

10525

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

USDC SDNY  
DOCUMENT  
ELECTRONICALLY FILED  
DOC #:  
DATE FILED: 6/18/10

SECURITIES AND EXCHANGE  
COMMISSION,  
  
Plaintiff,  
  
v.  
  
BRIAN LINES, ET AL.,  
  
Defendants.

No. 1:07-CV-11387 (DLC)

PROPOSED ORDER GRANTING INTERLOCUTORY DEFAULT JUDGMENT  
AND GRANTING INJUNCTIVE AND OTHER EQUITABLE RELIEF AS TO  
DEFENDANT ROBERT J. CHAPMAN

This matter came before this Court on the Motion of Plaintiff Securities and Exchange Commission ("Commission"), seeking entry of a judgment by default, and providing the relief requested in its Complaint against Defendant Robert J. Chapman ("Chapman" or "Defendant"), for his failure to answer the Complaint or otherwise defend in this cause.

This Court having considered the pleadings and declarations on file herein makes the following findings of fact and conclusions of law:

1. The Commission's Complaint commencing this civil action against the defendants, including Chapman, was filed on December 19, 2007. The Complaint and Summonses were served on Chapman on August 13, 2009, in accordance with Court's Order Directing Alternative Means of Service entered August 7, 2009
2. Defendant has not filed an answer to the Commission's Complaint, nor otherwise appeared before this Court to defend in this cause through licensed counsel.

3. The allegations in the Commission's Complaint as to Defendant Chapman are deemed admitted.

4. The Commission is entitled to an interlocutory judgment permanently enjoining Defendant Chapman from violating Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j (b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

5. The Commission may seek leave to request a supplemental order: (i) requiring Defendant to disgorge an amount equal to the funds and benefits he obtained illegally as a result of the violations adjudged herein, plus prejudgment interest on that amount; (ii) requiring Defendant to pay civil monetary penalties, and (iii) imposing any further relief the Court may deem just and appropriate.

On the basis of the foregoing findings of fact and conclusions of law,

**IT IS THEREFORE ORDERED THAT:**

I.

Defendant Chapman, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this final judgment by personal service or otherwise, and each of them, are restrained and enjoined from violating Section 10(b) of the Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 of the Exchange Act, [17 C.F.R. § 240.10b-5] promulgated thereunder, by directly or indirectly, in the use of any means or instruments of interstate commerce, of the mails or of any facility of any national securities exchange, in connection with the purchase or sale of any security registered on a national securities exchange or any security not so registered (i) employing any device, scheme or artifice to

defraud; (ii) making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement(s) made, in the light of the circumstances under which were made, not misleading; or (iii) engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

II.

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

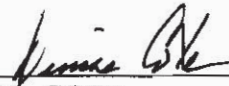
III.

The Commission may, with notice to Defendant Chapman, submit an Application to this Court for an appropriate disgorgement amount, including prejudgment interest thereon, an amount appropriate for civil penalties, and any further relief this Court may deem just and appropriate.

IV.

This Court shall retain jurisdiction over this action for all purposes, including for purposes of entertaining any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court, including but not limited to the setting of disgorgement and prejudgment interest thereon, civil penalties and any other of the relief requested by the Commission in its Complaint.

DATED June 18, 2010.

  
\_\_\_\_\_  
DENISE L. COTE  
UNITED STATES DISTRICT JUDGE *r*