

UNITED STATES DISTRICT COURT
for the
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

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U.S. DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO, FLORIDA

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SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

TWO-THIRDS INTERNATIONAL, INC.,
PETER J. ZACCAGNINO III,
JOHN L. KLEIN a/k/a JOHN KLEIN
LOFFREDO, MERRILL H. KLEIN,
and STERLING INTERNATIONAL
BAHAMAS LTD.,

Defendants,

BEST SYSTEMS, INC. and
WONDER GLASS PRODUCTS, INC.,

Relief Defendants.

CIVIL ACTION No. 98-1324-CIV
ORL 18A

**DEFAULT JUDGMENT OF PERMANENT INJUNCTION AND OTHER
EQUITABLE AND LEGAL RELIEF**

Plaintiff Securities and Exchange Commission (the "Commission"), filed its Complaint for Permanent Injunction and Other Legal and Equitable Relief ("Complaint") in this action against, among others, defendants Two-Thirds International, Inc. ("TTI"), Peter J. Zaccagnino III ("Zaccagnino") and Sterling International Bahamas, Ltd. ("Sterling Bahamas") and against relief defendant Wonder Glass Products, Inc. The Commission alleged that TTI and Zaccagnino violated Section 17 (a) of the Securities Act of 1933, as amended, ("Securities Act") [15 U.S.C. § 77q(a)], Section 10(b) of the

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Securities Exchange Act of 1934, as amended, ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder, and that Sterling Bahamas and its two alleged principals, John Klein ("J. Klein") and Merrill H. Klein ("M. Klein"), violated the antifraud provision of the Exchange Act and Rule 10b-5 thereunder. The Complaint further alleged that relief defendant WGPI received fraudulently obtained investor proceeds to which it had no legitimate claim. TTI, Zaccagnino, Sterling Bahamas and WGPI failed to file answers, or to otherwise plead, and the time for such pleading has expired.

Upon plaintiff's motion based upon TTI's Zaccagnino's, Sterling Bahamas' and WGPI's failure to answer or otherwise plead, this Court hereby enters default judgments against TTI, Zaccagnino, Sterling Bahamas, and WGPI pursuant to Federal Rule of Civil Procedure 55(b). This Court has jurisdiction over TTI, Zaccagnino, Sterling Bahamas, and WGPI and over the subject matter of this action by virtue of Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78v and 78aa]. Accordingly, this Court hereby awards to plaintiff all injunctive and ancillary relief sought in its complaint.

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that TTI and Zaccagnino and their officers, directors, agents, employees and attorneys, and all persons acting in concert or participation with any of them who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, are permanently enjoined and restrained from, directly or indirectly, violating Section 17(a) of the Securities Act by:

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

in the offer or sale of the securities of any issuer, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that TTI, Zaccagnino and Sterling Bahamas, their officers, directors, agents, employees and attorneys, and all persons acting in concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, are permanently enjoined and restrained from, directly or indirectly, violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by:

- 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 connection with the purchase or sale of the securities of any issuer, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that TTI shall pay disgorgement of \$1,087,709, plus prejudgment interest of \$103,536.71.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Zaccagnino shall pay disgorgement of \$736,124, plus prejudgment interest of \$51,270.31

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Sterling Bahamas shall pay disgorgement of \$359,509, plus prejudgment interest of \$17,581.91.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that WGPI shall pay disgorgement of \$181,270, plus prejudgment interest of \$15,295.10.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that TTI and Zaccagnino shall be assessed and shall pay civil penalties pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] in the amount of \$110,000 each, and that Sterling Bahamas shall be assessed and shall pay civil penalties pursuant to Section 21(d)(3) of the Exchange Act in the amount of \$110,000.

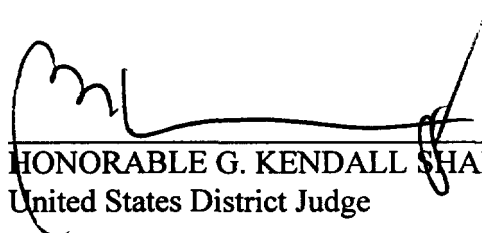
VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this action for all purposes, including implementation and enforcement of this default judgment.

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:

June 3, 1999



HONORABLE G. KENDALL SHARP
United States District Judge

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