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**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

GRANT R. CURTIS, et al.,

Defendants.

99 Civ. 7357 (NG)

DEFAULT JUDGMENT AS TO JONATHAN D. LYONS

Plaintiff Securities and Exchange Commission (“Commission”) having commenced this action by filing a complaint (the “Complaint”) charging, among others, defendant Jonathan D. Lyons (“Lyons”) with violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)], and Rules 10b-5 thereunder [17 C.F.R. § 240.10b-5], and following the issuance and timely service of a summons and Complaint upon Lyons, and the Commission having filed a motion pursuant to Fed. R. Civ. P. 55(b) for a default judgment against Lyons for his failure to answer or otherwise respond to the Commission’s Complaint, and the Court having approved that part of the Magistrate Judge’s October 28, 2004 Report and Recommendation finding Lyons in default, and the Court having found that it has jurisdiction over Lyons and over the subject matter of this action and the jurisdiction to grant the relief requested by the Commission, and good cause appearing for the entry of this order, the Court orders the following:

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Lyons, his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Default Judgment as to Jonathan D. Lyons (“Default Judgment”) by personal service or otherwise are permanently restrained and enjoined from future violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a 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.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Lyons, his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Default Judgment by personal service or otherwise are permanently restrained and enjoined from future violations of Section 17(a) of the Securities Act [15 U.S.C. §§ 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of 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) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Lyons is liable for disgorgement of \$198,000, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$202,585.82, for a total of \$400,585.82. Lyons shall satisfy this obligation by paying \$400,585.82 within ten (10) business days to the Clerk of this Court, together with a cover letter identifying Lyons as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Default Judgment. Lyons shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action. By making this payment, Lyons relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Lyons. The Clerk shall deposit the funds into an interest bearing account with the Court Registry Investment System ("CRIS"). These funds, together with any interest and income earned thereon (collectively, the "Fund"), shall be held by the CRIS until further order of the Court. In accordance with 28 U.S.C. § 1914 and the guidelines set by the Director of the Administrative Office of the United States Courts, the Clerk is directed, without further order of

this Court, to deduct from the income earned on the money in the Fund a fee equal to ten percent of the income earned on the Fund. Such fee shall not exceed that authorized by the Judicial Conference of the United States. The Commission may propose a plan to distribute the Fund subject to the Court's approval. Lyons shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Default Judgment.

V.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Default Judgment forthwith and without further notice.

Dated: January 21, 2005
Brooklyn, New York

/s/

HON. NINA GERSHON
United States District Judge