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3 Attorneys for Plaintiff
4 Securities and Exchange Commission
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FILED
CLERK US DISTRICT COURT
JUN 16 2000
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY
BY [Signature]

8 UNITED STATES DISTRICT COURT
9 FOR THE CENTRAL DISTRICT OF CALIFORNIA
10 WESTERN DIVISION

11 SECURITIES AND EXCHANGE
COMMISSION,
12 Plaintiff,
13 vs.
14 LELONG INVESTMENT GROUP, LLC and
15 JAMES A. MARINO,
16 Defendants.

Case No. 99-09304 FMC (RCx)
JUDGMENT OF PERMANENT
INJUNCTION AGAINST
DEFENDANTS LELONG
INVESTMENT GROUP, LLC AND
JAMES A. MARINO

ENTERED
CLERK, U.S. DISTRICT COURT
JUN 19 2000
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY
BY [Signature]

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18
19 Plaintiff Securities and Exchange Commission ("Commission"), having filed and
20 served upon Defendants LeLong Investment Group, LLC ("LeLong") and James A.
21 Marino ("Marino") (collectively, "Defendants") a Summons and Complaint in this matter
22 and Defendants having admitted service upon them of the Summons and Complaint in this
23 action and the jurisdiction of this Court over them and over the subject matter of this
24 action; having been fully advised and informed of their rights to a judicial determination of
25 this matter; having waived the entry of findings of fact and conclusions of law as provided
26 by Rule 52 of the Federal Rules of Civil Procedure; having consented to the entry of this
27 Judgment of Permanent Injunction Against Defendants LeLong Investment Group, LLC and
28 James A. Marino ("Judgment") without admitting or denying the allegations in the

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26.

1 Complaint, except as specifically set forth in the Consent of Defendants LeLong Investment
2 Group, LLC and James A. Marino to Entry of Judgment of Permanent Injunction
3 (“Consent”); and it appearing that no notice of hearing upon the entry of this Judgment
4 being necessary; and the Court being fully advised in the premises, and there being no just
5 reason for delay:

6 I.

7 IT IS ORDERED, ADJUDGED & DECREED that Defendants and their
8 officers, agents, servants, employees, and all persons in active concert or participation with
9 any of them, who receive actual notice of this Judgment, by personal service or otherwise,
10 and each of them, are permanently restrained and enjoined from, directly or indirectly:

- 11 A. making use of any means or instruments of transportation or communication in
12 interstate commerce or of the mails to sell the securities of any issuer, through
13 the use or medium of any prospectus or otherwise, unless and until a registration
14 statement is in effect as to such securities;
- 15 B. carrying or causing to be carried through the mails or in interstate commerce, by
16 any means or instruments of transportation, for the purpose of sale or for
17 delivery after sale, the securities of any issuer, unless and until a registration
18 statement is in effect as to such securities; and
- 19 C. making use of any means or instruments of transportation or communication
20 in interstate commerce or of the mails to offer to sell or offer to buy, through
21 the use or medium of any prospectus or otherwise, the securities of any
22 issuer, unless and until a registration statement has been filed with the
23 Commission as to such securities, or while a registration statement has been
24 filed with the Commission as to such securities, or while a registration
25 statement as to such securities is the subject of a refusal order or stop order or
26 (prior to the effective date of the registration statement) any public proceeding
27 or examination under Section 8 of the Securities Act [15 U.S.C. § 77h];
28

1 in violation of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) & 77e(c)];
2 provided, however, that nothing in this Judgment shall apply to any security or transaction
3 which is exempt from the provisions of Section 5 of the Securities Act [15 U.S.C. § 77e].

4 II.

5 IT FURTHER IS ORDERED, ADJUDGED AND DECREED that
6 Defendants and their agents, servants, employees, and all persons in active concert or
7 participation with any of them, who receive actual notice of this Judgment by personal
8 service or otherwise, and each of them, are permanently restrained and enjoined from,
9 directly or indirectly, in the offer or sale of the securities of any issuer, by the use of any
10 means or instruments of transportation or communication in interstate commerce or by the
11 use of the mails:

- 12 A. employing any device, scheme or artifice to defraud;
- 13 B. obtaining money or property by means of any untrue
14 statement of a material fact or any omission to state a
15 material fact necessary in order to make the statements
16 made, in the light of the circumstances under which they
17 were made, not misleading; or
- 18 C. engaging in any transaction, practice, or course of
19 business which operates or would operate as a fraud or
20 deceit upon the purchaser;

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

22 III.

23 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that
24 Defendants and their agents, servants, employees, and all persons in active concert or
25 participation with any of them, who receive actual notice of this Judgment by personal
26 service or otherwise, and each of them, are permanently restrained and enjoined from,
27 directly or indirectly, in connection with the purchase or sale of any security, by the use of
28

1 any means or instrumentality of interstate commerce, or of the mails, or of any facility of
2 any national securities exchange:

- 3 A. employing any device, scheme, or artifice to defraud;
- 4 B. making any untrue statement of a material fact or omitting to state a material
5 fact necessary in order to make the statements made, in the light of the
6 circumstances under which they were made, not misleading; or
- 7 C. engaging in any act, practice, or course of business which operates or would
8 operate as a fraud or deceit upon any person;
9 in violation of Section 10(b) of the Securities Exchange Act of 1934 [15
10 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

11 IV.

12 Defendants agree to disgorge the amount of \$535,000.00, representing gains
13 from the conduct alleged in the Complaint, plus prejudgment interest. Defendants also
14 agree to pay civil money penalties in an amount to be determined at a future date. The
15 Commission, in its sole discretion, may waive payment of some or all of the disgorgement
16 amount and prejudgment interest, and civil money penalties based on Defendants' sworn
17 statements of financial condition and additional information received by the Commission.
18 Final determination of the amount of disgorgement, prejudgment interest and civil money
19 penalties to be paid by Defendants shall be determined at a future date.

20 V.

21 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the
22 provisions of the Consent filed concurrently with this Judgment are incorporated herein
23 with the same force and effect as if fully set forth herein and that Defendants shall comply
24 with the Consent.

25 VII.

26 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court
27 shall retain jurisdiction over this action to implement and enforce the terms of the Judgment
28 and other decrees that may be entered herein and to grant such other relief as the Court

1 | may deem necessary and just.

2 | * * *

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

6 |
7 | DATED: June 16, 2000

8 | *Dorance M. Cox*
9 | UNITED STATES DISTRICT JUDGE

10 |
11 | Submitted by:

12 |
13 | *Thomas A. Zaccaro*
14 | Thomas A. Zaccaro
15 | Attorney for Plaintiff
16 | Securities and Exchange Commission
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8 UNITED STATES DISTRICT COURT
9 FOR THE CENTRAL DISTRICT OF CALIFORNIA
10 WESTERN DIVISION

11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 vs.

14 LELONG INVESTMENT GROUP, LLC and
15 JAMES A. MARINO,

16 Defendants.

Case No. 99-09304 FMC (RCx)

CONSENT OF DEFENDANTS
LELONG INVESTMENT GROUP, LLC
AND JAMES A. MARINO TO ENTRY
OF JUDGMENT OF PERMANENT
INJUNCTION

17
18
19 Defendants LeLong Investment Group, LLC (“LeLong”) and James A. Marino
20 (“Marino”) (collectively, “Defendants”), without admitting or denying any of the
21 allegations of the Complaint in this action, except as specifically set forth herein, consent to
22 the entry of a Judgment of Permanent Injunction and Other Equitable and Legal Relief
23 Against Defendants LeLong Investment Group, LLC and James A. Marino (“Judgment”),
24 in the form attached hereto as Exhibit 1, enjoining them from future violations of Sections
25 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of
26 the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder.
27 Defendants, for purposes of this Consent of Defendants LeLong Investment Group, LLC
28 and James A. Marino to the entry of a Judgment of Permanent Injunction (“Consent”),

1 consent, admit, acknowledge represent, understand, waive, and agree as follows:

2 1. Defendants admit service upon them of the Summons and Complaint of this
3 Action.

4 2. Defendants admit to the jurisdiction of this Court over them and over the
5 subject matter of this action.

6 3. Defendants acknowledge having been fully advised and informed of their right
7 to a judicial determination of this matter.

8 4. Defendants waive the entry of findings of fact and conclusions of law under
9 Rule 52 of the Federal Rules of Civil Procedure.

10 5. Defendants voluntarily consent to the entry of the Judgment and represent that
11 no tender, offer, promise or threat of any kind whatsoever has been made by the Securities
12 and Exchange Commission ("Commission") or any member, officer, agent, or
13 representative thereof to induce them to so consent.

14 6. Defendants acknowledge that they remain parties to this action subject to the
15 discovery provisions of the Federal Rules of Civil Procedure which relate to parties.

16 7. Consistent with the provisions of 17 C.F.R. Section 202.5(f), Defendants
17 waive any claim of Double Jeopardy based upon the settlement of this proceeding,
18 including the imposition of any remedy or civil penalties herein.

19 8. Defendants admit that the Judgment entered in accordance with this Consent
20 complies with Rule 65(d) of the Federal Rules of Civil Procedure and that they have been
21 advised and understand that the Court may adjudge them in civil or criminal contempt if
22 they commit any violation of any provision of the Judgment entered pursuant to this
23 Consent.

24 9. Defendants understand and agree to comply with the Commission's policy
25 "not to permit a defendant or respondent to consent to a judgment or order that imposes a
26 sanction while denying the allegations in the complaint or order for proceedings" (17
27 C.F.R. § 202.5(e)). In compliance with this policy, Defendants agree: (i) not to take any
28 action or to make or permit to be made any public statement denying, directly or indirectly,

Exhibit 1 Page 7

1 any allegation in the Complaint or creating the impression that the Complaint is without
2 factual basis; and (ii) that upon filing of this Consent, Defendants hereby withdraw any
3 papers filed in this action to the extent that they deny any allegation in the Complaint. If
4 Defendants breach this agreement, the Commission may petition the Court to vacate the
5 Judgment and restore this action to its active docket. Nothing in this provision affects
6 Defendants': (i) testimonial obligations; or (ii) right to take legal positions in litigation in
7 which the Commission is not a party.

8 10. Defendants waive any right they may have to appeal from the Judgment.

9 11. Defendants hereby agree that the Judgment in the form attached hereto as
10 Exhibit 1, and incorporated herein by reference, may be presented by the Commission to
11 the Court for signature and entry forthwith and without further notice.

12 12. Defendants hereby acknowledge that they will accept service of a copy of the
13 Judgment and will acknowledge receipt thereof in writing.

14 13. Defendants agree to disgorge the amount of \$535,000.00, representing gains
15 from the conduct alleged in the Complaint, plus prejudgment interest. Defendants also
16 agree to pay civil money penalties in an amount to be determined at a future date. The
17 Commission, in its sole discretion, may waive payment of some or all of the disgorgement
18 amount and prejudgment interest, and civil money penalties based on Defendants' sworn
19 statements of financial condition and additional information received by the Commission.
20 Final determination of the amount of disgorgement, prejudgment interest and civil money
21 penalties to be paid by Defendants shall be determined at a future date.

22 14. Defendants hereby agree that this Court shall retain jurisdiction over this
23 action for all purposes including implementing and carrying out the terms of the Judgment
24 and all other orders and decrees which have been and may be entered herein and to
25 entertain any suitable application or motion for additional relief within the jurisdiction of
26 this Court.

27 15. Defendants hereby agree that the Consent may be annexed to, and made a part
28 of, the Judgment filed simultaneously herewith.

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16. Defendants represent that they have read this Consent before signing it.

DATED: 12 June, 2000

James A. Marino
LeLong Investment Group, LLC
By: James A. Marino
President

DATED: 12 June, 2000

James A. Marino
James A. Marino

Approved as to form:

Milford W. Dahl
Milford W. Dahl Jr. Esq.
Rutan & Tucker, LLP
Attorney for Defendants
LeLong Investment Group, LLC
James A. Marino

- 4 -

CONSENT OF DEFENDANTS TO JUDGMENT

Received Jun-08-00 04:21pm

From-323 965 3815

Exhibit 1 Page 9
To-RUTAN & TUCKER LLP. Page 06

Received Jun-12-00 01:34pm

From-

To-RUTAN & TUCKER CM, Page 01

TOTAL P.01

PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

United States Securities and Exchange Commission, Pacific Regional Office, 11th Floor, 5670 Wilshire Boulevard, Los Angeles, California 90036-3648, Fax: (323) 965-3908.

On June 15, 2000, I served the foregoing document entitled **JUDGMENT OF PERMANENT INJUNCTION AGAINST DEFENDANTS LELONG INVESTMENT GROUP, LLC AND JAMES A. MARINO** on all parties to this action addressed as stated on the attached service list:

OFFICE MAIL: By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this firm's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

PERSONAL DEPOSIT IN MAIL: By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

EXPRESS U.S. MAIL: Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

PERSONAL SERVICE: I personally delivered each such envelope by hand to the office of the addressee.

FEDERAL EXPRESS: By placing in sealed envelope(s) designated by Federal Express with delivery fees paid or provided for, which I deposited in a facility regularly maintained by Federal Express or delivered to a Federal Express courier, at Los Angeles, California.

FAX (BY AGREEMENT ONLY): By transmitting the document by facsimile transmission at the time shown on the attached transmission report. The transmission was reported as complete and without error, and the attached transmission report was properly issued by the transmitting fax machine.

(Federal) I declare that I am employed in the office of a member of the bar of this Court, at whose direction the service was made.

Date: June 15, 2000

Magnolia M. Marcelo
MAGNOLIA M. MARCELO

1 **SEC v. LELONG INVESTMENT GROUP, et al.**
2 **United States District Court – Central District of California**
3 **Case No. 99-09304 FMC (RCx)**
4 **(LA-990)**

5 **SERVICE LIST**

6
7 Milford W. Dahl, Jr., Esq.
8 Philip J. Blanchard, Esq.
9 Mark Malovos, Esq.
10 Rutan & Tucker LLP
11 611 Anton Boulevard, 14th Floor
12 Costa Mesa, CA 92626-1950
13 *Attorneys for Defendants*
14 *Lelong Investment Group, LLC and James A. Marino*
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