relief as to Ray Chung (“Final Judgment”), without further notice:

**I.**

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that Chung be and hereby is permanently restrained and enjoined from violating, directly and indirectly, singly or in concert, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or 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 statement 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.

**II.**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that Chung be and hereby is permanently restrained and enjoined from, directly or indirectly, singly or in concert:

- (A) knowingly circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book, record, or account

- described in Section 13(b)(2) of the Exchange Act [U.S.C. § 78m(b)(2)], in violation of Section 13(b)(5) of the Exchange Act [U.S.C. § 78m(b)(5)]; or
- (B) falsifying or causing to be falsified any book, record or account subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. §78m(b)(2)(A)], in violation of Rule 13b2-1 [17 C.F.R. §240.13b2-1].

### III.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Chung be and hereby is permanently restrained and enjoined from, directly or indirectly, singly or in concert, while an officer or director of an issuer:

- (A) making or causing to be made a materially false or misleading statement; or
- (B) omitting to state, or causing another person to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which such statements are made, not misleading, to an accountant in connection with (1) any audit or examination of the financial statements of the issuer required to be made pursuant to the federal securities laws, or (2) the preparation or filing of any document or report required to be filed with the Commission pursuant to the federal securities laws or otherwise,

in violation of Rule 13b2-2 of the Exchange Act [17 C.F.R. § 240.13b2-2].

### IV.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Chung be and hereby is permanently restrained and enjoined from, directly or indirectly, singly or in concert, controlling any person who violates Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)], or Rules 12b-20, 13a-1, or 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13] by:

- (A) failing to file with the Commission any 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; or
  - (B) filing with the Commission a 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 that (1) contains an untrue statement of material fact, (2) fails to include, in addition to the information required to be stated in such report, such further material information as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading, or (3) fails to disclose any information required to be disclosed therein,
- unless Chung acts in good faith and does not directly or indirectly induce the act or acts constituting the violation.

**V.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Chung be and hereby is permanently restrained and enjoined from, directly or indirectly, singly or in concert, controlling any person who violates Section 13(b) of the Exchange Act [15 U.S.C. § 78m(b)] by failing to:

- (A) make and keep books, record, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer; or
- (B) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (1) transactions are executed in accordance with management's general or specific authorization, (2) transactions are recorded as

necessary (a) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (b) to maintain accountability for assets, (3) access to assets is permitted only in accordance with management's general or specific authorization, or (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences,

unless Chung acts in good faith and does not directly or indirectly induce the act or acts constituting the violation.

#### VI.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Chung is prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. §78o(d)].

#### VII.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Chung is liable for disgorgement of \$105,000, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$37,000, for a total of \$142,000. Chung shall satisfy this obligation by paying \$142,000 within ten business days to the Clerk of this Court, together with a cover letter identifying Chung as a defendant in this action, setting forth the title and civil action number of this action and the name of this Court, and specifying that payment is made pursuant to this Final Judgment. Chung shall simultaneously

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transmit photocopies of such payment and letter to the U.S. Securities and Exchange Commission, Northeast Regional Office, 233 Broadway, New York, New York, 10280, Attn: Andrew M. Calamari, Esq. By making this payment, Chung relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Chung. The Clerk shall deposit the funds into an interest bearing account with the Court Registry Investment System ("CRIS"). These funds, together with any interest and income earned thereon (collectively, the "Fund"), shall be held by the CRIS under further order of the Court. In accordance with the guidelines set by the Director of the Administrative Office of the United States Courts, the Clerk is directed, without further order of this Court, to deduct from the income earned on the money in the Fund a fee equal to ten percent of the income earned on the Fund. Such fee shall not exceed that authorized by the Judicial Conference of the United States. The Commission may propose a plan to distribute the Fund subject to the Court's approval.

#### VIII.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Chung shall pay a civil penalty in the amount of \$125,000 pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. §77u(d)]. Chung shall make this payment within ten business days after entry of this Final Judgment by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission. The payment shall be delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a letter identifying Chung as a defendant in this action, setting forth the title and civil action number of this action and the name of this Court, and specifying that payment is made pursuant to this Final Judgment. Chung shall simultaneously transmit photocopies of such

payment and letter to the U.S. Securities and Exchange Commission, Northeast Regional Office, 233 Broadway, New York, New York, 10280, Attn: Andrew M. Calamari, Esq.

**IX.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, pursuant to Federal Rule of Civil Procedure 65(d), this Final Judgment is binding upon Chung, his agents, servants, employees, and attorneys, and upon those persons in active concert or participation with Chung who receive actual notice of this Final Judgment by personal service or otherwise.

**X.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that plaintiff Commission may effect service of this Final Judgment, and all other papers in this action, upon Chung by sending a copy via first class mail to his counsel, John S. Siffert, Esq., of Lankler, Siffert & Wohl, LLP, 500 Fifth Avenue, 33rd Floor, New York, New York 10110, unless Chung notifies the Commission otherwise by letter addressed to counsel for the Securities and Exchange Commission, Northeast Regional Office, 233 Broadway, New York, New York, 10280, Attn: Andrew M. Calamari, Esq.

**XI.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the annexed Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Chung shall comply with all of the undertakings and agreements set forth therein.

**XII.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that this Court shall retain jurisdiction of this action for all purposes, including, but not limited to, implementing and enforcing the terms and conditions of this Final Judgment.

**XIII.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, there being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated: \_\_\_\_\_

*August 3, 2004*

*[Handwritten Signature]*  
UNITED STATES DISTRICT JUDGE

**THIS DOCUMENT WAS ENTERED  
ON THE DOCKET ON \_\_\_\_\_**