

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

-----X  
SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

- against-

STEVEN MADDEN,

Defendant.  
-----X

01-cv- 3311 (JG)

**FINAL CONSENT JUDGMENT OF PERMANENT INJUNCTION  
AND OTHER RELIEF AS TO DEFENDANT STEVEN MADDEN**

Plaintiff Securities and Exchange Commission (the "Commission") having commenced this action by filing a Complaint (the "Complaint") on May 23, 2001, charging Defendant Steven Madden ("Madden") with violations of Section 17(a) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77q(a), Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, and Madden having executed the Consent of Defendant Steven Madden, dated May 22, 2001, annexed hereto and incorporated herein, having waived the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, having admitted the jurisdiction of this Court over him and over the subject matter of this action, and, without admitting or denying the allegations contained in the Complaint, except as to jurisdiction, which are admitted, having consented to the entry without further notice of this Final Consent Judgment of Permanent Injunction and Other Relief as to Defendant Steven Madden (the "Final Judgment"):

A TRUE COPY	
ATTEST	
DATED JUN 27 2003	
ROBERT C. HEINEMANN	
BY	CLERK
	DEPUTY CLERK



I.

**IT IS ORDERED, ADJUDGED, AND DECREED** that Madden be and hereby is permanently enjoined and restrained from, directly or indirectly, singly or in concert, in the offer or sale of any security, by the use of the mails or any means or instruments of transportation or communication in interstate commerce:

- (A) employing any device, scheme, or artifice to defraud;
- (B) 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
- (C) 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, 15 U.S.C. § 77q(a).

II.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Madden be and hereby is 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:

- (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 the 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 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5.

**III.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that Madden is liable for disgorgement of \$784,000, representing losses avoided as a result of the conduct alleged in the Complaint, together with prejudgment interest in the amount of \$69,015.84, for a total of \$853,015.84. Madden shall satisfy this obligation by paying \$853,015.84 within one hundred and eighty (180) days of the entry of this Final Judgment to the Clerk of this Court, together with a letter specifying that payment is made pursuant to this Judgment. Madden shall simultaneously transmit photocopies of such payment and letter to Barry W. Rashkover, Esq., U.S. Securities and Exchange Commission, Seven World Trade Center, 13th Floor, New York, New York 10048. The Clerk shall hold these funds in the Registry, in an interest-bearing account, pending further order. By making this payment, Defendant relinquishes all legal and equitable right, title and interest in such funds, and no part of the funds shall be returned to Defendant.

**IV.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that Madden pay a civil penalty of \$784,000 pursuant the Insider Trading and Securities Fraud Enforcement Act of 1988, 15 U.S.C. § 78u-1(a). Madden shall satisfy this obligation by paying \$784,000 within one hundred and eighty (180) days of the entry of this Final Judgment to the Comptroller of the SEC, together with a letter specifying that payment is made pursuant to this Judgment. Madden shall

simultaneously transmit photocopies of such payment and letter to Barry W. Rashkover, Esq., U.S. Securities and Exchange Commission, Seven World Trade Center, 13th Floor, New York, New York 10048. The SEC shall forward such funds to the U.S. Treasury.

V.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, pursuant to Rule 65(d) of the Federal Rules of Civil Procedure, this Final Judgment shall be binding upon Madden, his agents, servants, employees and attorneys, and upon those persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise.

VI.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the provisions of the annexed Consent be, and the same hereby are, incorporated in this Final Judgment with the same force and effect as if fully set forth herein.

VII.

**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.

## CONSENT OF DEFENDANT STEVEN MADDEN

1. Defendant Steven Madden ("Madden"), being fully apprised of his rights, having had the opportunity to confer with legal counsel, having read and understood the terms of the annexed Final Judgment Of Permanent Injunction and Other Relief Against Defendant Steven Madden (the "Final Judgment"), appears and admits to the jurisdiction of this Court over him and over the subject matter of this action, waives the entry of findings of fact and conclusions of law pursuant to Federal Rule of Civil Procedure 52 and, without further notice, trial or argument, and without admitting or denying the allegations against him contained in the Complaint of Plaintiff Securities and Exchange Commission (the "Commission"), except as to jurisdiction, which are admitted, hereby consents to the entry of the annexed Final Judgment.

2. Madden agrees that this Consent of Defendant Steven Madden (the "Consent") shall be incorporated by reference in and made part of the Final Judgment to be presented to the Court for signature, filing and entry contemporaneously herewith.

3. Madden waives any right he may have to appeal from the Final Judgment.

4. Madden acknowledges that any willful violation of any of the terms of the Final Judgment may place him in contempt of this Court and subject him to civil or criminal sanctions.

5. Madden acknowledges that he enters into this Consent voluntarily, and that this Consent and the Final Judgment embody the entire understanding of himself and the Commission. Madden acknowledges and agrees that this proceeding, and his Consent to the entry of the Final Judgment, are for the purposes of resolving this civil action only, and that no tender, offer, promise, threat or representation of any kind has been made by the Commission or any member, officer, attorney, agent or representative thereof with regard to: (a) this civil action,

that is not explicitly stated in this Consent and the Final Judgment; (b) any other Commission civil action or administrative proceeding not involving the facts underlying this action; (c) any administrative, civil or criminal liability arising from the facts underlying this action in any action or proceeding brought or to be brought by any third party, other agency or criminal authority; or (d) immunity from any such administrative, civil, or criminal action or proceeding.

6. Madden acknowledges that he has been informed and understands that the Commission, at its sole and exclusive discretion, may have referred or granted, or may refer, or grant access to, this matter or any information or evidence gathered in connection therewith or derived therefrom, to any person or entity having appropriate administrative, civil, or criminal jurisdiction, if the Commission has not already done so.

7. Madden acknowledges that, in conformity with the provisions of 17 C.F.R. § 202.5(f), this Consent and the entry of the annexed Final Judgment do not resolve, extend to, affect or preclude any other proceeding that has been or may be brought against him. Among other things, Madden waives any right he may have to assert that, under the Double Jeopardy Clause of the Fifth Amendment to the United States Constitution, the relief sought or consented to in this civil action, including the seeking or imposition of any remedy or civil penalty herein, bars any criminal action, or that any criminal action bars the relief consented to in this action.

8. Madden understands and agrees to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," 17 C.F.R. § 202.5(e). In compliance with this policy, Madden agrees not to take any action or to make or permit to be

made any public statement denying, directly or indirectly, any allegation in the Complaint or creating the impression that the Complaint is without factual basis. If Madden breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this provision affects Madden's: (a) testimonial obligations; or (b) right to take legal positions in litigation in which the Commission is not a party.

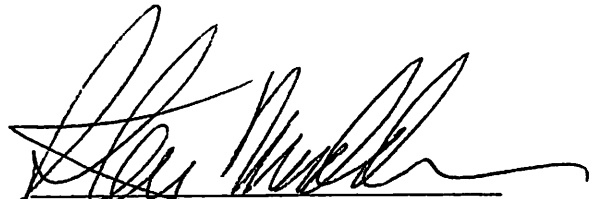
9. Madden further acknowledges that a willful violation of any of the terms or provisions of the Final Judgment may place him in contempt of this Court and subject him to civil or criminal sanctions.

10. Madden hereby consents and agrees that the Final Judgment may be presented by the Commission to the Court for signature and entry without further notice and delay.

11. Madden agrees that this Court shall retain jurisdiction of this matter for all purposes, including the implementation, modification, and enforcement of the terms and conditions of the Final Judgment.

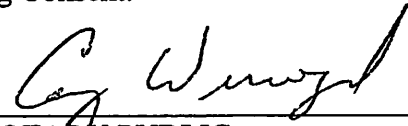
12. Madden agrees to execute and return promptly an acknowledgment of receipt of the Final Judgment once the Final Judgment has been entered by the Court and forwarded to him for this purpose.

Dated: May 23, 2001

  
STEVEN MADDEN

STATE OF NEW YORK )  
                  KINGS )                   ss.:  
COUNTY OF QUEENS )

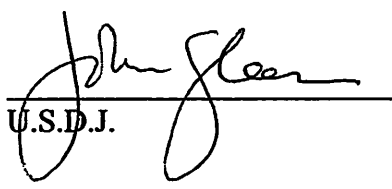
On this 23<sup>rd</sup> day of May, 2001, before me personally appeared Steve Madden, to me known to be the person who executed the foregoing Consent.

  
NOTARY PUBLIC

Dated: \_\_\_\_\_, New York  
                  \_\_\_\_\_, 2001

COREY M. WINOGRAD  
Notary Public, State of New York  
No. 31-505984  
Qualified in New York County  
Commission Expires December 21, 1999  
June 15, 2001

SO ORDERED:

  
U.S.D.J.                   6-8-01



LOCAL CIVIL RULE 77.1 STATEMENT

The parties entitled to be notified of the entry hereof and the names and addresses of their respective attorneys, if any, are:

Plaintiff:

Assistant Regional Director (Enforcement)  
U.S. Securities and Exchange Commission  
Northeast Regional Office  
7 World Trade Center, 13th Floor  
New York, New York 10048

Attention: Helene Glotzer, Esq.

Phone: (212) 748-8217

Attorney for Defendant Steven Madden:

Dennis J. Block, Esq.  
Jonathan D. Polkes, Esq.  
Cadwalader Wickersham & Taft  
100 Maiden Lane  
New York, New York 10038

Phone: (212) 504-6021

New York, New York  
\_\_\_\_\_, 2001

UNITED STATES DISTRICT JUDGE