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RICHARD W. WIEKING
CLERK U.S. DISTRICT COURT,
NORTHERN DISTRICT OF CALIFORNIA

FILED

JUN 13 2005

RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

9 UNITED STATES DISTRICT COURT
10 NORTHERN DISTRICT OF CALIFORNIA
11 SAN FRANCISCO DIVISION

12 SECURITIES AND EXCHANGE COMMISSION,

13 Plaintiff,

14 vs.

15 PAUL C. JAIN and STEVEN J. ALLAN,

16 Defendants.

Case No. C-98-2684 FMS

~~PROPOSED~~ FINAL JUDGMENT OF
PERMANENT INJUNCTION AND OTHER
RELIEF AS TO DEFENDANTS PAUL C. JAIN
AND STEVEN J. ALLAN

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20 This matter came before the Court on plaintiff Securities and Exchange Commission's
21 ("Commission") Application for Entry of Order of Permanent Injunction and plaintiff's Motion for
22 Summary Judgment on Remedies.

23 On September 22, 2003, the Court (M.J. Jenkins, Presiding) issued the Order Granting
24 Plaintiff's Motion For Summary Judgment ("Order"), finding defendants Paul C. Jain and Steven J.
25 Allan liable for each of the violations alleged against them. In particular, defendants were each
26 found liable for violations of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange
27 Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, for fraud in connection
28 with the offer or sale of securities. Order at 3-4. The Court further found defendants Jain and Allan

1 liable for fraud based on insider trading, in violation of Section 17(a) of the Securities Act of 1933
2 (“Securities Act”), 15 U.S.C. § 77q(a), and Section 10(b) of the Exchange Act and Rule 10b-5.
3 Order at 5. The Court further found defendant Jain liable for causing Media Vision’s violation of
4 Section 13(a) of the Exchange Act, 15 U.S.C. § 78j(a), and Rules 12b-20 and 13a-13, 17 C.F.R. §§
5 240.12b-20 and 240.13a-13, for his causing Media Vision to file with the Commission false Forms
6 10-Q. Order at 6. The Court further found defendants Jain and Allan liable for falsifying or causing
7 to be falsified the books, records and accounts of Media Vision in violation of Sections 13(b)(2)(A)
8 and 13(b)(5) of the Exchange Act, 15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(5), and Rule 13b2-1, 17
9 C.F.R. § 13b2-1. Order at 6. The Court further found defendants Jain and Allan liable for
10 circumventing the internal accounting controls at Media Vision in violation of Sections 13(b)(2)(B)
11 and 13(b)(5) of the Exchange Act, 15 U.S.C. §§ 78m(b)(2)(B) and 78m(b)(5). Order at 7. Finally,
12 the Court found defendants Jain and Allan liable for making false statements to accountants in
13 violation of Rule 13b2-2, 17 C.F.R. § 240.13b2-2. Order at 7.

14 In the Order of September 22, 2003, the Court further found, after considering the
15 likelihood of future violations by the defendants, that it is appropriate to enjoin defendants Jain and
16 Allan from future violations of the securities laws. Order at 7-8.

17 The Court further finds that defendants should each pay civil penalties related to their
18 financial fraud and related securities law violations, pursuant to 15 U.S.C. § 78u(d)(3); that
19 defendants should each pay civil penalties related to their insider trading, pursuant to 15 U.S.C. §
20 78u-1(a); and that defendants should each disgorge their ill-gotten gains (losses avoided) through
21 insider trading together with prejudgment interest.

22 Based upon the Order of September 22, 2003, the plaintiff’s Motion for Partial Summary
23 Judgment regarding liability, the plaintiff’s Motion for Summary Judgment on Remedies, the papers
24 filed in support thereof, and the responses thereto, and the filings in this case, the Court finds that it
25 has jurisdiction over the defendants and over the subject matter of this action, and that there is no
26 just reason for delaying entry of a judgment enjoining defendants.

I.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that defendants Jain and Allan, their agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (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 of a material fact necessary in order to made the statement 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.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants Jain and Allan, their agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, by using any means or instrumentality of interstate commerce, or of the mails, or of 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 statements 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.

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III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants Jain and Allan, their agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A), by causing any issuer which has a class of securities registered as described in this section to fail to make and keep books, records, or accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants Jain and Allan, their agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 13(b)(2)(B) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(B), by causing any issuer which has a class of securities registered as described in this section to fail to devise or maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are executed in accordance with management's general or specific authorization; or to fail to record transactions as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants Jain and Allan, their agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise are permanently restrained and enjoined from violating Section 13(b)(5) of the Exchange Act, 15 U.S.C. § 78m(b)(5), by knowingly circumventing or failing to implement a system of internal accounting controls or knowingly falsifying any book, record, or account of described in this section.

1 VI.

2 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants Jain and
3 Allan, their agents, servants, employees, attorneys, assigns, and all persons in active concert or
4 participation with them who receive actual notice of this order by personal service or otherwise are
5 permanently restrained and enjoined from violating Rule 13b2-1 under the Exchange Act, 17 C.F.R.
6 § 240.13b2-1, by falsifying or causing to be falsified any book, record or account described in this
7 section.

8 VII.

9 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants Jain and
10 Allan, their agents, servants, employees, attorneys, assigns, and all persons in active concert or
11 participation with them who receive actual notice of this order by personal service or otherwise are
12 permanently restrained and enjoined from violating Rule 13b2-2 under the Exchange Act, 17 C.F.R.
13 § 240.13b2-1, by, as a director or officer of an issuer, directly or indirectly making or causing to be
14 made a materially false or misleading statement to an accountant in connection with an audit, review
15 or examination of the financial statements of the issuer required to be made pursuant to statute or to
16 the Commission's rules as described in this section.

17 VIII.

18 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Jain, his
19 agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with
20 them who receive actual notice of this order by personal service or otherwise are permanently
21 restrained and enjoined from violating, directly or indirectly, Section 13(a) of the Exchange Act, 15
22 U.S.C. § 78m(a), and Rules 12b-20 and 13b-13, 17 C.F.R. §§ 240.12b-20 and 240.13a-13, by
23 causing any issuer that has securities registered as described in those sections, to file with the
24 Commission quarterly reports on Forms 10-Q that contain untrue statements of material fact or omit
25 to state material information required to be stated therein or necessary in order to make the required
26 statements made, in light of the circumstances under which they were made not misleading.

IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Jain is liable for disgorgement of \$286,720, representing ^{the} ~~the~~ losses avoided as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$129,120, for a total of \$415,840. Defendant Jain shall pay \$415,840 within thirty days to the Clerk of this Court, and shall specify to the Clerk that payment is made pursuant to this Final Judgment.

X.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Allan is liable for disgorgement of \$158,648, representing ^{The} ~~the~~ losses avoided as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$70,523, for a total of \$229,171. Defendant Allan shall pay \$229,171 within thirty days to the Clerk of this Court, and shall specify to the Clerk that payment is made pursuant to this Final Judgment.

XI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Jain shall pay a civil penalty for his insider trading in the amount of \$ _____, pursuant to Section 21A of the Exchange Act, 15 U.S.C. § 78u-1, and a civil penalty for his acts of financial fraud and related securities law violations in the amount of \$ _____, pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3). Defendant Jain shall pay \$ _____ within thirty days to the Clerk of this Court, and shall specify to the Clerk that payment is made pursuant to this Final Judgment.

XII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Allan shall pay a civil penalty for his insider trading in the amount of \$ _____, pursuant to Section 21A of the Exchange Act, 15 U.S.C. § 78u-1, and a civil penalty for his acts of financial fraud and related securities law violations in the amount of \$ _____, pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3). Defendant Allan shall pay \$ _____ within thirty days to the Clerk of this Court, and shall specify to the Clerk that payment is made pursuant to this Final Judgment.

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XIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, in making the respective payments ordered against them in ^{The Court's separate Order} paragraphs IX through XII, above, Defendants Jain and Allan relinquish all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to either of the Defendants. 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 until 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 by motion propose a plan to distribute the Fund subject to the Court's approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes.

XIV.

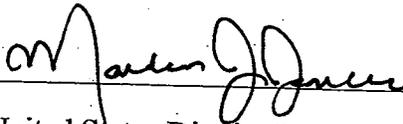
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this action for the purpose of implementing and carrying out the terms of all orders and decrees which may be entered herein, and to grant such other relief as the Court may deem necessary and just.

XV.

There being no just reason for delay, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

IT IS SO ORDERED.

DATED: 6/13/2005


United States District Judge

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