

ORIGINAL

1 SANDRA J. HARRIS, Cal. Bar # 134153  
2 JAMES A. HOWELL, Cal. Bar # 92721  
3 NICOLAS MORGAN, Cal. Bar # 166441  
4 Attorneys for Plaintiff  
5 Securities and Exchange Commission  
6 Valerie Caproni, Regional Director  
7 5670 Wilshire Boulevard, 11th Floor  
8 Los Angeles, California 90036-3648  
9 Phone: (323) 965-3998  
10 Fax: (323) 965-3908

99 JUL 12 PM 3:39

*[Handwritten Signature]*  
Y: *[Handwritten]* 11:07:11

11 UNITED STATES DISTRICT COURT  
12 FOR THE SOUTHERN DISTRICT OF CALIFORNIA

13 SECURITIES AND EXCHANGE COMMISSION,  
14 Plaintiff,  
15 vs.  
16 SATCOM, INC., SATCOM MARKETING AND  
17 DISTRIBUTION, INC., TRICAP VENTURES,  
18 COASTAL ENTERPRISES, LLOYD D. PAINE,  
19 SCOTT C. MESSIER and LAWRENCE C.  
20 HARVEY,  
21 Defendants.

Case No. 99 CV 0234 IEG (LAB)  
FINAL JUDGMENT OF PERMANENT  
INJUNCTION AND OTHER RELIEF  
AGAINST LLOYD D. PAINE

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

40

ENTERED ON 7-13-99

1 the Federal Rules of Civil Procedure; having consented to the entry  
2 of this Final Judgment Of Permanent Injunction And Other Relief  
3 Against Defendant Lloyd D. Paine ("Final Judgment"), without  
4 admitting or denying the allegations in the Complaint except as  
5 specifically set forth in the Consent Of Defendant Lloyd D. Paine To  
6 Entry Of Final Judgment Of Permanent Injunction And Other Relief  
7 ("Consent"); no notice of hearing upon the entry of this Final  
8 Judgment being necessary; and this Court being fully advised:

9 I.

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

16 A. making use of any means or instruments of  
17 transportation or communication in interstate commerce  
18 or of the mails to sell the securities of any issuer,  
19 through the use or medium of any prospectus or  
20 otherwise, unless and until a registration statement is  
21 in effect as to such securities;

22 B. carrying or causing to be carried through the mails or  
23 in interstate commerce, by any means or instruments of  
24 transportation, for the purpose of sale or for delivery  
25 after sale, the securities of any issuer, unless and  
26 until a registration statement is in effect as to such  
27 securities; and

28

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 has been filed with the  
9 Commission as to such securities, or while a  
10 registration statement as to such securities is the  
11 subject of a refusal order or stop order or (prior to  
12 the effective date of the registration statement) any  
13 public proceeding or examination under Section 8 of the  
14 Securities Act [15 U.S.C. § 77h];  
15 in violation of Sections 5(a) and 5(c) of the Securities Act [15  
16 U.S.C. §§ 77e(a) & 77e(c)]; provided, however, that nothing in this  
17 Judgment shall apply to any security or transaction which is exempt  
18 from the provisions of Section 5 of the Securities Act [15 U.S.C. §  
19 77e].

20 **II.**

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

- 1 A. employing any device, scheme or artifice to defraud;
- 2 B. obtaining money or property by means of any untrue
- 3 statement of a material fact or any omission to state a
- 4 material fact necessary in order to make the statements
- 5 made, in the light of the circumstances under which
- 6 they were made, not misleading; or
- 7 C. engaging in any transaction, practice, or course of
- 8 business which operates or would operate as a fraud or
- 9 deceit upon the purchaser;

10 in violation of Section 17(a) of the Securities Act of 1933 [15  
11 U.S.C. § 77q(a)].

12 **III.**

13 IT IS ORDERED, ADJUDGED AND DECREED that Paine and his  
14 agents, servants, employees and attorneys, and all persons in active  
15 concert or participation with any of them, who receive actual notice  
16 of this Final Judgment by personal service or otherwise, and each of  
17 them, are permanently restrained and enjoined from, directly or  
18 indirectly, in connection with the purchase or sale of any security,  
19 by the use of any means or instrumentality of interstate commerce,  
20 or of the mails, or of any facility of any national securities  
21 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 1934  
5 [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

6 IV.

7 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant  
8 Paine shall pay disgorgement in the amount of \$243,817.84  
9 representing his gains from the conduct alleged in the Complaint,  
10 plus prejudgment interest thereon in the amount of \$1,561.66  
11 (through April 1, 1999), totaling \$245,379.50. Based upon Paine's  
12 sworn representations in his Statement of Financial Condition dated  
13 March 1, 1999, and submitted to the Commission, payment of the  
14 disgorgement and pre-judgment interest thereon is waived. This  
15 waiver, and the Commission's determination not to seek civil money  
16 penalties pursuant to 15 U.S.C. §§ 77t(d) and 78u(d)(3), are  
17 contingent upon the accuracy and completeness of his Statement of  
18 Financial Condition. If at any time following the entry of this  
19 Judgment the Commission obtains information indicating that Paine's  
20 representations to the Commission concerning his assets, income,  
21 liabilities, or net worth were fraudulent, misleading, inaccurate or  
22 incomplete in any material respect as of the time such  
23 representations were made, the Commission may, at its sole  
24 discretion and without prior notice to Paine, petition this Court  
25 for an order modifying this Judgment to require other payment of  
26 disgorgement, pre-judgment and post-judgment interest, pursuant to  
27 15 U.S.C. §§ 77t(d) and 78u(d)(3). In connection with any such  
28 petition, the only issue shall be whether the financial information

1 provided by Paine was fraudulent, misleading, inaccurate or  
2 incomplete in any material respect as of the time such  
3 representations were made. In its petition, the Commission may move  
4 this Court to consider all available remedies, including, but not  
5 limited to, ordering Paine to pay funds or assets, directing the  
6 surrender of any assets, or sanctions for contempt of this Judgment,  
7 and the Commission may also request additional discovery. Paine may  
8 not, by way of defense to such petition, challenge the validity of  
9 this Consent or the Judgment, contest the allegations in the  
10 Complaint filed by the Commission, the amount of disgorgement,  
11 interest and penalties, or assert that disgorgement, interest and  
12 penalties should not be ordered.

13 **v.**

14 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that until such  
15 time as each current investor of SatCom, Inc. or SatCom Marketing  
16 and Distribution, Inc. has received the equivalent of the amount of  
17 his or her investment neither Paine nor his immediate family  
18 members, agents or trusts with which he or his immediate family  
19 members are associated in any way may receive payment of any kind  
20 from SatCom, Inc. or SatCom Marketing and Distribution, Inc. The  
21 foregoing notwithstanding, to the extent that either SatCom, Inc. or  
22 SatCom Marketing and Distribution, Inc. obtains the ability to pay  
23 wages or their equivalent to Paine or his immediate family members,  
24 such payments must be approved by the board of directors of the  
25 company making such payments. Paine and his immediate family must  
26 abstain from any such vote. Any such payments shall be at a rate  
27 competitive for services of their type.

28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions of the Consent filed concurrently with this Final Judgment are incorporated by this reference, and that Paine shall comply with the Consent.

VII.

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

\* \* \* \* \*

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

DATED:

*July 12, 1999*

*Anna E. Gonzalez*  
UNITED STATES DISTRICT JUDGE