

Rev. of 12/20/98

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ENTERED  
CLERK, U.S. DISTRICT COURT  
FEB 29 2000  
CENTRAL DISTRICT OF CALIFORNIA

FILED  
CLERK, U.S. DISTRICT COURT  
FEB 25 2000  
CENTRAL DISTRICT OF CALIFORNIA  
BY DEPUTY

8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA  
10 WESTERN DIVISION

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CLERK, U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIF.  
LOS ANGELES  
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11 : Civil Action No. 98-1014  
12 : CAS (AJWx)  
13 :  
14 : Plaintiff, : **FINAL JUDGMENT OF**  
15 : : **PERMANENT INJUNCTION**  
16 : : **AND OTHER RELIEF**  
17 : : **AGAINST DEFENDANT**  
18 : : **JIM D. JAMES**  
19 :  
20 : v. :  
21 : AMERICAN INTERNET PARTNERS, INC., :  
22 : AMERICAN INTERNET PARTNERS SAN JOSE, :  
23 : CONNECTEL COMMUNICATIONS, INC., :  
24 : STEVEN P. HEVELL, and :  
25 : JIM D. JAMES, :  
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27 : Defendants. :  
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- JS - 2 / JS - 3
- CLSD

20 Plaintiff Securities and Exchange Commission ("Commission"),  
21 having filed and served upon Defendant JIM D. JAMES ("James") a  
22 Summons and Complaint in this action and Defendant James having  
23 admitted service upon him of the Summons and Complaint in this  
24 action and the jurisdiction of this Court over him and over the  
25 subject matter of this action; having been fully advised and  
26 informed of his right to a judicial determination of this action;  
27 having waived the entry of findings of fact and conclusions of  
28 law as provided by Rule 52 of the Federal Rules of Civil

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CV 2 (51)

1 Procedure; having consented to the entry of this Final Judgment  
2 of Permanent Injunction and Other Relief Against Defendant Jim D.  
3 James ("Final Judgment") without admitting or denying any of the  
4 allegations in the Complaint, except as specifically set forth in  
5 the Consent of Defendant Jim D. James To Entry of Final Judgment  
6 of Permanent Injunction and Other Relief ("Consent"); it  
7 appearing that no notice of hearing upon the entry of this Final  
8 Judgment being necessary; and the Court being fully advised in  
9 the premises; and there being no just reason for delay:

10 I.

11 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant  
12 James, and his agents, servants, employees, and attorneys, and  
13 all persons in active concert or participation with any of them,  
14 who receive actual notice of this Final Judgment by personal  
15 service or otherwise, and each of them, are permanently  
16 restrained and enjoined from, directly or indirectly:

- 17 A. making use of any means or instruments of  
18 transportation or communication in interstate commerce  
19 or of the mails to sell the securities of any issuer,  
20 through the use or medium of any prospectus or  
21 otherwise, unless and until a registration is in effect  
22 as to such securities;
- 23 B. carrying or causing to be carried through the mails or  
24 in interstate commerce, by any means or instruments of  
25 transportation, for the purpose of sale or for delivery  
26 after sale, the securities of any issuer, unless and  
27 until a registration statement is in effect as to such  
28 securities; and

1 C. making use of any means or instruments of  
2 transportation or communication in interstate commerce  
3 or of the mails to offer to sell or offer to buy,  
4 through the use or medium of any prospectus or  
5 otherwise, the securities of any issuer, unless and  
6 until a registration statement has been filed with the  
7 Commission as to such securities, or while a  
8 registration statement as to such securities is the  
9 subject of a refusal order or stop order or (prior to  
10 the effective date of the registration statement) any  
11 public proceeding or examination under Section 8 of the  
12 Securities Act of 1933 [15 U.S.C. § 77h];

13 in violation of Sections 5(a) and 5(c) of the Securities Act of  
14 1933 ("Securities Act") [15 U.S.C. §§ 77e(a) & 77e(c)]; provided,  
15 however, that nothing in Part I of this Final Judgment shall  
16 apply to any security or transaction that is exempt from the  
17 provisions of Section 5 of the Securities Act [15 U.S.C. § 77e].

18 II.

19 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that James and  
20 his agents, servants, employees, and attorneys, and all persons  
21 in active concert or participation with any of them, who receive  
22 actual notice of this Final Judgment by personal service or  
23 otherwise, and each of them, are permanently restrained and  
24 enjoined from, directly or indirectly, in the offer or sale of  
25 the securities of any issuer, by the use of any means or  
26 instruments of transportation or communication in interstate  
27 commerce or by the use of the mails:

28 A. employing any device, scheme, or artifice to defraud;

1 B. obtaining money or property by means of any untrue  
2 statement of a material fact or any omission to state a  
3 material fact necessary in order to make the statements  
4 made, in the light of the circumstances under which  
5 they were made, not misleading; or

6 C. engaging in any transaction, practice, or course of  
7 business which operates or would operate as a fraud  
8 or deceit upon the purchaser;

9 in violation of Section 17(a) of the Securities Act [15 U.S.C. §  
10 77q(a)].

11 III.

12 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant  
13 James and his agents, servants, employees, and attorneys, and all  
14 persons acting in active concert or participation with any of  
15 them, who receive actual notice of this Final Judgment by  
16 personal service or otherwise, and each of them, are permanently  
17 restrained and enjoined from, directly or indirectly, in  
18 connection with the purchase or sale of the securities of any  
19 issuer, by the use of any means or instrumentality of interstate  
20 commerce, or of the mails, or of any facility of any national  
21 securities exchange:

22 A. employing any device, scheme, or artifice to defraud;

23 B. making any untrue statement of a material fact or  
24 omitting to state a material fact necessary in order  
25 to make the statements made, in the light of the  
26 circumstances under which they were made, not  
27 misleading; or  
28

1 C. engaging in any act, practice, or course of business  
2 which operates or would operate as a fraud or deceit  
3 upon any person;

4 in violation of Section 10(b) of the Securities Exchange Act of  
5 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5  
6 thereunder [17 C.F.R. § 240.10b-5].

7 IV.

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant  
9 James pay disgorgement in the amount of \$15,000 representing his  
10 gains from the conduct alleged in the Complaint, plus pre-  
11 judgment interest thereon. Based upon James' sworn  
12 representations in his Statement of Financial Condition dated  
13 April 2, 1999, payment of all but \$5,000 of the disgorgement and  
14 prejudgment interest thereon is waived, contingent upon the  
15 accuracy and completeness of his Statement of Financial  
16 Condition. The sum of \$5,000.00 shall be paid within ninety days  
17 of Entry of the Judgment by the Court herein. James shall make  
18 this payment, by cashier's check, certified check or postal money  
19 order. The check or money order shall be made payable to the  
20 United States Securities and Exchange Commission, 450 Fifth  
21 Street, N.W., Stop 0-3, Washington, D.C. 20549, under cover of a  
22 letter that identifies the defendant, the name and case number of  
23 this litigation, and the Court. A copy of such cover letter  
24 shall be simultaneously transmitted to Counsel for the Commission  
25 in this action at its Los Angeles Office.

26 V.

27 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the  
28 determination to waive payment of all but \$5,000 of the

1 disgorgement and pre-judgment interest thereon is contingent upon  
2 the accuracy and completeness of James' Statement of Financial  
3 Condition. If, at any time following the entry of this Final  
4 Judgment, the Commission obtains information indicating that  
5 James' representations to the Commission concerning his assets,  
6 income, liabilities, or net worth were fraudulent, misleading,  
7 inaccurate, or incomplete in any material respect as of the time  
8 such representations were made, the Commission may, at its sole  
9 discretion and without prior notice to Defendant James, petition  
10 this Court for an order requiring Defendant James to pay the  
11 remaining portion of the disgorgement and prejudgment and  
12 postjudgment interest thereon. In connection with any such  
13 petition, the only issues shall be whether the financial  
14 information provided by James was fraudulent, misleading,  
15 inaccurate or incomplete in any material respect as of the time  
16 such representations were made. In its petition, the Commission  
17 may move this Court to consider all available remedies,  
18 including, but not limited to, ordering James to pay funds or  
19 assets, directing the forfeiture of assets, or sanctions for  
20 contempt of this Final Judgment, and the Commission may also  
21 request additional discovery. James may not, by way of defense to  
22 such petition, challenge the validity of his Consent or the Final  
23 Judgment, or contest the allegations in the Complaint filed by  
24 the Commission, the amount of disgorgement and interest or assert  
25 that disgorgement should not be ordered. The Court shall  
26 determine upon all the evidence before it whether disgorgement  
27 shall be awarded, and if so, the amount of such disgorgement.  
28 ////

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the provisions of the Consent filed concurrently with this Final Judgment are incorporated herein with the same force and effect as if fully set forth herein and that Defendant shall comply with his Consent.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction over this action to determine the liability of any remaining defendants in this action, to implement and to enforce the terms of this Final Judgment and all other orders and decrees that may be entered herein, and to grant such other relief as the Court may deem necessary and just.

\* \* \* \* \*

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

DATED: 2-24-00

*Christina A. Snyder*  
CHRISTINA A. SNYDER, JUDGE  
UNITED STATES DISTRICT COURT

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PROOF OF SERVICE

I, the undersigned, declare that I am over the age of 18 years and not a party to the action. I am employed in the County of Los Angeles, State of California, in which county the within-mentioned mailing occurred. My business address is 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036. I am familiar with the practice of the U.S. Securities and Exchange Commission of collecting and processing legal documents and correspondence for mailing. The Commission's practice is to deposit correspondence with the United States Postal Service on the same day that it is prepared for mailing in the ordinary course of business.

On February 24, 2000, I served the following document(s):

**FINAL JUDGMENT OF PERMANENT INJUNCTION AND  
OTHER RELIEF AGAINST DEFENDANT JIM D. JAMES**

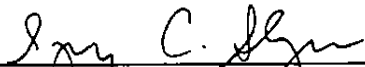
by placing a true and correct copy in a separate envelope for each addressee named hereafter, addressed to each such addressee respectively as follows:

See Attached  
**MASTER SERVICE LIST**

I then sealed the envelope with postage thereon fully prepaid and deposited it for collection and mailing via the United States Postal Service today in accordance with the ordinary business practices of the Commission at the Commission's address previously set forth.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I am employed in the office of a member of the Bar of this Court at whose direction this service was made.

Executed on February 24, 2000, at Los Angeles, California.

  
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Gregory C. Glynn



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**MASTER SERVICE LIST**

Securities and Exchange Commission

v.

American Internet Partners, Inc. et al.

United States District Court  
Case No. CV 98-1014 (CAS) (AJWx)

- 1. **American Internet Partners, Inc.**  
19200 Von Karman Avenue, Suite 300  
Irvine, CA 92612
- 2. **American Internet Partners San Jose**  
19200 Von Karman Avenue, Suite 300  
Irvine, CA 92612
- 3. **ConnectTel Communications, Inc.**  
19200 Von Karman Avenue, Suite 300  
Irvine, CA 92612
- 4. Dan Marmalefsky, Esq.  
**Morrison & Foerster, L.L.P.**  
555 West Fifth Street  
Los Angeles, CA 90013  
  
Telephone: (213) 892-5809  
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- 5. Mark Alan Shoemaker, Esq.  
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Lake Elsinore, CA 92530  
  
Telephone (909) 678-3138  
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Counsel for Jim D. James