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JUL 22 2004
CENTRAL DISTRICT OF CALIFORNIA
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JUL 19 2004
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

DALE CARONE, JOSEPH W.
ISAAC, ALLEN R. JOHNSON,
LINKNET, INC., a Utah Corporation
and LINKNET de AMERICA
LATINA, LTD., a Nevada corporation,

Defendants.

CASE NO. CV 03-374 NM (FMOx)
JUDGMENT

On June 2, 2004, the Securities and Exchange Commission ("Plaintiff" or "SEC") filed the instant motion for default judgment. After full consideration of the papers, the relevant authorities, and the entire file herein, the court granted Plaintiff's motion. The issues having been duly reviewed, and a decision having been duly rendered,

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1 IT IS HEREBY ORDERED AND ADJUDGED that:

2 Isaac, and his agents, servants, employees, attorneys, and all persons acting
3 in concert or participation with him, who receive actual notice of this order by
4 personal service or otherwise, and each of them, are permanently restrained from,
5 directly or indirectly, in the offer or sale of any security by the use of any means or
6 instruments of transportation, communication in interstate commerce, or by the use
7 of the mails: (1) employing any device, scheme, or artifice to defraud;
8 (2) obtaining money or property by means of any untrue statement of a material
9 fact or any omission to state a material fact necessary in order to make the
10 statements made, in the light of the circumstances under which they were made,
11 not misleading; or (3) engaging in any transaction, practice, or course of business
12 which operates or would operate as a fraud or deceit upon the purchaser in
13 violation of § 17(a) of the Securities Act of 1933, 15 U.S.C. § 77q(a).

14 It is further ordered, adjudged, and decreed that Isaac, and his agents,
15 servants, employees, attorneys, and all persons acting in concert or participation
16 with him, who receive actual notice of this order by personal service or otherwise,
17 and each of them, are permanently restrained from, directly or indirectly, singly or
18 in concert, in connection with the purchase or sale of any security, by use of the
19 means or instrumentality of interstate commerce, of the mails, or of any facility of
20 any national securities exchange:

- 21 a. employing any device, scheme, or artifice to defraud;
- 22 b. making any untrue statement of a material fact or omitting to state a
23 material fact necessary in order to make the statements made, in light
24 of the circumstances under which they were made, not misleading; or
- 25 c. engaging in any act, practice or course of business which operates or
26 would operate as a fraud or deceit upon any person,
27 in violation of § 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5,
28 17 C.F.R. § 240.10b-5.

1 It is further ordered, adjudged, and decreed that Isaac, and his agents,
2 servants, employees, attorneys, and all persons acting in concert or participation
3 with him, who receive actual notice of this order by personal service or otherwise,
4 and each of them, be and hereby are temporarily restrained and enjoined from,
5 directly or indirectly, operating as a broker without having been registered with
6 the SEC in violation of § 15(a) of the Securities Exchange Act of 1934, 15 U.S.C.
7 § 78o(a).

8 It is further ordered, adjudged, and decreed that Isaac, and his agents,
9 servants, employees, attorneys, and all persons acting in concert or participation
10 with him, who receive actual notice of this order by personal service or otherwise,
11 and each of them, are permanently restrained and enjoined from, directly or
12 indirectly, violating § 5 of the Securities Act, 15 U.S.C. § 77e, in the absence of
13 any applicable exemption:

- 14 (1) Unless a registration statement is in effect as to a security, making use
15 of any means or instruments of transportation or communication in
16 interstate commerce or of the mails to sell such security through the
17 use or medium of any prospectus or otherwise;
- 18 (2) Unless a registration statement is in effect as to a security, carrying or
19 causing to be carried through the mails or in interstate commerce, by
20 any means or instruments of transportation, any such security for the
21 purpose of sale or for delivery after sale; or
- 22 (3) Making use of any means or instruments of transportation or
23 communication in interstate commerce or of the mails to offer to sell
24 or offer to buy through the use or medium of any prospectus or
25 otherwise any security, unless a registration statement has been filed
26 with the SEC as to such security, or while the registration statement is
27 the subject of a refusal order or stop order or (prior to the effective
28 date of the registration statement) any public proceeding of

1 examination under § 8 of the Securities Act, 15 U.S.C. § 77h.

2 It is further ordered, adjudged, and decreed that Isaac is barred from
3 participating in an offering of penny stock, including engaging in activities with a
4 broker, dealer, or issuer for purposes of issuing, trading, inducing, or attempting to
5 induce the purchase or sale of any penny stock. A penny stock is any equity
6 security that has a price of less than five dollars, except as provided in Rule 3a51-
7 1 under the Exchange Act, 17 C.F.R. 240.3a51-1.

8 It is further ordered, adjudged, and decreed that Isaac is liable for
9 disgorgement of \$1,819,201.94, representing profits gained as a result of the
10 conduct alleged in the Complaint, together with prejudgment interest thereon in
11 the amount of \$498,393.77, for a total of \$2,317,595.71. The SEC may enforce
12 the court's judgment for disgorgement and prejudgment interest by moving for
13 civil contempt (and/or through other collection procedures authorized by law) at
14 any time after August 4, 2004. In response to any such civil contempt motion by
15 the SEC, Isaac may assert any legally permissible defense. Payments under this
16 paragraph shall be made to the clerk of this court, together with a cover letter
17 identifying Isaac as a defendant in this action, setting forth the title and civil action
18 number of this action and the name of this court, and specifying that payment is
19 made pursuant to this judgment. Isaac shall simultaneously transmit photocopies
20 of each such payment and letter to the SEC's counsel in this action. Isaac
21 relinquishes all legal and equitable right, title, and interest in such payments, and
22 no part of the funds shall be returned to Isaac. The clerk shall deposit the funds
23 into an interest bearing account with the Court Registry Investment System
24 ("CRIS"). These funds, together with any interest and income earned thereon
25 (collectively, the "Fund"), shall be held by the CRIS until further order of the
26 court. In accordance with the guidelines set by the Director of the Administrative
27 Office of the United States Courts, the clerk is directed, without further order of
28 this court, to deduct from the income earned on the money in the Fund a fee equal

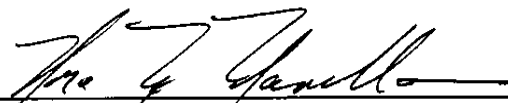
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1 to ten percent of the income earned on the Fund. Such fee shall not exceed that
2 authorized by the Judicial Conference of the United States. The SEC may propose
3 a plan to distribute the Fund subject to the court's approval.

4 It is further ordered that Isaac shall pay a civil penalty in the amount of
5 \$110,000 pursuant to § 20(d)(4) of the Securities Act of 1933, 15 U.S.C.
6 § 77t(d)(2), and § 21(d)(3) of the Securities Exchange Act of 1934, 15 U.S.C.
7 § 78u(d)(3). Isaac shall make this payment no later than August 4, 2004 by
8 certified check, bank cashier's check, or United States postal money order payable
9 to the Securities and Exchange Commission. The payment shall be delivered or
10 mailed to the Office of Financial Management, Securities and Exchange
11 Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3,
12 Alexandria, Virginia 22312, and shall be accompanied by a letter identifying Isaac
13 as a defendant in this action; setting forth the title and civil action number of this
14 action and the name of this court; and specifying that payment is made pursuant to
15 this judgment.

16 It is further ordered that the consent of Isaac be, and the same hereby is,
17 incorporated herein with the same force and effect as if fully set forth herein. It is
18 also ordered that this court retain jurisdiction over this action for all other
19 purposes. There being no just reason for delay, the clerk of the court is hereby
20 directed, pursuant to Rule 54(b), Fed. R. Civ. P., to enter this judgment forthwith
21 and without further notice.

22
23 DATED: July 19, 2004

24 
25 Nora M. Manella
26 United States District Judge
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