

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 03-80858-CIV-HURLEY/LYNCH

SECURITIES AND EXCHANGE COMMISSION,)
)
 Plaintiff,)
)
 v.)
)
 VECTOR MEDICAL TECHNOLOGIES, INC.,)
 MICHAEL H. SALIT,)
 JAMES P. FARNELL,)
 MICHAEL J. FARNELL,)
 DAVID A. ZIMMERMAN and)
 STANLEY B. WASSER,)
)
 Defendants.)
)
)

FILED by *[Signature]* D.C.
 OCT - 5 2004
 CLARENCE MADDOX
 CLERK U.S. DIST. CT.
 S.D. OF FLA. - W.P.B.

**FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER
RELIEF AGAINST DEFENDANT DAVID A. ZIMMERMAN**

Plaintiff Securities and Exchange Commission (“SEC” or “Commission”) commenced this action by filing its Complaint against, among others, Defendant David A. Zimmerman (“Defendant”) in connection with a stock offering made by Defendant Vector Medical Technologies (“Vector”). In its Complaint, the Commission sought, among other relief, a permanent injunction to prohibit violations by the Defendant of Sections 5(a), 5(c), 17(a)(1), 17(a)(2) and 17 (a)(3) of the Securities Act of 1933 (“Securities Act”), Sections 10(b) and 15(a)(1) of the Securities Exchange Act of 1934 (“Exchange Act”), and Rule 10b-5, thereunder; an order providing for disgorgement and pre-judgment interest thereon; the imposition of a civil money penalty against Defendant pursuant to Section 20(d) of the Securities Act and Section 21(d) of the Exchange Act; and a penny stock bar.

Defendant, by the Consent of Defendant David A. Zimmerman to Entry of Final Judgment of Permanent Injunction and Other Relief (“Consent”) affixed hereto, without admitting or denying any of the allegations in the Commission’s Complaint or any other

[Handwritten Signature]

paper filed herein, except as to the jurisdiction of this Court, has agreed to the entry of this Final Judgment of Permanent Injunction and Other Relief ("Final Judgment"). This Court having accepted such Consent and having jurisdiction over Defendant and the subject matter hereof, and being fully advised in the premises, order as follows:

I.

**VIOLATION OF SECTIONS 5(a)
AND 5(c) OF THE SECURITIES ACT**

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant, his officers, agents, servants, employees, representatives, and all persons in active concert or participation with him, and each of them, directly or indirectly, who receive actual notice of this Final Judgment, by personal service or otherwise, are hereby permanently restrained and enjoined from, directly or indirectly:

- (a) making use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell any security, in the form of units, common stock, warrants or any other security, through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect with the Commission as to such security;
- (b) carrying or causing to be carried through the mails or in interstate commerce, by means or instruments of transportation, any security, in the form of units, common stock, warrants or any other security, for the purpose of sale or delivery after sale, unless and until a registration statement is in effect with the Commission as to such security; or
- (c) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy any

security, in the form of units, common stock, warrants or any other security, through the use or medium of any prospectus or otherwise, unless and until a registration statement is filed with the Commission as to such security, or while a registration statement filed with the Commission as to such security is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act, 15 U.S.C. § 77h,

in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

II.

FRAUD IN VIOLATION OF SECTION 17(a) OF THE SECURITIES ACT

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant, his officers, agents, servants, employees, representatives, and all persons in active concert or participation with him, and each of them, directly or indirectly, who receive actual notice of this Final Judgment, by personal service or otherwise, are hereby permanently restrained and enjoined from, directly or indirectly, singly or in concert, as aiders and abettors or otherwise, 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:

- (a) knowingly employing any device, scheme or artifice to defraud;
- (b) obtaining money or property by means of any untrue statement of material fact or omission to state any material fact necessary in order to make the statement made, in light of the circumstances under which it was 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 purchasers or prospective purchasers of any such security,

in violation of Sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1), 77q(a)(2) and 77q(a)(3).

III.

FRAUD IN VIOLATION OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5 THEREUNDER

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant, his officers, agents, servants, employees, representatives, and all persons in active concert or participation with him, and each of them, directly or indirectly, who receive actual notice of this Final Judgment, by personal service or otherwise, are hereby permanently restrained and enjoined from, knowingly, willfully, or recklessly, directly or indirectly, singly or in concert, as aiders and abettors or otherwise, 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 statements of 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, 17 C.F.R. § 240.10b-5, thereunder.

IV.

VIOLATION OF SECTION 15(a)(1) OF THE EXCHANGE ACT

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant, his officers, agents, servants, employees, representatives, and those persons in active concert or participation with him, and each of them, directly or indirectly, who receive actual notice of this Final Judgment, by personal service or otherwise, are hereby permanently restrained and enjoined from, directly or indirectly, singly or in concert, as aiders and abettors or otherwise, by use of any means or instrumentality of interstate commerce, or of the mails, engaging in the business of effecting transactions in securities for the accounts of others or inducing or effecting the purchase or sale of securities while not associated with a broker-dealer that is registered with the SEC in accordance with the provisions of Section 15(b) of the Exchange Act [15 U.S.C. § 78o].

V.

PENNY STOCK BAR

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant is permanently barred from participating in an offering of penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induct the purchase or sale of any penny stock. A penny stock is any equity security that has a price of less than five dollars, except as provided in Rule 3a51-1 under the Exchange Act [17 C.F.R. 240.3a51-1].

VI.

DISGORGEMENT & CIVIL PENALTY

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant shall pay disgorgement in the amount of \$311,626.28 representing the proceeds he received as a result of the conduct alleged in the Complaint, plus prejudgment interest thereon. Based upon Defendant's sworn representations in his Statement of Financial Condition dated April 28, 2004 ("Defendant's Statement of Financial Condition"), and other documents submitted to the Commission, in full satisfaction thereof, Defendant shall pay \$80,000, plus post-judgment interest thereon, at the statutory rate, in accordance with the payment instructions set forth at Section VII of this Final Judgment.

Based upon Defendant's sworn representations in Defendant's Statement of Financial Condition, and other documents submitted to the Commission, the Court is waiving the remainder of the disgorgement amount and is not ordering him to pay pre-judgment interest thereon or a civil penalty. The determination to not impose a penalty, to not impose payment of all of the disgorgement amount, and to not impose pre-judgment interest thereon is contingent upon the accuracy and completeness of Defendant's Statement of Financial Condition. If at any time following the entry of this Final Judgment the Commission obtains information indicating that Defendant's representations to the Commission concerning his assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Defendant, petition the Court for an order requiring Defendant to pay the full disgorgement amount, pre-judgment interest thereon and the maximum civil penalty

allowable under the law. In connection with any such petition, the only issue shall be whether the financial information provided by Defendant was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendant to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment. The Commission may also request additional discovery. Defendant may not, by way of defense to such petition: (1) challenge the validity of the Consent or the Final Judgment; (2) contest the allegations in the Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-judgment interest and post-judgment interest or a civil penalty should not be ordered; (4) contest the amount of disgorgement and pre-judgment and post-judgment interest; (5) contest the imposition of the maximum civil penalty allowable under the law; or (6) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

VII.

PAYMENT INSTRUCTIONS

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant shall pay the \$80,000 of disgorgement ordered herein, plus post-judgment interest thereon, which shall start accruing 60 days after the entry of this Final Judgment, by transmitting the following payments on the date(s) specified herein: 10 days after entry of this Final Judgment, Defendant shall pay \$35,000, which has been escrowed by Defendant with his counsel, Jack Stein; 60 days after entry of this Final Judgment, Defendant shall pay \$15,000; thereafter, every 30 days, Defendant shall make payments

of \$1,250.00, until Defendant fully satisfies his order to pay disgorgement, plus post-judgment interest, at the statutory rate, thereon ("Payment Plan"). All payments made by Defendant shall be made by U.S. postal money order, certified check, bank cashier's check or bank money order payable to the Clerk of this Court, together with a cover letter identifying David A. Zimmerman 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 the Final Judgment. Defendant shall simultaneously transmit photocopies of such payment and letter to: Christopher E. Martin, Senior Trial Counsel, Securities and Exchange Commission, 801 Brickell Avenue, Suite 1800, Miami, Florida 33131.

If the Defendant fails to pay any single payment, or part of any single payment, within fourteen days of the time specified for such payment, as described above, the Payment Plan terms of this section shall no longer apply, and the full amount of the Defendant's remaining balance of disgorgement due under the Payment Plan and post-judgment interest due under the Payment Plan, shall be immediately due, owing and payable, plus post-judgment interest, at the statutory rate, which shall incur on the total remaining unpaid amount due under the Payment Plan.

By making the payments due under this Final Judgment and in accordance with the Payment Plan, Defendant relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Defendant. 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 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 by motion propose a plan to distribute the Fund subject to the Court's approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002.

VIII.

INCORPORATION OF CONSENT

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant shall comply with the provisions of the Consent attached hereto, and that such Consent is incorporated herein by reference as if fully set forth herein.

IX.

RETENTION OF JURISDICTION

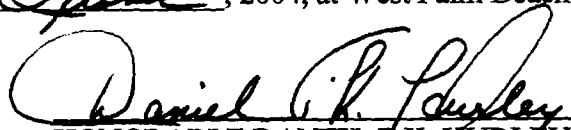
IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this matter and Defendant in order to implement and carry out the terms of all Orders and Decrees that may be entered and/or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court, and will order other relief that this Court deems appropriate under the circumstances.

X.

RULE 54(b) CERTIFICATION

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 Final Judgment forthwith and without further notice.

Dated this 5th day of October, 2004, at West Palm Beach, Florida.


HONORABLE DANIEL T.K. HURLEY
UNITED STATES DISTRICT JUDGE

Copies to Counsel of Record