UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION

CASE NO. 00-7286-CIV-SEITZ/GARBER

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

RAJIV VOHRA, SEAN HEALEY, et al.

Defendants.

DEFAULT JUDGMENT AS TO DEFENDANT VOHRA

This matter is before the Court on plaintiff, Securities and Exchange Commission's ("SEC") Motion for Entry of Default Judgment against defendant Rajiv Vohra ("Vohra"), and the Court, having reviewed the record and been otherwise advised, hereby rules on said motion and renders final judgment in this case. The Court finds as follows:

Findings and Conclusions of Law

1. On September 5, 2000, plaintiff filed its complaint against Vohra and others.

2. On December 4, 2000, Vohra filed an answer.

3. On July 31, 2001, Vohra's attorneys filed a motion to withdraw as counsel, including a proposed order, to be

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entered by the Court, stating that subsequent service on Vohra could be to the following address, represented to be Vohra's last known address:

Mr. Rajiv Vohra
441 South Federal Highway
Deerfield Beach, FL 33441

Among other things, Vohra's counsel, in his Motion to Withdraw, alleged "a complete breakdown of communication by and between Atlas Pearlman, P.A. and defendant RAJIV VOHRA, despite numerous attempts by Atlas Pearlman, P.A. to contact Defendant;…"

4. On August 3, 2001, the Court entered the Order permitting Vohra's counsel to withdraw and directing that service to Vohra be made at the above address.

5. Subsequent to August 3, 2001, plaintiff has made numerous attempts to serve Vohra at the specified address, by both U.S. Mail and by Federal Express. Specifically, plaintiff attempted to serve a Renotice of Deposition, sent by U.S. Mail on August 16, 2001, which was returned marked "Not Deliverable, Unable to Forward;" a Notice of Issuance of Service, sent by U.S. Mail on August 27, 2001, which was returned marked "Not Deliverable, Unable to Forward;" a Notice of Postponement of Depositions, sent by U.S. Mail on September 6, 2001, which was returned marked "Attempted, Not Known;" a Request to Produce to Defendant Vohra, sent by

U.S. Mail on September 18, 2001, which was returned marked "Undeliverable as Addressed;" a Notice of Postponement of Deposition, sent by Federal Express on September 12, 2001, which was returned with a notation "Not in Business/Closed," after three attempts at delivery were made; a Renotice of Deposition, sent by U.S. Mail on September 19, 2001, which was returned marked "Undeliverable as Addressed;" Plaintiff's Motion to Extend Pretrial Deadlines, which was sent by U.S. Mail on September 19, 2001 and was returned marked "Undeliverable as Addressed;" and a Renotice of Deposition, sent on September 18, 2001, which was returned marked "Attempted-Not Known."

6. Vohra has failed to notify the plaintiff or the Court of his new address. Vohra's failure to provide an updated address has seriously prejudiced plaintiff's prosecution of its case against him.

7. Because Vohra has relocated without leaving a forwarding address, lesser sanctions are meaningless as the Court has no means to convey them. See e.g. Carry v. King, 856 F.2d 1439 (9th Cir. 1988). Vohra's failure to advise the Court of his new address, or to provide any method by which the Court or the plaintiff could contact him, constitutes a default, and the allegations of the complaint are deemed admitted against him. 10 C. Wright, A. Miller & M. Kane, Federal Practice and Procedure, § 2688, p. 444 (2d ed. 1983);

Thomson v. Wooster, , 114 U.S. 104, 5 S. Ct. 788 (1885). In addition, plaintiff has submitted the declaration of Steven D. Councill, a Branch Chief with the Commission who conducted the Commission's investigation in this matter. The declaration, and the attached exhibits, substantiate the allegations of the Complaint. With respect to Vohra, the complaint charges, and the Court finds, as follows:

a. Vohra resided in Deerfield Beach, FL. He is a Canadian citizen, and represented himself to be an investment banker.

b. Lantern Investments, Ltd. ("Lantern"), Lipton Holdings, Ltd. ("Lipton") and Beaufort Holdings, Ltd. ("Beaufort") are Bahamian companies (collectively the "Bahamian entities").

c. In 1997 and 1998, Vohra and a co-defendant acquired control of at least 285,000 shares of New Directions stock through private transactions and purchased additional shares through the market. New Directions stock was publicly traded in the over-the-counter market.

d. Vohra and a co-defendant attempted to create the false or misleading appearance of active trading in New Directions stock through wash trades. These trades were carried out both through accounts in Vohra's name and accounts in the name of the Bahamian entities controlled by Vohra and the co-defendant. Vohra's accounts were located at Yorkton

Securities Inc., Equitrade Securities, and Merit Investment Corp. (now known as Rampart Securities, Inc.). The Bahamian entities' accounts were located at Yorkton Securities Inc., Merit Investment Corp., and Dominick & Dominick, Inc.

e. During the period from March 3, 1998 to July 31, 1998, Vohra and a co-defendant executed at least twenty-six wash transactions of New Directions stock, with the intention of artificially raising or maintaining the price of the stock and creating the appearance of active trading. The quantities of shares involved in these wash transactions ranged from 5000 shares to 35,000 shares, while the average trading volume during this time period grew from 30,000 to 50,000 shares per day. These wash trades often constituted over 70% of the daily trading volume in New Directions stock. Vohra and Healey purchased a total of 480,000 shares for $1,527,625 in transactions executed at or near the time they were selling identical or nearly identical quantities that totaled 458,500 shares for $1,411,588.

f. These wash trades were entered for the purchase (or sale) of blocks of New Directions stock, with the knowledge that orders of substantially the same size, at substantially the same time, and at substantially the same price were being entered for the sale (or purchase) of the securities. The transactions resulted in no change in beneficial ownership of the securities. The wash trades

artificially maintained the stock price while Vohra and the Bahamian entities were selling their shares.

g. In April of 1998, Vohra and a co-defendant caused the name Eskew & Associates Financial ("Eskew & Associates") to be placed on a research report that promoted New Directions.

h. The research report, as published, falsely stated that Eskew & Associates had issued a strong buy recommendation on New Directions stock. In fact, Vohra knew, or was reckless in not knowing, that Eskew & Associates had not issued the strong buy recommendation.

i. The research report falsely claimed that New Directions had significantly expanded through operations during the previous year. In fact, Vohra knew, or was reckless in not knowing, that New Directions had not expanded through operations during the previous year, but had in fact reported negative cash flow from operations.

j. In May 1998, Vohra and a co-defendant published the research report on a web site called SuperStockPick.

k. Vohra and a co-defendant also published the research report by faxing it to broker-dealers.

l. The SuperStockPick web site falsely claimed that Eskew & Associates was an independent equities research organization. In fact, Vohra knew, or was reckless in not

knowing, that Eskew & Associates was not an equities research organization, nor was it independent.

m. In July of 1998, Vohra and a co-defendant republished the research report on their own web site called Discount Trader. The Discount Trader web site also falsely claimed that Eskew & Associates was an independent equities research organization.

n. By the foregoing conduct, Vohra, through the mails and the means, instruments and instrumentalities of interstate commerce, violated, and unless enjoined will continue to violate, Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. 77q(a), and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. 240.10b-5.

8. Defendant Vohra is not an infant nor an incompetent person, nor is he engaged in military service with the armed services.

9. The Court does not find it necessary to conduct a hearing or order a conference prior to entering final judgment in this action or carrying its judgment to effect.

10. Pursuant to Rule 54(b) of the Federal Rules, the Court expressly determines that there is no just reason for delay and expressly directs that judgment be entered in this action.

11. The Commission seeks, as relief, a permanent injunction, enjoining Vohra from violating the above provisions; an order requiring the defendant to disgorge his ill-gotten gains, with prejudgment interest; and an order requiring the defendant to pay civil penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. 78u(d)(3). The Commission has submitted evidence, specifically, the declaration of the Commission staff member who conducted the investigation, and supporting depositions and other evidence, establishing that, among other things, defendant Vohra, using brokerage accounts in his own name and in the names of entities under his control, specifically the Bahamian entities, profited from the fraudulent scheme as follows:

1. Accounts in the name of defendant Vohra profited by $418,564.13 through trading in connection with the scheme.

2. Accounts in the name of Beaufort Holdings, Ltd., profited by $64, 949.41 through trading in connection with the scheme.

3. Accounts in the name of Lantern Investments, Ltd., profited by $57,701.99 through trading in connection with the scheme.

4. Accounts in the name of Lipton Holdings, Ltd., lost $44,709.99 through trading in connection with the scheme.

Based upon the foregoing, the accounts of the Bahamian entities profited collectively by $77,941.41. Defendant Healey, pursuant to his settlement, has already paid disgorgement of which $31,988 related to his share of the profits of the Bahamian entities.[1] Subtracting sums already disgorged by Healey, the profits of the Bahamian entities total $45,953.41. Prejudgment interest on that amount, computed at the Internal Revenue Service rate on underpayment of taxes from October 1, 1998 through December 31, 2001, totals $13,295.22. Prejudgment interest on the accounts in Vohra's name, computed at the same rates over the same periods, totals $121,098.79. Total disgorgement payments with interest should be $598,911.55, with $59,248.63 joint and several with any disgorgement awarded against the Bahamian entities.

[1] The remainder of Healey's disgorgement relates to profits from his personal accounts.

NOW THEREFORE, IT IS HEREBY:

I.

ORDERED, ADJUDGED AND DECREED that Vohra, and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, in connection with the purchase or sale or in the offer or sale of securities, by use of any means or instrumentalities of interstate commerce or any means or instruments of transportation or communication in interstate commerce, or by the mails or any facility of any national securities exchange, and each of them, be and hereby are restrained and enjoined from, directly or indirectly,

(1) employing any device, scheme or artifice to defraud;

(2) engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person;

(3) obtaining money or property by means of 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

(4) 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, BPS in violation of Section 17(a) of the Securities Act, 15 U.S.C. 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. 78j(b), and Rule 10b-5, 17 C.F.R. 240.10b-5, thereunder.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Vohra disgorge the sum of $598,911.55, representing his ill-gotten gain from the IHI scheme of $464,517,54 together with prejudgment interest of $134,394.01, calculated from October 1, 1998 through December 31, 2002, at the Internal Revenue Service rate for sums owed on underpayment of taxes, to deprive him of the gain he illegally obtained through his misconduct, provided that $59,248.63 of the disgorgement amount shall be joint and several with any disgorgement liability imposed by this Court on the Bahamian entities. Such payment shall be (a) made by United States postal money order, certified check, bank cashier's check or bank money order within 45 days from the date of this judgment; (b) made payable to the Securities and Exchange Commission; (c) hand-delivered or delivered by overnight delivery service to the Comptroller, Securities and Exchange Commission, 6432 General Green Way, Alexandria, VA 22312; and (d) submitted under a cover letter which identifies Vohra as a defendant in these proceedings

and the civil action number of these proceedings, a copy of which cover letter and money order or check shall be sent to William P. Hicks, District Trial Counsel, Securities and Exchange Commission, 3475 Lenox Road, N.E., Suite 1000, Atlanta, Georgia 30326-1232.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Vohra pay a civil penalty of $110,000 pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act. Such payment shall be (a) made by United States postal money order, certified check, bank cashier's check or bank money order within 45 days from the date of this judgment; (b) made payable to the Securities and Exchange Commission; (c) hand-delivered or delivered by overnight delivery service to the Comptroller, Securities and Exchange Commission, 6432 General Green Way, Alexandria, VA 22312; and (d) submitted under a cover letter which identifies Vohra as a defendant in these proceedings and the civil action number of these proceedings, a copy of which cover letter and money order or check shall be sent to William P. Hicks, District Trial Counsel, Securities and Exchange Commission, 3475 Lenox Road, N.E., Suite 1000, Atlanta, Georgia 30326-1232, within 45 days from the entry of this Order.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction of this matter for all purposes, including enforcement and implementation of this Judgment.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, there being no just reason for delay, the Clerk is directed, pursuant to Fed. R. Civ. P. 54(b), to enter this DEFAULT JUDGMENT forthwith and without further notice.

ORDERED this 15th day of Jan., 2002.

UNITED STATES DISTRICT JUDGE

PATRICIA A. SEITZ

cc:
William P. Hicks, Esq., Securities and Exchange Commission, 3475 Lenox Rd., N.E., Suite 1000, Atlanta, GA 30326

Mr. Rajiv Vohra, Pro Se, 441 S. Federal Highway, Deerfield Beach, FL 33441

Lantern Investments Ltd., Lipton Holdings Ltd., Beaufort Holdings Ltd., c/o John E.J. King, President, Worldwide Trust Service Ltd., Charlotte House, 1st Floor North Wing, Charlotte and Shirley Streets, Nassau, the Bahamas