

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Plaintiff,

v.

KFIR BARZILAY, *et al.*

Defendants.

DOCKETED

MAR 18 2002

99 C 5023

Judge Ronald A. Guzman

**ORDER OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST
OLEG FELDMAN**

Plaintiff Securities and Exchange Commission ("Commission") has filed a Complaint for Permanent Injunction and Other Equitable Relief ("Complaint") in this matter, and Defendant Oleg Feldman ("Defendant Feldman") has, in his Consent and Stipulation attached hereto and incorporated herein, acknowledged receipt of the Complaint, admitted the jurisdiction of this Court over him and over the subject matter thereof, and without admitting or denying the allegations of the Complaint, except as to jurisdiction, and without trial, argument or adjudication of any facts or law herein, consented to the entry of this Order of Permanent Injunction And Other Relief Against Oleg Feldman ("Order"). The Commission and Defendant Feldman have waived the entry of findings of fact and conclusions of law, as provided by Rule 52 of the Federal Rules of Civil Procedure. The Court having jurisdiction over the parties and the subject matter hereof, and being fully advised in the premises:

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I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant Feldman, his officers, agents, servants, employees, attorneys and those persons in active concert or participation with him who receive actual notice of this Order, by personal service or otherwise, and each of them, be and are hereby permanently restrained and enjoined from, in the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly, employing any device, scheme or artifice to defraud, in violation of Section 17(a)(1) of the Securities Act of 1933 [15 U.S.C. § 77q(a)(1)].

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Feldman, his officers, agents, servants, employees, attorneys and those persons in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, and each of them, be and are hereby permanently restrained and enjoined from, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, 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 light of the circumstances under which they were made, not misleading, or engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser, in violation of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Feldman, his officers, agents, servants, employees, attorneys and those persons in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, and each of them, be and are hereby permanently restrained and enjoined from, directly or indirectly, in connection with the purchase or sale of any security, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

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

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Feldman, his officers, agents, partners, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from, as a principal or as an aider and abettor, causing any record made and kept pursuant to Section 17(a) [15 U.S.C. §78q(a)] of the

Exchange Act and Rule 17a-3 promulgated thereunder [17 C.F.R. 240.17a-3] to be inaccurate, in violation of Section 17(a) [15 U.S.C. §78q(a)] of the Exchange Act and Rule 17a-3 promulgated thereunder [17 C.F.R. 240.17a-3].

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Feldman pay disgorgement in the amount of \$25,328.17, representing \$17,931.87 as a result of the conduct alleged in the Complaint, together with pre-judgment interest in the amount of \$7396.30. Based upon Defendant's sworn representations in his Statement of Financial Condition dated June 14, 2001 and his financial deposition, and other documents submitted to the Commission, payment of the disgorgement and pre-judgment interest thereon is waived, contingent upon the accuracy and completeness of his Statement of Financial Condition, deposition testimony, and other documents submitted to the Commission.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that based upon Defendant's sworn representations in his Statement of Financial Condition dated June 14, 2001 and his financial deposition, and other documents submitted to the Commission, the Court is not ordering him to pay a civil penalty. The determination not to impose a civil penalty and to waive payment of the disgorgement and pre-judgment interest thereon is contingent upon the accuracy and completeness of his Statement of Financial Condition, deposition testimony, and other documents submitted to the Commission. If at any time following the entry of this Order, the Commission obtains information indicating that Defendant Feldman's representations to the Commission concerning his assets, income,

liabilities, or net worth were fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Defendant, petition the Court for an order requiring Defendant Feldman to pay the unpaid portion of the disgorgement, pre-judgment and post-judgment interest thereon, and the maximum civil penalty allowable under the law. In connection with any such petition, the only issue shall be whether the financial information provided by Defendant Feldman was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made. In any such petition, the Commission may move the Court to consider all available remedies, including, but not limited to, ordering Defendant Feldman to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Order. The Commission may also request additional discovery. Defendant may not, by way of a defense to such petition: (1) challenge the validity of the Consent or this Order; (2) contest the allegations in the Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-judgment and post-judgment interest or a civil penalty should not be ordered; (4) contest the amount of disgorgement and pre-judgment and post-judgment interest; (5) contest the imposition of the maximum civil penalty allowable under the law; or (6) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the attached Consent and Stipulation of Defendant Feldman be, and is hereby, incorporated herein with the same force and effect as if fully set out herein.

VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court grants leave to Defendant Feldman to withdraw his answer to the Complaint and all other pleadings and papers filed by him in this case, which are hereby withdrawn.

IX.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction of this matter for all purposes, including, but not limited to entertaining any applications for additional relief, and implementing and enforcing this Order.

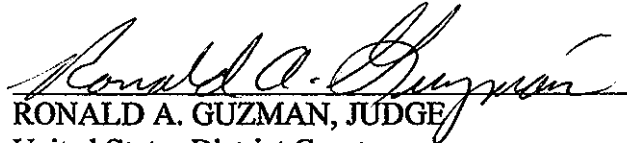
X.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commission is expressly authorized to engaged in continued discovery regarding Defendant Feldman in connection with the Commission's case against the remaining defendants, including, but not limited to, deposing Defendant Feldman.

XI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that there being no just reason for delay, the Clerk of the Court is hereby directed to enter this Order of Permanent Injunction.

IT IS SO ORDERED.


RONALD A. GUZMAN, JUDGE
United States District Court
Northern District of Illinois

Dated: 3/13/02