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8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 OAKLAND DIVISION

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12 SECURITIES AND EXCHANGE COMMISSION,

Case No. C-06-6003-CW

13 Plaintiff,

14 v.

PERMANENT INJUNCTION AND ORDER
BIFURCATING PROCEEDINGS, AS
MODIFIED

15 THE CHILDREN'S INTERNET, NASSER V.
16 HAMEDANI, SHOLEH A. HAMEDANI, PETER
A. PEREZ, CORT L. POYNER and TWO DOG
17 NET, INC.,

18 Defendants.

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20 The Securities and Exchange Commission having filed a Complaint and Defendant Sholeh A.
21 Hamedani having entered a general appearance; consented to the Court's jurisdiction over Defendant
22 and the subject matter of this action; consented to entry of this permanent injunction and a final
23 judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction);
24 waived findings of fact and conclusions of law; and waived any right to appeal from this permanent
25 injunction and from a final judgment:
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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 permanent injunction 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 (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.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys-in-fact, and all persons in active concert or participation with them who receive actual notice of this permanent injunction by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)] 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, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

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

3 III.

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

9 (a) Unless a registration statement is in effect as to a security, making use of any means or
10 instruments of transportation or communication in interstate commerce or of the mails to sell such
11 security through the use or medium of any prospectus or otherwise;

12 (b) Unless a registration statement is in effect as to a security, carrying or causing to be
13 carried through the mails or in interstate commerce, by any means or instruments of transportation,
14 any such security for the purpose of sale or for delivery after sale; or

15 (c) Making use of any means or instruments of transportation or communication in
16 interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any
17 prospectus or otherwise any security, unless a registration statement has been filed with the
18 Commission as to such security, or while the registration statement is the subject of a refusal order or
19 stop order or (prior to the effective date of the registration statement) any public proceeding or
20 examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

21 IV.

22 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and
23 Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation
24 with them who receive actual notice of this permanent injunction by personal service or otherwise are
25 permanently restrained and enjoined from aiding and abetting any violation of Section 13(a) of the
26 Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, 13a-11 and 13a-13 thereunder [17
27 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11 and 240.13a-13], by knowingly providing substantial
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1 assistance to an issuer that failed to file with the Commission accurate quarterly, current and annual
2 reports.

3 V.

4 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and
5 Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation
6 with them who receive actual notice of this permanent injunction by personal service or otherwise are
7 permanently restrained and enjoined from aiding and abetting any violation of Sections 13(b)(2)(A)
8 and/or 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A) and (B)], by knowingly providing
9 substantial assistance to an issuer that failed to make and keep books, records and accounts which, in
10 reasonable detail, accurately and fairly reflected the transactions and dispositions of the assets of the
11 issuer, and/or that failed to devise and maintain a sufficient system of internal accounting controls.

12 VI.

13 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and
14 Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation
15 with them who receive actual notice of this permanent injunction by personal service or otherwise are
16 permanently restrained and enjoined from knowingly falsifying books, records and accounts of an
17 issuer and knowingly circumventing an issuer's system of internal accounting controls, in violation
18 of Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Rule 13b2-1 [17 C.F.R. §
19 240.13b2-1].

20 VII.

21 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and
22 Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation
23 with them who receive actual notice of this permanent injunction by personal service or otherwise are
24 permanently restrained and enjoined from knowingly making or causing to be made materially false
25 or misleading statements or omitting to state or causing another person to omit to state, material facts
26 necessary in order to make statements made, in light of the circumstances under which such
27 statements were made, not misleading to an accountant in connection with an audit or examination of
28 the financial statements of an issuer required to be made or the preparation or filing of reports to be

1 filed by an issuer with the Commission, in violation of Rule 13b2-2 under the Exchange Act [17
2 C.F.R. § 240.13b2-2].

3 VIII.

4 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and
5 Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation
6 with them who receive actual notice of this permanent injunction by personal service or otherwise are
7 permanently restrained and enjoined from signing false certifications in violation of Rule 13a-14
8 under the Exchange Act [17 C.F.R. § 240.13a-14].

9 IX.

10 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and
11 Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation
12 with them who receive actual notice of this permanent injunction by personal service or otherwise are
13 permanently restrained and enjoined from failing to file statements accurately reflecting changes in
14 her beneficial ownership of an issuer's common stock and annual statements accurately reflecting her
15 beneficial ownership of an issuer's common stock, in violation of Section 16(a) of the Exchange Act
16 [15 U.S.C. § 78p(a)].

17 X.

18 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that the Court shall
19 determine whether to order disgorgement of ill-gotten gains, with prejudgment interest, a civil
20 penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of
21 the Exchange Act [15 U.S.C. § 78u(d)(3)], a permanent prohibition from serving as an officer or
22 director of any issuer of a security registered pursuant to Section 12 or 15(d) of the Exchange Act [15
23 U.S.C. § 78u(d)(2), 15 U.S.C. § 78l, 15 U.S.C. § 78o(d)], and a permanent prohibition from
24 participating in an offering of penny stock, including engaging in activities with a broker, dealer, or
25 issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any
26 penny stock [17 C.F.R. 240.3a51-1]. The Court shall determine the amounts of the disgorgement and
27 civil penalty and the imposition of an officer and director and penny stock prohibition upon motion
28 of the Commission. In connection with the Commission's motion for disgorgement, civil penalties,

1 an officer and director prohibition and a penny stock prohibition, and at any hearing held on such a
2 motion: (a) Defendant will be precluded from arguing that she did not violate the federal securities
3 laws as alleged in the Complaint; (b) Defendant may not challenge the validity of the Consent or this
4 permanent injunction; (c) solely for the purposes of such motion, the allegations of the Complaint
5 shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised
6 in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative
7 testimony, and documentary evidence, without regard to the standards for summary judgment
8 contained in Rule 56(c) of the Federal Rules of Civil Procedure.

9 XI.

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

13 XII.

14 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain
15 jurisdiction of this matter for the purposes of enforcing the terms of this permanent injunction.

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17 Dated: 3/28/08



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19 CLAUDIA WILKEN
20 UNITED STATES DISTRICT JUDGE
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