

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

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UNITED STATES SECURITIES		:	
AND EXCHANGE COMMISSION,		:	
		:	
Plaintiff,		:	Civil Action No. H-08-2338
		:	
v.		:	
		:	
LOU L. PAI		:	<b>FINAL JUDGMENT</b>
		:	
Defendant.		:	
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Plaintiff, the United States Securities and Exchange Commission (“Commission”), having filed a Complaint in this action and Defendant Lou L. Pai, by his Consent and Undertakings, having waived service of process; entered a general appearance; admitted the Court’s jurisdiction over him 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); having been fully advised of his right to a judicial determination of this action, and having waived findings of fact, conclusions of law, and any right to appeal from this Final Judgment; it appearing that no notice of hearing upon entry of this Final Judgment is necessary and the Court being fully advised in the premises:

1.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Lou L. Pai, his 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 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 interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security, directly or indirectly:

- A. to employ any device, scheme, or artifice to defraud;
- B. to make any untrue statement of a material fact or omit 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. to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

2.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Lou L. Pai is prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l], or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)], for a period of five years from the date of the entry of this Final Judgment.

3.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Lou L. Pai shall pay by check or wire transfer (i) disgorgement and prejudgment interest in the amount of \$30,000,000, and (ii) a civil money penalty of \$1,500,000, in the manner specified below:

- A. Pai shall pay, by check or wire transfer, the \$1,500,000 civil money penalty on or

before 30 days from entry of this Final Judgment. This payment shall be available for allocation in accordance with Section 308(a) of the Sarbanes-Oxley Act of 2002, Pub. L. No. 107-204 (2002).

- B. Pai shall pay, by check or wire transfer, \$14,000,000 in disgorgement and prejudgment interest on or before 30 days from entry of this Final Judgment.
- C. Pai shall pay, by check or wire transfer, \$8,000,000 in disgorgement and prejudgment interest on or before 365 days from entry of this Final Judgment.
- D. Pai shall pay, by check or wire transfer, \$8,000,000 in disgorgement and prejudgment interest on or before 635 days from entry of this Final Judgment.
- E. If payment is made by check, each check shall be payable to “Clerk, United States District Court, Southern District of Texas,” and delivered to the Clerk of the Court, United States District Court, Southern District of Texas, 515 Rusk Avenue, Houston, Texas 77002. Each check shall bear on its face the caption “U.S. Securities and Exchange Commission v. Lou L. Pai,” and be delivered to the Clerk under cover of a letter that identifies Lou L. Pai, the caption and case number of this action, and the name of this Court. Copies of the cover letter and payment shall be sent to Luis R. Mejia, Chief Litigation Counsel, U.S. Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549-4631.
- F. If payment is made by wire, payment shall be transferred into the Registry of the Court for the United States District Court for the Southern District of Texas. Simultaneously with such wire transfer(s), Pai shall transmit by facsimile or hand delivery to Andy Gould, Clerk’s Office, United States District Court for the

Southern District of Texas, a letter that describes the fact and purpose of the wire transfer(s), identifies the defendant, and states the name and case number of this proceeding. A copy of documentary proof of the payment shall be simultaneously transmitted to Luis R. Mejia, U.S. Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549-4631.

- G. Pai is entitled to receive an offset in the amount of \$6,000,000, resulting from the resolution of certain interpleader claims in Newby v. Enron Corp., Civ. Act. No. H-01-3624, in the Southern District of Texas. This offset shall be applied in partial satisfaction of the disgorgement and interest obligation, set forth in subsection B, above.
- H. Pai shall pay post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

4.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Clerk of this Court, or the Financial Deputy Clerk, is hereby directed to deposit all checks and wired proceeds specified in Section 3 of this Final Judgment to the Liquidity Account holding Enron-related funds in the case captioned SEC v. J.P. Morgan Chase, H-03-2877 (Harmon), the main interest bearing account with the Court Registry Investment System that is holding funds from settled and closed Commission enforcement actions relating to Enron. In accordance with the guidelines set by the Director of the Administrative Office of the United States Court, the Clerk of the Court is directed, without further order of this Court, to deduct from the income earned on the funds deposited a fee, not exceeding that authorized by the Judicial Conference of the United

States, equal to ten (10) percent of the income earned on these funds. Funds in the account shall be held until further order of the Court in SEC v. J.P. Morgan Chase, and shall thereafter be distributed to victims pursuant to a plan for disposition of disgorgement funds, to be filed by the Commission with Judge Harmon. Pai shall not be entitled to service of the plan proposed by the Commission, and shall not have the right to be heard with respect to the Court's consideration of such plan. In no event shall any of the funds paid into the Registry of the Court revert, directly or indirectly, to Pai, his heirs, successors, or assigns.

5.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent and Undertakings of Defendant Lou L. Pai filed in this action are incorporated herein with the same force and effect as if fully set forth in this Final Judgment, and that Pai shall fully comply with his Consent and Undertakings.

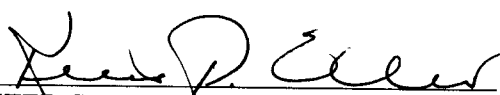
6.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction over this action for the purpose of enforcing the terms of this Final Judgment.

7.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk of the Court is Ordered to enter this Final Judgment forthwith and without further notice.

Dated: 9 October 2008

  
UNITED STATES DISTRICT JUDGE