

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 11-60432-CV-DIMITROULEAS/SNOW

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

JEROME KRANTZ, CARY CHASIN,  
and GARY NADELMAN,

Defendants.

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**FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AS TO  
DEFENDANT JEROME KRANTZ**

The Securities and Exchange Commission having filed a Complaint and Defendant Jerome Krantz (“Krantz” or “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; and the Commission having agreed that, on the basis of this Final Judgment, it will not institute a proceeding against Defendant, in connection with this action, pursuant to Sections 15(b) and 15B of the Securities Exchange Act of 1934 (“Exchange Act”):

**I.**

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

**IT IS HEREBY ORDERED AND ADJUDGED** that Krantz, his officers, 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 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:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a material fact or to 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.

## II.

### **AIDING AND ABETTING VIOLATIONS OF SECTION 13(a) AND RULES 12b-20, 13a-1, 13a-11, and 13a-13 OF THE EXCHANGE ACT**

**IT IS FURTHER ORDERED AND ADJUDGED** that Krantz, his officers, 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, directly or indirectly, from aiding and abetting any violation of Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder, [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, and 240.13a-13], by knowingly providing substantial assistance to an issuer that fails to file accurate reports with the Commission.

**III.**

**AIDING AND ABETTING VIOLATIONS OF SECTION 13(b)(2)(A) AND (B) OF THE  
EXCHANGE ACT**

**IT IS HEREBY FURTHER ORDERED AND ADJUDGED** that Krantz, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with him, and each of them, who receive notice of this Final Judgment, by personal service or otherwise, be and they hereby are, permanently restrained and enjoined from aiding and abetting any violation of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)], by knowingly providing substantial assistance to an issuer that fails to:

- (a) make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of any issuer; and
- (b) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that:
  - (i) transactions are executed in accordance with management's general or specific authorization;
  - (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principals or any other criteria applicable to such statements, and (II) to maintain accountability for assets;
  - (iii) access to assets is permitted only in accordance with management's general or specific authorization; and

- (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

**IV.**

**VIOLATIONS OF SECTION 14(a) AND RULE 14a-9 OF THE EXCHANGE ACT**

**IT IS FURTHER ORDERED AND ADJUDGED** that Krantz, his officers, 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 14(a) and Rule 14a-9 of the Exchange Act [15 U.S.C. § 78n(a); 17 C.F.R. § 240.14a-9], by directly or indirectly soliciting, by the use of the mails or by any means or instrumentality of interstate commerce or of any facility of a national securities exchange or otherwise, and by means of a proxy statement, form of proxy, notice of meeting or other communication, written or oral, containing statements which, at the time and in light of the circumstances under which they were made, were false and misleading with respect to material facts, or omitted to state material facts necessary in order to make the statements therein not false or misleading or necessary to correct statements in earlier communications with respect to the solicitation of the proxy for the same meeting or subject matter which was false or misleading.

**V.**

**OFFICER AND DIRECTOR BAR**

**IT IS FURTHER ORDERED AND ADJUDGED** that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] Krantz 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)].

**VI.**

**DISGORGEMENT, PREJUDGEMENT INTEREST AND CIVIL PENALTY**

**IT IS HEREBY FURTHER ORDERED AND ADJUDGED** that Krantz shall pay: (a) \$375,000 of disgorgement; (b) \$21,464 of prejudgment interest thereon; and (c) a \$100,000 civil money penalty, pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), for a total of \$496,464.

**VII.**

**PAYMENT INSTRUCTIONS**

**IT IS HEREBY FURTHER ORDERED AND ADJUDGED** that Krantz shall pay the \$496,464 ordered herein, plus post-judgment interest thereon, which shall start accruing ten (10) days after the entry of this Final Judgment, by transmitting the following payments on the date(s) specified herein: (a) 10 days after entry of this Final Judgment, Krantz shall pay \$306,000, which has been escrowed by his counsel, Bingham McCutchen LLP; (b) 180 days after entry of this Final Judgment, Krantz shall pay \$47,689.50; and (c) 270 days after entry of this Final Judgment, Krantz shall pay \$142,774.50, plus all post-judgment interest that has accrued pursuant to 28 USC § 1961 (“Payment Plan”).

All payments made by Krantz shall be made by sending a United States postal money order, certified check, bank cashier’s check or bank money order and he shall make such money order or check made payable to the Registry of the Court of the United States District Court for the Southern District of Florida under cover of a letter that identifies the name and number of this action, with a copy of said cover letter and money order or check to Christopher E. Martin,

Esq., Securities and Exchange Commission, 801 Brickell Avenue, Suite 1800, Miami, Florida, 33131.

If Krantz 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 Krantz's remaining balance 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 payment, Krantz relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to him. The Clerk shall deposit the funds into an interest bearing account with the Court Registry Investment System ("CRIS") or any other type of interest bearing account that is utilized by the Court. These funds, together with any interest and income earned thereon (collectively, the "Fund"), shall be held in the interest bearing account until further order of the Court. In accordance with 28 U.S.C. § 1914 and 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.

Krantz shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amount he pays pursuant to this Final Judgment, regardless of

whether such penalty amounts or any party thereof are added to a distribution fund or otherwise used for the benefit of investors. Krantz further shall not claim, assert, or apply for tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts he pays pursuant to this Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

**VIII.**

**INCORPORATION OF CONSENT**

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

**IX.**

**RETENTION OF JURISDICTION**

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

**X.**

**CERTIFICATION UNDER RULE 54(b)**

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.

**DONE AND ORDERED** in Chambers at Fort Lauderdale, Broward County, Florida, this 10<sup>th</sup> day of November, 2011.

  
WILLIAM P. DIMITROULEAS  
United States District Judge

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