

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION

REC'D by _____ D.C.
OCT 19 2001
CLARENCE MADDOX
CLERK U.S. DIST. CT.
S.D. OF FLA. - W.P.B.

SECURITIES AND EXCHANGE COMMISSION,)

Plaintiff,)

v.)

SUNSTATE FX INC.,)

ULRICH G. GARBE,)

PEGGY L. PATTERSON, and)

JOHN J. HYLAND)

Defendants.)

CASE NO. 01-8328-CIV-
RYSKAMP-VITUNAC

FILED by _____ D.C.
OCT 18 2001
CLARENCE MADDOX
CLERK U.S. DIST. CT.
S.D. OF FLA. - W.P.B.

**FINAL JUDGMENT OF PERMANENT INJUNCTION
AND OTHER RELIEF AS TO JOHN J. HYLAND**

With the consent of John J. Hyland ("HYLAND"), the Court hereby orders as follows:

I.

PERMANENT INJUNCTION

IT IS HEREBY ORDERED that HYLAND, his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, and each of them, are hereby permanently restrained and enjoined from:

Section 5 of the Securities Act of 1933

A. Directly or indirectly, (a) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell securities in the form of units, common stock, warrants or any other securities (including, but not limited to, the investment contracts or "foreign exchange agreements" issued by Sunstate FX Inc. ("SUNSTATE")), through the use or medium of any prospectus or otherwise, unless and until a registration statement is in

RA
157

effect with the Commission as to such securities; (b) carrying securities, in the form of units, common stock, warrants or any other securities (including, but not limited to, the investment contracts or "foreign exchange agreements" issued by SUNSTATE), or causing them to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, unless and until a registration statement is in effect with the Commission as to such securities; 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 securities, in the form of units, common stock, warrants or any other securities (including, but not limited to, the investment contracts or "foreign exchange agreements" issued by SUNSTATE), unless a registration statement is filed with the Commission as to such securities, 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 of 1933 ("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), provided, however, that nothing in the foregoing portion of this injunction shall apply to any security or transaction which is exempt from the provisions of Section 5 of the Securities Act, 15 U.S.C. § 77e;

Section 17(a)(1) of the Securities Act of 1933

B. Directly or indirectly, by use of any means or instruments of transportation or communication in interstate commerce, or by the use of the mails, in the offer or sale of securities (including, but not limited to, the investment contracts or "foreign exchange agreements" issued by

SUNSTATE), knowingly or recklessly employing devices, schemes or artifices to defraud, in violation of Section 17(a) of the Securities Act, 15 U.S.C. 77q(a):

Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5

C. Directly or indirectly, by use of 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 securities (including, but not limited to, the investment contracts or "foreign exchange agreements" issued by SUNSTATE), knowingly or recklessly: (i) employing devices, schemes or artifices to defraud; (ii) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (iii) engaging in acts, practices and courses of business which have operated, are now operating or will operate as a fraud upon the purchasers of such securities in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder; or

Section 17(a)(2) & (3) of the Securities Act of 1933

D. Directly or indirectly, by use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, in the offer or sale of securities (including, but not limited to, the investment contracts or "foreign exchange agreements" issued by SUNSTATE), (i) obtaining money or property by means of untrue statements of material facts or omissions to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; or (ii) engaging in acts, practices and courses of business which have operated and will operate as a fraud or deceit upon purchasers and

prospective purchasers of such securities. in violation of Sections 17(a)(2) & (3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) & (3).

II.

DISGORGEMENT AND PENALTIES

IT IS HEREBY FURTHER ORDERED that HYLAND shall be liable to disgorge all ill-gotten profits or proceeds he received as a result of the acts and/or conduct alleged in the Amended Complaint, plus pre-judgment interest thereon, less any amount paid to the Court appointed receiver. The amount of disgorgement, if any, shall be determined by the Court upon the Commission's motion.

IT IS HEREBY FURTHER ORDERED that HYLAND shall be liable to pay civil penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d) and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), in connection with the acts and/or conduct described in the Commission's Amended Complaint. The amount of civil penalties HYLAND shall pay, if any, shall be determined by the Court upon the Commission's motion.

III.

ASSET FREEZE, REPATRIATION ORDER AND RECORDS PRESERVATION

IT IS HEREBY FURTHER ORDERED that the Court prior orders relating to an asset freeze, repatriation of assets and records preservation shall remain in full force and effect until further order of this Court.

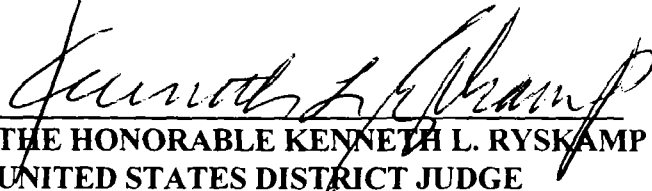
IV.

RETENTION OF JURISDICTION

IT IS HEREBY FURTHER ORDERED that this Court shall retain jurisdiction over this matter and HYLAND 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.

DONE AND ORDERED this 18 day of Oct, 2001, at West Palm Beach,

Florida.


THE HONORABLE KENNETH L. RYSKAMP
UNITED STATES DISTRICT JUDGE

cc: All counsel and/or parties of record