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By WILLIAM T. WALSH, CLERK
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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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UNITED STATES
DISTRICT COURT

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

- against -

CHESTER HOLDINGS, LTD., et al.

Defendants.

Hon. Maryanne Trump Barry

97 Civ. 1654 (MTB)

ORDER

This matter having come before the Court on plaintiff United States Securities and Exchange Commission ("Commission")'s Motion to Amend the Judgment Against Defendants Joseph and Constance Pignatiello; the Court having reviewed the submissions of the parties; pursuant to Fed. R. Civ. P. 59(e); and consistent with the Court's opinion and order, both dated February 18, 1999;

IT IS on this 12 th day of March 1999, the Court's order dated February 18, 1999, granting the Commission's motion for summary judgment against defendants Joseph and Constance Pignatiello, is hereby amended to read as follows:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the Commission's motion for summary judgment against Pignatiello and Constance Pignatiello is granted.

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that defendants Joseph Pignatiello and Constance Pignatiello hereby are permanently enjoined and restrained from, in the offer or sale of any securities by the use of any means or instrument of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly:

- (1) employing any device, scheme, or artifice to defraud;
- (2) obtaining money or property by means of any untrue statement of 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
- (3) 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 Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a).

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that defendants Joseph Pignatiello and Constance Pignatiello are permanently enjoined and restrained from, directly

or indirectly, singly or in concert, 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:

- (1) employing any device, scheme, or artifice to defraud;
- (2) making any untrue statement of a material fact or omitting 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
- (3) engaging 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, in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated thereunder.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that defendants Joseph Pignatiello and Constance Pignatiello, while either of them directly or indirectly controls any issuer within the meaning of Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a), be and hereby are permanently enjoined and restrained from acting or omitting to act if such act or omission would result or results in such issuer:

- (A) failing to file with the Commission any report required to be filed with the Commission pursuant to Section 13(a) of the Exchange Act, 15 U.S.C. §78m(a), and the rules and regulations promulgated thereunder; or
- (B) filing with the Commission a report required to be filed with the Commission pursuant to Section 13(a) of the Exchange Act, 15 U.S.C. §78m(a), and the rules and regulations promulgated thereunder that (1) contains an untrue statement of material fact; (2) fails to include, in addition to the information required to be stated in such report, such further material information as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading; or (3) fails to disclose any information required to be disclosed therein,

in violation of Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), or Rules 12b-20, 13a-1, 13a-11 or 13a-13, 17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, and 240.13a-13, unless defendants Joseph Pignatiello or Constance Pignatiello acted in good faith and did not directly or indirectly induce the act or omission constituting such violation(s) within the meaning of Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a).

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants Joseph Pignatiello and Constance Pignatiello, jointly and severally, shall disgorge the sum of

\$3,504,827.12, representing \$2,106,185.14 in disgorgement, plus \$1,398,641.98 in prejudgment interest thereon.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants Joseph Pignatiello and Constance Pignatiello shall pay the monies directed to be paid pursuant to Paragraph V within 10 business days following entry of this final judgment in the following manner: such monies shall be paid into the registry of this Court by certified check or money order drawn to the order of "Clerk, United States District Court, D. N.J.," whereupon the Clerk of this Court, or the financial Deputy Clerk, is hereby directed to deposit said check or money order into an account for this case with the Court Registry Investment System (the "C.R.I.S. Account"), administered through the United States District Court for the Southern District of Texas. Funds in the C.R.I.S. Account shall be held until further order of the Court, and shall be disbursed in accordance with a plan of distribution to be submitted by the Commission and approved by the Court. In no event shall any portion of the account be returned to defendant Joseph Pignatiello or defendant Constance Pignatiello, their successors or assigns. Interest earned on the funds in the C.R.I.S. Account shall be credited to the C.R.I.S. Account and shall thereafter be treated in the same manner as principal. Prior to making any disbursement from the C.R.I.S. Account, the custodian of the C.R.I.S. Account is directed to deduct from the income earned on the investment a fee, not exceeding that

authorized by the Judicial Conference of the United States, and set by the Director of the Administrative Office at equal to ten percent of the income earned for deduction in the investment so held and without further order of the Court.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that defendant Joseph Pignatiello be permanently and unconditionally barred from serving as an officer or director of any issuer that has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d), pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2).

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that defendant Constance Pignatiello be unconditionally barred for five years from serving as an officer or director of any issuer that has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d), pursuant to Section 20(e) of the

Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2).

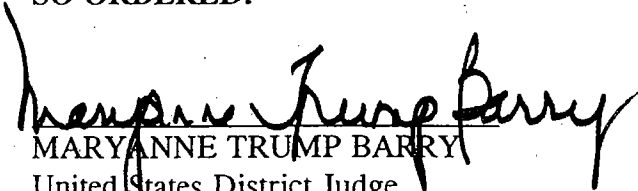
IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Fed. R. Civ. P. 65(d), this Final Judgment shall be binding upon defendants Joseph Pignatiello and Constance Pignatiello, their officers, agents, servants, employees, and attorneys-in-fact, and upon those persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise.

X.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for all purposes, including, but not limited to, implementing and enforcing the terms and conditions of this Final Judgment.

SO ORDERED:


MARYANNE TRUMP BARRY
United States District Judge