

FILED

OCT 8 1998

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UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

AT 8:30 ..... M  
WILLIAM T. WALSH  
CLERK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

Hon. MARYANNE  
TRUMP BARRY

- against -

Civil Action No. 97-1654

CHESTER HOLDINGS, LTD., formerly named  
AQUA BUOY CORPORATION,  
JOSEPH PIGNATIELLO,  
CONSTANCE PIGNATIELLO, and  
CHRISTOPHER WERNER,

Defendants.

ENTERED  
ON THE DOCKET  
ON 10-8-98  
WILLIAM T. WALSH, CLERK  
By H. [Signature]  
(Deputy Clerk)

**FINAL CONSENT JUDGMENT OF PERMANENT  
INJUNCTION AS TO DEFENDANT CHRISTOPHER WERNER**

Plaintiff Securities and Exchange Commission (the "Commission") having commenced this action by filing its Complaint on April 1, 1997, charging defendant Christopher Werner ("Werner") with violations of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, controlling person liability pursuant to Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a), for Aqua Buoy's violations of Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20, 13a-1, 13a-11, and 13a-13, 17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, and 240.13a-13, Rule 13b2-2, 17 C.F.R. § 240.13b2-2, promulgated under the Exchange Act, and Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a), and defendant Werner having executed the annexed Consent Of Defendant Christopher Werner ("Consent"), dated September 23, 1998, annexed hereto and

incorporated herein, having appeared and admitted to the *in personam* and subject matter jurisdiction of this Court in this action, having waived the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, having withdrawn his answer, and without admitting or denying the allegations contained in the Commission's Complaint, except as to jurisdiction, which are admitted, having consented to the entry without further notice of this Final Consent Judgment Of Permanent Injunction As To Defendant Christopher Werner ("Final Judgment") without further notice:

**I.**

**IT IS ORDERED, ADJUDGED, AND DECREED** that defendant Werner be, and hereby is, permanently enjoined and restrained from, directly or indirectly, singly or in concert, in connection with the purchase or sale of any security, 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, in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

## II.

**IT IS ORDERED, ADJUDGED, AND DECREED** that defendant Werner be, and hereby is, permanently enjoined and restrained from, directly or indirectly, singly or in concert, in connection with the purchase or sale of any security, 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, in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

## III.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that defendant Werner be, and hereby is, permanently enjoined and restrained from, directly or indirectly, from engaging in conduct as a controlling person that would render him liable pursuant to Section 20(a) of the Exchange Act, 15 U.S.C. § 78m(a), for violations of Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20, 13a-1, 13a-11, and 13a-13, 17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, and 240.13a-13.

IV.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that defendant Werner be, and hereby is, permanently enjoined and restrained from, directly or indirectly, singly or in concert, from making or causing to be made materially false or misleading statements, or omitting to state or cause another person to omit to state, material facts necessary in order to make statements made, in the light of the circumstances under which such statements were made, not misleading to an accountant in connection with an audit or examination of the financial statements of an issuer to be filed with the Commission, in violation of Rule 13b2-2, 17 C.F.R. § 240.13b2-2, promulgated under the Exchange Act.

V.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that defendant Werner be unconditionally barred for five years from serving as an officer or director of any issuer that has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 781, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d), pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2).

VI.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that defendant Werner pay disgorgement in the amount of \$74,625.00, representing his gains from the conduct alleged in the Complaint, plus pre-judgment interest thereon in the amount of \$43,920.42. Based upon defendant Werner's sworn representations in his Statement of Financial Condition dated July 29, 1998, and submitted to the Commission, payment of all

the disgorgement and pre-judgment interest thereon is waived, contingent upon the accuracy and completeness of his Statement of Financial Condition.

## VII.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that based upon defendant Werner's sworn representations in his Statement of Financial Condition dated July 29, 1998, and submitted to the Commission, the Court is not ordering him to pay a civil penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Sections 21(d)(3) and 21A(a) of the Exchange Act, 15 U.S.C. §§ 78u(d)(3) and 78u-1(a). The determination not to impose a civil penalty and to waive payment of all the disgorgement and pre-judgment interest thereon is contingent upon the accuracy and completeness of his Statement of Financial Condition. If at any time following the entry of this Final Judgment the Commission obtains information indicating that defendant Werner's 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 and without prior notice to defendant Werner, petition this Court for an order requiring defendant Werner to pay disgorgement, pre-judgment and post-judgment interest thereon, and a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by defendant Werner 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 defendant Werner to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment, and the Commission may also request additional discovery. Defendant Werner may not, by way of defense to such petition, challenge the validity of his Consent or the Final Judgment, 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.

**VIII.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that, pursuant to Fed. R. Civ. P. 65(d), this Final Judgment shall be binding upon defendant Werner, his officers, agents, servants, employees, and attorneys, and upon those persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise.

**IX.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that the annexed Consent be, and the same hereby is, incorporated in this Final Judgment with the same force and effect as if fully set forth herein.

**X.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that this Court shall retain jurisdiction of this matter for all purposes, including, but not limited to, implementing and enforcing the terms and conditions of this Final Judgment.

**XI.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that, 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.

**XII.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Commission may effect service of this Final Judgment, or any other papers in this action, upon defendant Werner by delivering a copy to Mark Thatcher, Esq., defendant Werner's attorney at 360 Thames Street, First Floor, Newport, Rhode Island 02840, or any attorney entering an appearance for defendant Werner in this action.