

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

<u>SECURITIES AND EXCHANGE COMMISSION,</u>)	
Plaintiff,)	
)	
v.)	C.A. No. 98-11904-NG
)	
<u>TERRY KOONTZ, et. al.,</u>)	
Defendants.)	
<u>GERTNER, D.J.:</u>)	

FINAL JUDGMENT AGAINST DEFENDANT TERRY V. KOONTZ

June 28, 2002

Plaintiff Securities and Exchange Commission ("Commission"), having filed a Complaint; and the Court, having considered the Commission's Motion for Summary Judgment Against Defendant Terry V. Koontz, and the Court being fully advised in the premises:

I.

It is hereby **ORDERED, ADJUDGED AND DECREED** that Defendant Koontz, his officers, agents, servants, employees, and attorneys and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby permanently restrained and enjoined from violating Section 10(b) of the Securities and Exchange Act ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] by, directly or indirectly, using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

- a. To employ any scheme, device or artifice to defraud;

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- b. To make any untrue statement of 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,

in connection with the purchase or sale of any security.

II.

It is further **ORDERED, ADJUDGED AND DECREED** that Defendant Koontz, his officers, agents, servants, employees, and attorneys and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 78q(a)] by, directly or indirectly, using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

- a. To employ any scheme, device or artifice to defraud;
- b. To obtain 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. To engage in any transaction, act, practice or course of business which operates or would operate as a fraud upon the purchaser.

III.

It is further **ORDERED, ADJUDGED AND DECREED** that Defendant Koontz, his officers, agents, servants, employees, and attorneys and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby permanently restrained and enjoined from violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77(e)(c)], by, directly or indirectly, in the absence of any applicable exemption:

- a. Making use of any means of instruments of transportation or communication in interstate commerce or of the mails to sell securities through the use or medium of a prospectus or otherwise, unless a registration statement is in effect to such security;
- b. Carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any security for the purpose of sale or

for delivery after sale, unless a registration statement is in effect to such security; or

- c. Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of a prospectus or otherwise any security, unless a registration statement has been filed to such security, or while a registration statement as to such security is the subject of a refusal order to stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

IV.

It is **ORDERED, ADJUDGED AND DECREED** that Defendant Koontz pay disgorgement in the amount of \$20,000,000, representing its gains from the conduct alleged in the Amended Complaint, plus prejudgment interest thereon in the amount of \$6,850,585.53, for a total disgorgement amount of \$26,850,585.53. Any amounts recovered from Defendant Koontz in connection with his criminal conviction in the U.S. v. Terry V. Koontz, Case No. 8:00-CR-341-T-24MSS, Judgment in a Criminal Case (Jul. 13, 2001), including any restitution and any net proceeds obtained in connection with any forfeiture proceedings related thereto, shall be credited

toward this disgorgement amount. To satisfy this disgorgement obligation, Koontz shall make payment into the Registry of this Court, by cashier's check, certified check, or postal money order, made payable to "Clerk, United States District Court", under cover of a letter that identifies the defendant, the name and number of this action and the name of this Court, with a copy to counsel for the SEC in its Boston District Office. This disgorgement payment shall be made within thirty days of entry of this Final Judgment. The disgorged funds and prejudgment interest shall be held by the Registry of this Court in an interest bearing account pending further order of the Court.

V.

It is further **ORDERED, ADJUDGED AND DECREED** that pending full payment by Defendant Koontz of the amount owed under this Final Judgment:

- a. Defendant Koontz, as well as his agents, servants, employees, successors, attorneys-in-fact, and those persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, including by facsimile transmission or overnight delivery service, and each of them shall continue to hold and retain within their direct or indirect control, and otherwise prevent any withdrawal, sale, transfer, alienation, pledge,

encumbrance, assignment, dissipation, concealment, or other disposition whatsoever (with the exception of transferring assets to either the Registry of the Court or the U.S. Treasury) any funds or other assets of Defendant Koontz presently held by them (or which they accumulate after this Final Judgment), under their control, or over which they exercise actual or apparent investment or other authority (including signatory authority), in whatever form such assets may presently exist and wherever located;

- b. Any financial or brokerage institution or other person or entity holding any funds or other assets in the name, for the benefit, or under the direct or indirect control of Defendant Koontz and which receives actual notice of this Final Judgment by personal service or otherwise, including by facsimile transmission or overnight delivery service, and each of them, shall continue to hold and retain within its control and prohibit the withdrawal, removal, transfer, or other disposition of any such funds or other assets (with the exception of transferring assets to the Registry of the Court.

VI.

It is further **ORDERED** that any financial or brokerage institution or other person or entity holding any funds or securities in the name, for the benefit, or under the direct or indirect control of Defendant Zone including, but not limited to, the following:

<u>Financial Institution</u>	<u>Account Name</u>	<u>Account Number (if known)</u>
Huntingdon National Bank	Zone Productions, Inc.	1130404708
Bank of Montreal Quebec, Canada	Exchange Bank & Trust of Nevis, West Indies subaccount; Preferred Capital	unknown

shall deposit to the Registry of this Court such funds or the liquidated market value of such securities, immediately upon service of this Final Judgment upon them, by personal service or otherwise, including by facsimile transmission or overnight delivery.

VII.

It is further **ORDERED, ADJUDGED AND DECREED** that Defendant Koontz shall not make or cause to be made on its behalf any claim against any disgorgement fund created from assets disgorged by, or otherwise obtained from, any of the Defendants or Relief Defendants in this action, for distribution to investors who suffer or have suffered losses from the offer and sale of securities by any of the Defendants in this action.

VIII.

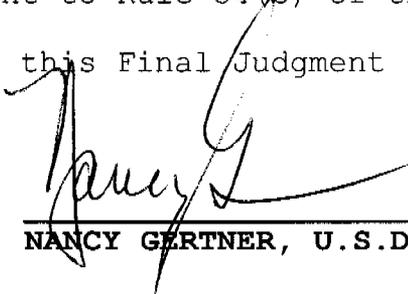
It is further **ORDERED, ADJUDGED AND DECREED** that this Court shall retain jurisdiction over Defendant Koontz as a party to this matter for all purposes including implementation and enforcement of the terms and conditions of this Final Judgment and discovery.

IX.

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

SO ORDERED:

Dated: June 28, 2002



NANCY GERTNER, U.S.D.J.