

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
Case No. 00-6618-CIV-(Highsmith/Garber)

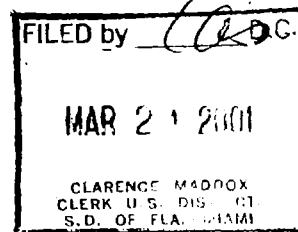
SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

FREDERICK C. BRANDAU,
RAPHAEL "RAY" LEVY, and
JEFFREY PAINE,

Defendants.



**JUDGMENT OF PERMANENT INJUNCTION
AND OTHER RELIEF AS TO DEFENDANT JEFFREY PAINE**

Defendant Jeffrey Paine ("Paine"), by the Consent annexed hereto, without admitting or denying any of the allegations in the Commission's Complaint, except that he is admitting the allegation as to the jurisdiction of this Court over him and over the subject matter of this action, and without making any admission of wrong doing, has agreed to the entry of this Judgment of Permanent Injunction And Other Relief ("Permanent Injunction"). This Court having accepted such Consent and having jurisdiction over Defendant Paine and the subject matter hereof, and the Court being fully advised in the premises:

**I.
PERMANENT INJUNCTIVE RELIEF --
Section 5 of the Securities Act**

IT IS HEREBY ORDERED that Paine, 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 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

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any other securities (including, but not limited to, interests in limited liability partnerships), through the use or medium of any prospectus or otherwise, unless and until a registration statement is in 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, interests in investment contracts or promissory notes), 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, interests in investment contracts or promissory notes), 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, 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.

**II.
PERMANENT INJUNCTIVE RELIEF --
Section 17(a)(1) of the Securities Act**

IT IS HEREBY FURTHER ORDERED that Paine, 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 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, interests in investment contracts or promissory notes), knowingly, willfully 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).

**III.
PERMANENT INJUNCTIVE RELIEF --
sections 17(a)(2) & (3) of the Securities Act**

IT IS HEREBY FURTHER ORDERED that Paine, 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 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, interests in investment contracts or promissory notes), (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).

IV.

PERMANENT INJUNCTIVE RELIEF –

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

IT IS HEREBY ORDERED AND ADJUDGED that Paine, his officers, agents, servants, employees, attorneys in fact, and those persons in active concert or participation with him, and each of them, directly or indirectly, be and they hereby are, permanently restrained and enjoined from, directly or indirectly, singly or in concert, or otherwise, by use of the means and instrumentalities of interstate commerce, and of the mails, and of any facility of any national securities exchange, in connection with the purchase or sale of the securities, as described herein, (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 the light of the circumstances under which they were made, not misleading; or (iii) engaging in acts, practices and courses of business which have operated as a fraud upon the purchasers of such securities, including, but not limited to, the dissemination of false and misleading press releases, 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.

V.

DISGORGEMENT AND PENALTIES

IT IS HEREBY FURTHER ORDERED that Paine shall disgorge \$600,000.00 representing his alleged gains from the conduct alleged in the indictment in United States v. Jeffrey Paine, case number 99-8125-CR- Hurley (s), plus pre-judgment interest thereon. Based on Paine's sworn Statements of Financial Condition dated December 1, 2000, and submitted to the Commission, payment of all of such disgorgement and pre-judgment interest is waived, contingent upon the accuracy and completeness of these financial

statements.

IT IS HEREBY FURTHER ORDERED that based on Paine's sworn Statements of Financial Condition dated December 1, 2000, and submitted to the Commission, the Court is not ordering Paine to pay a civil penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), or Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3). The determination not to impose a civil penalty and to waive payment of all disgorgement and pre-judgment interest thereon except for the amounts noted above, is contingent upon the accuracy and completeness of Paine's sworn Statements of Financial Condition dated December 1, 2000, and submitted to the Commission.

If at any time following the entry of this Permanent Injunction the Commission obtains information indicating that Paine's financial representations were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion, petition this Court for an order requiring Paine to pay all or part of the remaining portion of the disgorgement, pre-judgment and post-judgment interest thereon, and for Paine to pay a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by Paine was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of civil penalty to be imposed. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Paine to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Permanent Injunction, and the Commission may also request additional discovery. Paine may not, by way of defense to such petition, challenge the validity of his Consent or the Permanent Injunction, contest the

allegations in the Complaint filed by the Commission, contest the amount of disgorgement and interest, or assert that disgorgement or the payment of a civil penalty should not be ordered.

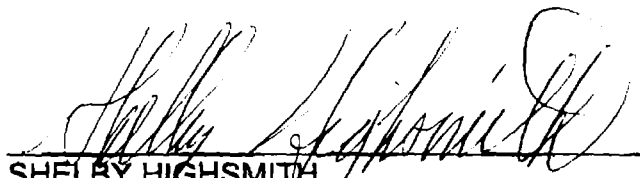
**VI.
INCORPORATION OF CONSENT**

IT IS HEREBY FURTHER ORDERED that Paine shall comply with the provisions of the Consent attached hereto, and that such Consent is incorporated herein by reference as if fully set forth herein.

**VII.
RETENTION OF JURISDICTION**

IT IS HEREBY FURTHER ORDERED that this Court shall retain jurisdiction over this matter and Paine 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 at 2:15 o'clock, P m. this 21ST day of March, 2000, at Miami, Florida.



SHELBY HIGHSMITH
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
Case No. 00-6618-CIV-(Highsmith/Garber)

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

FREDERICK C. BRANDAU,
RAPHAEL "RAY" LEVY, and
JEFFREY PAINE,

Defendants.

MAR 01 2001
CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

**CONSENT TO JUDGMENT OF PERMANENT INJUNCTION
AND OTHER RELIEF BY DEFENDANT JEFFREY PAINE**

1. Defendant Jeffrey Paine ("Paine"), without admitting or denying the allegations contained in the Complaint filed herein and without any admission of wrong doing, enters into the following agreement:

- a. Paine admits the jurisdiction of this Court over him and over the subject matter of this action;
- b. Paine waives service upon him of the Summons and Complaint herein;
- c. Paine waives the making of any findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure; and
- d. Paine hereby voluntarily consents to the entry of the attached Judgment of Permanent Injunction and Other Relief ("Permanent Injunction") against him without further notice.

2. Paine agrees that this Consent shall be made a part of the attached Permanent Injunction to be entered by this Court in this action, and further agrees that this Court shall retain jurisdiction over this matter for all purposes and in connection therewith shall retain jurisdiction over him. Paine also has read the provisions of the Permanent Injunction, agrees to them and further agrees that such provisions shall be incorporated

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into this Consent.

3. Paine states that he entered into this Consent voluntarily, and that no promise, threat, or inducement of any kind has been made by the plaintiff, Securities and Exchange Commission ("Commission"), or any member officer, agent, representative thereof, to him or to anyone acting for or in his behalf, to induce him to enter into this Consent.

4. Paine states that he understands that the Commission cannot and does not confer on him or on any person or entity, immunity from any criminal proceedings against him or other persons or entities for any actions related to or arising from this or any other matter.

5. Paine states that he understands that the Commission, at its sole and exclusive discretion, may refer this matter or any information or evidence gathered in connection therewith, or deriving therefrom to any person or entity, public or private, having criminal, civil, or administrative jurisdiction for action thereby.

6. Paine understands and agrees to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the Complaint" (17 C.F.R. §202.5(e)). In compliance with this policy, Paine agrees: (i) not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any allegation in the Complaint or creating the impression that the Complaint is without factual basis; and (ii) that upon the filing of this Consent, Paine hereby withdraws any papers filed in this action to the extent that they deny any allegation in the Complaint. If Paine breaches this agreement, the Commission may petition the Court to vacate the Permanent Injunction and

restore this case to its active docket. Nothing in this provision affects: (i) Paine's testimonial obligations; or (ii) Paine's right to take legal positions in litigation in which the Commission is not a party, or (iii) Paine's right and ability to plead not guilty to any criminal charge and to fully contest and deny said charges.

7. Paine hereby agrees that he will not contest any motion by the Commission to determine or set the amount of disgorgement and/or civil penalties that may be imposed by the Court against him, however, said amount of disgorgement and/or civil penalties shall not exceed \$600,000.00.

8. Paine hereby agrees that the Permanent Injunction, in the form annexed hereto, may be presented by the Commission to the Court for signature and entry without further notice.

9. Paine waives any right he might have to appeal from the entry of the Permanent Injunction.

10. Consistent with the provisions of 17 C.F.R. § 202.5(f), Paine waives any claim of Double Jeopardy based upon the settlement of this lawsuit, including the imposition of any remedy or civil penalty therein.

11. Paine waives service of the Permanent Injunction entered herein upon him and agrees that entry of the Permanent Injunction by the Court and filing with the Clerk in the Southern District of Florida will constitute notice to him of the terms and conditions of such Permanent Injunction.

12. Paine agrees that he will not oppose the enforcement of the Permanent Injunction on the ground that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

13. Paine agrees and undertakes to disgorge \$600,000.00 representing his gains from the conduct alleged in the indictment in United States v. Jeffrey Paine, case number 99-8125-CR- Hurley (s), plus pre-judgment interest thereon, provided, however, that all of such disgorgement and pre-judgment interest is waived based upon Paine's sworn Statements of Financial Condition dated December 1, 2000, and submitted to the Commission.

Paine acknowledges that the Court is not imposing a civil penalty pursuant to Section 20(d) of the Securities Act of 1933, 15 U.S.C. § 77t(d), or Section 21(d)(3) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u(d)(3) or requiring payment of disgorgement and pre-judgment interest thereon based upon the accuracy and completeness of his sworn representations to the Commission concerning his assets, income, liabilities, and net worth, as described in his sworn Statement of Financial Condition dated December 1, 2000, and submitted to the Commission. Paine further consents that if at any time following the entry of the Permanent Injunction the Commission obtains information indicating that his representations to the Commission concerning his assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion, petition the Court for an order requiring Paine to pay all or part of the remaining portion of the disgorgement of \$600,000.00 and pre-judgment and post-judgment interest thereon. In connection with any such petition, the only issues shall be whether the financial information provided by Paine was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of the civil penalty to be imposed. In any such petition, the Commission may move the Court to consider all

available remedies, including, but not limited to, ordering Paine to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of the Court's Permanent Injunction, and the Commission may also request additional discovery. Paine may not, by way of defense to such petition, challenge the validity of this Consent or the Permanent Injunction, contest the allegations in the Complaint filed by the Commission, contest the amount of disgorgement and interest, or assert that disgorgement or payment of a civil penalty should not be ordered.

Agreed:

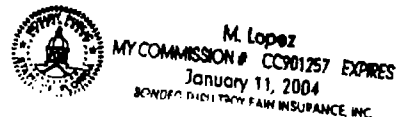
Jeffrey A. Paine
JEFFREY A. PAINE

12/11/2000
DATE

STATE OF FLORIDA)
COUNTY OF Palm Beach) ss.

Sworn to and subscribed before me this 11 day of November, 2000, by JEFFREY A. PAINE. He personally appeared before me at the time of this notarization. He is: Personally Known to me OR Produced Identification, Type of Identification Produced:

M. Lopez
Notary Public
Print Name
State of Florida
Commission No.:



Approved as to form,

David A. Howard, Esq.
Fla. Bar No.
Seiden, Alder, Rothman, Petosa &
Matthewman, P.A.
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Attorney for Defendant Jeffrey Paine