

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION	:	Docket Number:
Plaintiff,	:	03-CV-1957-JAH (CAB)
	:	
v.	:	FINAL JUDGEMENT AS TO
	:	DEFENDANT BRIAN LEE
	:	
BRIAN LEE (AKA BRIAN LEE PETROSIAN),	:	
AND TODD DIROBERTO	:	
	:	
Defendants.	:	
	:	

The Securities and Exchange Commission (“Commission”) having filed a Complaint and Defendant Brian Lee (“Defendant”) having entered a general appearance; consented to the Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of

1 interstate commerce, or of the mails, or of any facility of any national securities exchange, in
2 connection with the purchase or sale of any security:

3 (a) to employ any device, scheme, or artifice to defraud;

4 (b) to make any untrue statement of a material fact or to omit to state a
5 material fact necessary in order to make the statements made, in the light of the
6 circumstances under which they were made, not misleading; or

7 (c) to engage in any act, practice, or course of business which operates or
8 would operate as a fraud or deceit upon any person.

9 II.

10 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
11 and Defendant's agents, servants, employees, attorneys, and all persons in active concert or
12 participation with them who receive actual notice of this Final Judgment by personal service or
13 otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities
14 Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use
15 of any means or instruments of transportation or communication in interstate commerce or by
16 use of the mails, directly or indirectly:

17 (a) to employ any device, scheme, or artifice to defraud;

18 (b) to obtain money or property by means of any untrue statement of a
19 material fact or any omission of a material fact necessary in order to make the statements
20 made, in light of the circumstances under which they were made, not misleading; or

21 (c) to engage in any transaction, practice, or course of business which
22 operates or would operate as a fraud or deceit upon the purchaser.
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III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; 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 through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement 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].

1 IV.

2 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
3 and Defendant's agents, servants, employees, attorneys, and all persons in active concert or
4 participation with them who receive actual notice of this Final Judgment by personal service or
5 otherwise are permanently restrained and enjoined from violating Section 15(a) of the Exchange
6 Act [15 U.S.C. § 78o] by acting as a broker or dealer (other than such a broker or dealer whose
7 business is exclusively intrastate and who does not make use of any facility of a national
8 securities exchange) and make use of the mails or any means or instrumentality of interstate
9 commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of,
10 any security (other than an exempted security or commercial paper, bankers' acceptances, or
11 commercial bills) unless such broker or dealer is registered as provided by law.

12 V.

13 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant
14 to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Defendant is prohibited from
15 acting as an officer or director of any issuer that has a class of securities registered pursuant to
16 Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to
17 Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

18 VI.

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

3 VII.

4 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
5 is liable for disgorgement of \$66,524, representing profits gained as a result of the conduct
6 alleged in the Complaint, together with prejudgment interest thereon in the amount of \$29,262,
7 and a civil penalty in the amount of \$25,000 pursuant to Section 20(d) of the Securities Act [15
8 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Defendant
9 shall satisfy these obligations by paying the required amounts pursuant to the payment schedule
10 set forth in paragraph VIII below. Payments required pursuant to the payment schedule shall be
11 sent to the Clerk of this Court, together with a cover letter identifying Brian Lee as a defendant
12 in this action; setting forth the title and civil action number of this action and the name of this
13 Court; and specifying that payment is made pursuant to this Final Judgment. Defendant shall
14 simultaneously transmit photocopies of such payment and letter to the Commission's counsel in
15 this action. By making this payment, Defendant relinquishes all legal and equitable right, title,
16 and interest in such funds, and no part of the funds shall be returned to Defendant. Defendant
17 shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.

18 The Clerk shall deposit the funds into an interest bearing account with the Court Registry
19 Investment System ("CRIS") or any other type of interest bearing account that is utilized by the
20 Court. These funds, together with any interest and income earned thereon (collectively, the
21 "Fund"), shall be held in the interest bearing account until further order of the Court. In
22 accordance with 28 U.S.C. § 1914 and the guidelines set by the Director of the Administrative
23 Office of the United States Courts, the Clerk is directed, without further order of this Court, to

1 deduct from the income earned on the money in the Fund a fee equal to ten percent of the income
2 earned on the Fund. Such fee shall not exceed that authorized by the Judicial Conference of the
3 United States.

4 The Commission may by motion propose a plan to distribute the Fund subject to the
5 Court's approval. Such a plan may provide that Fund shall be distributed pursuant to the Fair
6 Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether
7 any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to
8 this Judgment shall be treated as penalties paid to the government for all purposes, including all
9 tax purposes. To preserve the deterrent effect of the civil penalty, Defendant shall not, after
10 offset or reduction of any award of compensatory damages in any Related Investor Action based
11 on Defendant's payment of disgorgement in this action, argue that he is entitled to, nor shall he
12 further benefit by, offset or reduction of such compensatory damages award by the amount of
13 any part of Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court
14 in any Related Investor Action grants such a Penalty Offset, Defendant shall, within 30 days
15 after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this
16 action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund,
17 as the Commission directs. Such a payment shall not be deemed an additional civil penalty and
18 shall not be deemed to change the amount of the civil penalty imposed in this Judgment. For
19 purposes of this paragraph, a "Related Investor Action" means a private damages action brought
20 against Defendant by or on behalf of one or more investors based on substantially the same facts
21 as alleged in the Complaint in this action.

VIII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant shall pay the disgorgement of \$66,524, prejudgment interest thereon of \$29,262, and the civil penalty of \$25,000, for a total principal amount outstanding of \$120,786, pursuant to a one-year payment plan described herein. Defendant agrees to make an initial payment of principal in the amount of \$5,000 within ten days after the date the Final Judgment is entered. Thereafter, during the one-year payment plan, Defendant agrees to make payments of principal and post-judgment interest on a quarterly basis in equal installments in the amount of \$29,845.71 with quarterly payments being due every January 1, April 1, July 1, and October 1 until the outstanding principal and post-judgment interest are paid in full. During the payment plan, Defendant agrees to pay total post-judgment interest of \$3,596.83 on the outstanding principal amount of \$115,786 (after the initial payment) calculated pursuant to 28 USC § 1961.¹ Defendant agrees that if he fails to timely make any of the required payments by the stated due dates, the entire principal amount outstanding plus post-judgment interest shall become due and owing ten days following the due date of any missed payment without any further application to the Court.

IX.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

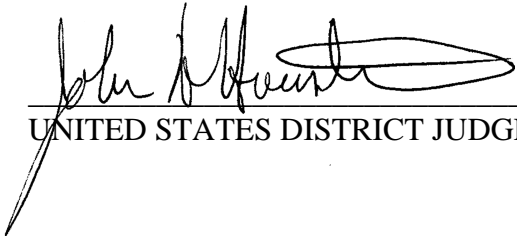
¹ Defendant agrees to pay interest at a rate of 4.94 percent compounded annually which is based upon the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week ending April 28, 2006. See 28 U.S.C. § 1961.

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X.

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

Dated: August 8, 2007.



UNITED STATES DISTRICT JUDGE