

UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION

Plaintiff,

v.

MARIA IACOVELLI, et al.

Defendants.

CIVIL ACTION
NO. 01-

FILED 01 0344

MAR 20 2001

NANCY MAYER WHITTINGTON CLERK
U.S. DISTRICT COURT

FINAL JUDGMENT AS TO JERRY THORNTHWAIT

Plaintiff Securities and Exchange Commission ("Commission"), having commenced this action by filing its Complaint for injunctive and other relief ("the Complaint"), and defendant Jerry Thornthwaite ("Thornthwaite"), in his Consent and Undertakings ("Consent"), filed herewith, having entered a general appearance, having acknowledged receipt of the Complaint, having admitted to the jurisdiction of the Court over him and the subject matter of this action, having waived the filing of an Answer pursuant to Rule 12 of the Federal Rules of Civil Procedure and the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, and, solely for the purpose of this action, without admitting or denying the allegations of the Complaint (except as to personal and subject matter jurisdiction, which he admits), having consented to the entry of this Final Judgment as to Jerry Thornthwaite ("Final Judgment"), having waived any right to appeal from this Final Judgment, and it further appearing that this Court has jurisdiction over Thornthwaite and the subject matter hereof, and the Court being fully advised in the premises, **IT IS HEREBY:**

I.

ORDERED, ADJUDGED AND DECREED that Thornthwaite and his agents, servants, employees, attorneys-in-fact, nominees and those persons in active concert or participation with them, and each of them, who receive actual notice of this Final Judgment by personal service or otherwise, be and hereby are permanently restrained and enjoined from violating Sections 5(a) and 5(c) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. §§ 77e(a) and 77e(c)] by,

(a) Unless a registration statement is in effect as to a security, directly or indirectly --

(1) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise; or

(2) carrying or causing to be carried through the mails or interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale [as prohibited by Section 5(a)]; or

(b) Directly or indirectly, 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 security, unless a registration statement has been filed as to such security, or while a registration statement 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. [as prohibited by Section 5(c)].

II.

ORDERED, ADJUDGED AND DECREED that Thornthwaite and his agents, servants, employees, attorneys-in-fact, nominees and those persons in active concert or participation with them, and each of them, who receive actual notice of this Final Judgment by personal service or otherwise, be and hereby are permanently restrained and enjoined from violating Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 CFR 240.10b-5] thereunder by,

directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange,

(1) employing any device, scheme, or artifice to defraud;

(2) making any untrue statement of a material fact or omitting 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

(3) engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person,

in connection with the purchase or sale of any security.

III.

FURTHER ORDERED, ADJUDGED AND DECREED that Thornthwaite shall disgorge \$631,959, representing monies or benefits that he derived from the conduct alleged in the Complaint, plus prejudgment interest thereon of \$270,530; provided, however, that based upon Thornthwaite's sworn Statement of Financial Condition as of April 24, 2000 (as supplemented on December 19, 2000), which was submitted to the Commission (the "Statement

of Financial Condition”), all of his disgorgement obligation is waived but for the payment of \$83,500, the surrender of 100,000 shares of Periotec stock and 5,000 shares of Medium 4.Com Inc. stock, and the assignment or liquidation of a certain Merrill Lynch annuity (with a cash value of approximately \$70,000), contingent upon the accuracy and completeness of the Statement of Financial Condition. However, if it shall appear that such financial statement was false or incomplete in any material respect when made, Defendant shall, on application by the SEC, be ordered to pay the full amount of disgorgement specified above.

IV.

FURTHER ORDERED, ADJUDGED AND DECREED that Thornthwaite shall deliver to the Court-appointed Receiver payments and securities (pursuant to Paragraph III of this Final Judgment) on the following schedule and in the following amounts: (i) within thirty (30) days of the entry of the Final Judgment, surrender the 100,000 shares of Periotec stock and 5,000 shares of Medium 4.Com Inc. stock, and assign or liquidate the Merrill Lynch annuity, (ii) within ninety (90) days of the entry of the Final Judgment, payment of \$41,750, and (iii) within one hundred eighty (180) days of the entry of the Final Judgment, payment of \$41,750. Thornthwaite shall contemporaneously notify the Commission of each transfer, assignment or delivery by sending a copy of any check, money order, wire transfer or other document evidencing the transfer or assignment to: Erich T. Schwartz, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 450 Fifth Street, N.W., Mail Stop 7-6, Washington, DC 20549-0706. Such payment shall thereafter be distributed pursuant to a plan for distribution of disgorgement funds, to be filed by the Commission or the Court-appointed Receiver with the Court, but in no event shall any of the funds, securities, or other things of

value paid, transferred, assigned, or delivered to the Court-Appointed Receiver be returned, directly or indirectly, to Thornthwaite or to his nominees.

V.

FURTHER ORDERED, ADJUDGED AND DECREED that Thornthwaite and his agents, servants, employees, attorneys-in-fact, nominees and those persons in active concert or participation with them, and each of them, who receive actual notice of this Final Judgment by personal service or otherwise, are permanently enjoined for a period of three years from the date of this Final Judgment from destroying, mutilating, concealing, altering, or disposing of any items, including, but not limited to, any books, records, documents, contracts, agreements, assignments, obligations, tape recordings, computer media or other property, relating to the activities described in the Complaint.

VI.

FURTHER ORDERED, ADJUDGED AND DECREED that Thornthwaite has waived any rights he or his nominees may have to make any claim against any disgorgement fund established to compensate victims of the SOE fraud, including monies held by the Court-appointed Receiver or in the Registry of the Court.

VIII.

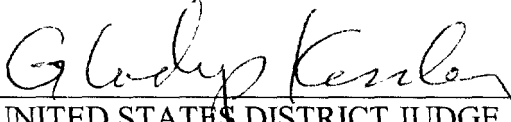
FURTHER ORDERED, ADJUDGED AND DECREED that Thornthwaite shall comply with the annexed Consent which is incorporated herein with the same force as if fully set forth in this Final Judgment. Based on Defendant's demonstrated inability to pay, as shown by his sworn Statement of Financial Condition furnished to the SEC, the Court is not directing Defendant to pay a civil penalty pursuant to Section 20(d) of the Securities Act of 1933 (15

U.S.C. §77t(d)), Section 21(d)(3) of the Securities Exchange Act of 1934 (15 U.S.C. §78u(d)(3)), or Section 21A of the Securities Exchange Act of 1934 (15 U.S.C. §78u-1). However, if it shall appear that such financial statement was false or incomplete in any material respect when made, Defendant shall, on application by the SEC, be ordered to pay a penalty in an amount to be set by the Court.

IX.

There being no just reason for delay, the Clerk of the Court is hereby directed, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter this Final Judgment forthwith.

SO ORDERED


UNITED STATES DISTRICT JUDGE

Dated: Feb 15, 2001
January 2001
Washington, D.C.