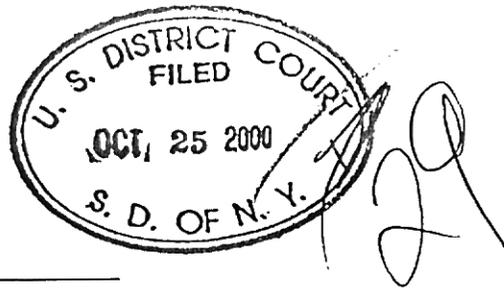


UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



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SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

- against -

PARAMOUNT CAPITAL MANAGEMENT, INC.
and WILLIAM C. BOLTON,

Defendants.

97 Civ. 8577 (SHS)

FINAL CONSENT
JUDGMENT
OF PERMANENT
INJUNCTION AND
OTHER RELIEF AS
TO DEFENDANT
WILLIAM C. BOLTON

Plaintiff Securities and Exchange Commission (the "Commission") having filed a Complaint for Injunctive And Other Relief on November 18, 1997 (the "Complaint") against Paramount Capital Management, Inc. ("Paramount") and "John Doe" a/k/a "Kenneth Bridget," and having filed an Amended Complaint for Injunctive and Other Relief on March 8, 1999 against Paramount and William Bolton ("Bolton" or "Defendant"), charging Bolton with violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a), Sections 10(b) and 15(a) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78j(b) and 78o(a), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, and Bolton, having executed the annexed Consent of William C. Bolton (the "Consent"), 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, having admitted to the jurisdiction of this Court over him and over the subject matter of this action, and, without admitting or denying the allegations contained in the Complaint (except as to jurisdiction, which are admitted), having consented to the entry of this

Final Consent Judgment of Permanent Injunction and Other Relief As To William C. Bolton
(the “Final Judgment”), without further notice:

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Bolton be and hereby is permanently enjoined and restrained from, directly or indirectly, singly or in concert, in the offer or sale of securities, by the use of any means or instrument of transportation or communication in interstate commerce or by the use of the mails:

- (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 omission 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) engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon the purchaser,

in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Bolton be and hereby is permanently enjoined and restrained from, directly or indirectly, singly or in concert, in connection with the purchase or sale of any security, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

- (A) employing any device, scheme, or artifice to defraud;
- (B) making any untrue statement of a material fact or omitting 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 act, practice or course of business which operates or would operate as a fraud or deceit upon any person,

in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Bolton be and hereby is permanently enjoined and restrained from, directly or indirectly, singly or in concert, in connection with the purchase or sale of any security, by use of the means or instrumentalities of interstate commerce, or of the mails, or of any facility of any national securities exchange:

- (a) effecting transactions in the purchase or sale of a security without being registered with the Commission; or
- (b) inducing or attempting to induce the purchase or sale of a security without being registered with the Commission,

in violation of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Bolton shall disgorge the sum of \$44,650, plus prejudgment interest thereon. Based upon Bolton's sworn representations in his Statement of Financial Condition, dated as of July 7, 2000 ("Financial Statement"), payment of the disgorgement and prejudgment interest is waived, contingent upon the material accuracy and completeness of the Financial Statement.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commission, having relied on the sworn representations in Bolton's Financial Statement, and the parties having agreed, the Court is not ordering Bolton to pay a civil penalty 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 not to impose a civil penalty is contingent upon the accuracy and completeness of Bolton's Financial Statement. If at any time following the entry of this Final Judgment the Commission obtains information indicating that Bolton's representations 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 with five days prior written notice to Bolton, petition this Court for an order requiring Bolton to pay disgorgement plus pre-judgement interest and imposing a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by Bolton was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and, with

respect to the civil penalty, the amount to be imposed. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Bolton to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment, and the Commission may also request additional discovery. Bolton may not, by way of defense to such petition, challenge the validity of the Final Judgment, contest the allegations in the Complaint filed by the Commission, or assert that the payment of disgorgement plus prejudgment interest and a civil penalty should not be ordered.

VI.

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

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions of the annexed Consent be, and hereby are, incorporated herein with the same force as if fully set forth herein.

VIII.

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

IX.

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 defendant Bolton by sending a copy via first class mail to his counsel, Bradley D. Simon, Esq., 500 Fifth Avenue, 46th Floor, New York, New York 10110-4699, unless Bolton notifies the Commission otherwise by letter addressed to counsel for the Securities and Exchange Commission, Northeast Regional Office, 7 World Trade Center, New York, New York 10048.

CONSENT OF WILLIAM C. BOLTON

1. Defendant William C. Bolton (“Bolton”), being fully apprised of his rights, having had the full opportunity to confer with legal counsel, having read and understood the terms of the annexed Final Consent Judgment of Permanent Injunction and Other Relief as to William C. Bolton (“Final Judgment”), appears and admits the jurisdiction of this Court over him and over the subject matter of this action, waives 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 denying the allegations contained in the Complaint of Plaintiff Securities and Exchange Commission (“Commission”), except as to jurisdiction, which are admitted, hereby consents to the entry, without further notice, of the Final Judgment.

2. Bolton agrees that this Consent of William C. Bolton (“Consent”) shall be incorporated by reference in and made part of the Final Judgment to be presented to the Court for signature, filing, and entry contemporaneously herewith.

3. Bolton waives any right he may have to appeal from the Final Judgment.

4. Bolton acknowledges that any willful violation of the terms of the annexed Final Judgment may place him in contempt of this Court and subject him to civil or criminal penalties.

5. Bolton acknowledges that he enters into this Consent voluntarily and that this Consent and the Final Judgment embody the entire understanding of the parties, except that the staff of the Northeast Regional Office also has agreed to recommend that the Commission accept Bolton’s Offer of Settlement in an administrative proceeding to be instituted against him. Bolton

acknowledges and agrees that this proceeding, and his consent to the entry of the Final Judgment, are for the purposes of resolving this civil action only, and that no tender, offer, promise, threat or representation of any kind has been made by plaintiff Commission or any member, officer, attorney, agent, or representative thereof, to induce him to enter into this Consent.

6. Bolton acknowledges that he has been informed and understands that plaintiff Commission, at its sole and exclusive discretion, may have referred or granted, or may refer or grant, access to this matter, or any information or evidence gathered in connection therewith or derived therefrom, to any person or entity having appropriate administrative, civil, or criminal jurisdiction, if the Commission has not already done so.

7. Bolton acknowledges and agrees that this Consent and the entry of the Final Judgment are for the purposes of resolving this civil action only, in conformity with the provisions of 17 C.F.R. § 202.5(f), and do not resolve, affect or preclude any other proceeding which may be brought against Bolton. Among other things, Bolton waives any right Bolton may have to assert that under the Double Jeopardy Clause of the United States Constitution, the relief consented to in this civil action, including the imposition of any remedy or civil penalty herein, bars any criminal action, or that any criminal action bars the relief consented to in this civil action.

8. Bolton acknowledges that the Court is not ordering him to pay disgorgement plus prejudgment interest, or a civil penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), and that not requiring Bolton to pay the sum of \$44,650, plus prejudgment interest thereon, and a civil

penalty, is based upon the accuracy and completeness of Bolton's sworn representations to the Commission concerning his assets, income, liabilities, and net worth, as described in his Financial Statement.

9. Bolton further agrees and understands that, if at any time following the entry of this Final Judgment, the Commission obtains information indicating that Bolton'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 with five days prior notice to Bolton, petition this Court for an order requiring Bolton to pay \$44,650 in disgorgement, plus prejudgment interest thereon, and imposing a civil penalty plus post judgment interest on these sums. In connection with any such petition, the only issue shall be whether the financial information provided by Bolton 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 Bolton to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment, and the Commission may also request additional discovery. Bolton may not, by way of defense to such petition, challenge the validity of this Consent or the Final Judgment, contest the allegations in the Complaint filed by the Commission, the amount of disgorgement and pre- or post judgment interest, or assert that disgorgement, pre- or post judgment interest or the payment of a civil penalty should not be ordered.

10. Bolton agrees to execute and return promptly acknowledgments of receipt of the Final Judgment once the Final Judgment has been entered by the Court and forwarded to him for this purpose.

11. Bolton agrees that first class mail to his counsel, Bradley D. Simon, Esq., 500 Fifth Avenue, 46th Floor, New York, New York 10110-4699, shall be deemed personal service for all correspondence, service and notices as to any matter related to this Consent and the Final Judgment, unless Bolton notifies the Commission otherwise by letter addressed to counsel for the Securities and Exchange Commission, Northeast Regional Office, 7 World Trade Center, New York, New York 10048.

12. Bolton understands and agrees to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings" (17 C.F.R. §202.5(e)). In compliance with this policy, Bolton agrees not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any allegation in the Complaint or creating the impression that the Complaint is without factual basis. If Bolton breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this provision affects Bolton's: (i) testimonial obligations; or (ii) right to take legal positions in litigation in which the Commission is not a party.

13. Bolton consents that this Court shall retain jurisdiction of this action for the purpose of implementing and enforcing the terms and conditions of the annexed Final Judgment and for all other purposes.

