

1 HELANE L. MORRISON (Cal. Bar No. 127752)
 JOHN S. YUN (yunj@sec.gov)
 2 ROBERT S. LEACH (leachr@sec.gov)
 XAVIER CARLOS VASQUEZ (vasquezc@sec.gov)
 3 Attorneys for Plaintiff
 SECURITIES AND EXCHANGE COMMISSION
 4 44 Montgomery Street, Suite 2600
 San Francisco, California 94104
 5 Telephone: (415) 705-2500
 Facsimile: (415) 705-2501
 6
 7
 8

9 UNITED STATES DISTRICT COURT
 10 NORTHERN DISTRICT OF CALIFORNIA
 11 SAN FRANCISCO DIVISION

12 SECURITIES AND EXCHANGE COMMISSION,

Case No. C 06-6966 SI

13 Plaintiff,

14 vs.

STIPULATION AND [PROPOSED] ORDER
 FOR PRELIMINARY INJUNCTION AND
 OTHER RELIEF

15 VIPER CAPITAL MANAGEMENT, LLC,
 COMPASS FUND MANAGEMENT, LLC, and
 16 EDWARD SEWON EHEE,

17 Defendants,

18 and

19 COMPASS WEST FUND, LP, VIPER FOUNDERS
 FUND, LP, VIPER INVESTMENTS, L.P., ALBERT
 20 EHEE, ROBERT EHEE, and JENNIFER EHEE,

21 Relief Defendants.
 22
 23
 24
 25
 26
 27
 28

1 Plaintiff Securities and Exchange Commission (“Commission”), defendants Viper Capital
2 Management, LLC, Compass Fund Management, LLC, and Edward Sewon Ehee (collectively,
3 “Defendants”) and relief defendants Compass West Fund, LP, Viper Founders Fund, LP, Viper
4 Investments, L.P. and Robert Ehee, by and through their respective attorneys, stipulate and agree that
5 the Court may issue a preliminary injunction as set forth below:

6 I.

7 IT IS HEREBY ORDERED that Defendants, their respective officers, agents, servants,
8 employees, and attorneys, and all persons in active concert or participation with any of them who
9 receive actual notice of this Order, by personal service or otherwise, are preliminarily restrained and
10 enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934
11 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R.
12 § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any
13 facility of any national securities exchange, in connection with the purchase or sale of any security:

- 14 (a) to employ any device, scheme, or artifice to defraud;
- 15 (b) to make any untrue statement of a material fact or to omit to state a material fact
16 necessary in order to make the statements made, in the light of the circumstances
17 under which they were made, not misleading; or
- 18 (c) to engage in any act, practice, or course of business which operates or would
19 operate as a fraud or deceit upon any person.

20 II.

21 IT IS FURTHER ORDERED that Defendants, their respective officers, agents, servants,
22 employees, and attorneys, and all persons in active concert or participation with any of them who
23 receive actual notice of this Order, by personal service or otherwise, are preliminarily restrained and
24 enjoined from violating Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §
25 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or
26 communication in interstate commerce or by use of the mails, directly or indirectly:

- 27 (a) to employ any device, scheme, or artifice to defraud;
- 28

- 1 (b) to obtain money or property by means of any untrue statement of a material fact or any
2 omission of a material fact necessary in order to make the statements made, in light of
3 the circumstances under which they were made, not misleading; or
4 (c) to engage in any transaction, practice, or course of business which operates or
5 would operate as a fraud or deceit upon the purchaser.

6 III.

7 IT IS FURTHER ORDERED that Defendants, their respective officers agents, servants,
8 employees, and attorneys, and all persons in active concert or participation with any of them who
9 receive actual notice of this Order, by personal service or otherwise, are preliminarily restrained and
10 enjoined from violating Sections 206(1) and 206(2) of the Investment Advisers Act of 1940
11 (“Advisers Act”) [15 U.S.C. §§ 80b-6(1), (2)], by using any means or instruments of transportation or
12 communication in interstate commerce or by using the mails, directly or indirectly:

- 13 (a) to employ any device, scheme, or artifice to defraud any client or prospective client; or
14 (b) to engage in any transaction, practice, or course of business which operates as a fraud
15 or deceit upon any client or prospective client.

16 IV.

17 IT IS FURTHER ORDERED that defendants Viper Capital Management, LLC (“Viper
18 Management”), Compass Fund Management, LLC (“Compass Management”), and Edward Sewon
19 Ehee (“Edward Ehee”), their officers, agents, servants, employees, and attorneys, and all persons in
20 active concert or participation with any of them who receive actual notice of this Order, by personal
21 service or otherwise, are preliminarily restrained and enjoined from transferring, assigning, selling,
22 hypothecating, changing, wasting, dissipating, converting, concealing, encumbering, or otherwise
23 disposing of, in any manner, their own funds, assets, securities, claims, or other property wherever
24 located, as well as any of the funds, assets, securities, claims, or other property of relief defendants
25 Compass West Fund, LP (“Compass West”), Viper Founders Fund, LP (“Viper Fund”), and/or Viper
26 Investments, L.P. (“Viper Investments”) including, but not limited to, the following financial
27 institution and brokerage accounts:

- 28 1. An account held in the name of Edward Ehee and Jennifer Ehee at Wells Fargo Bank.

VI.

IT IS FURTHER ORDERED that an immediate freeze shall be placed on all monies and assets in all accounts at any bank, financial institution, or brokerage firm holding accounts in the name or for the benefit of Edward Ehee, Compass Management, Viper Management, Compass West, Viper Fund, and Viper Investments and that all banks, financial institutions, and brokerage firms holding such accounts shall not permit transactions in such accounts without further order of the Court.

VII.

IT IS FURTHER ORDERED that relief defendants Albert Ehee, Robert Ehee, and Jennifer Ehee, their respective officers, agents, servants, employees, and attorneys, and all persons in active concert or participation with any of them who receive actual notice of this Order, by personal service or otherwise, are preliminarily restrained and enjoined from transferring, assigning, selling, hypothecating, changing, wasting, dissipating, converting, concealing, encumbering, or otherwise disposing of, in any manner, the funds in the following accounts to the extent that the transfer or removal of funds would reduce the account balance below the following amounts:

- Albert Ehee. The minimum account balance of \$20,000 in an account held in his name at Bank of America.
- Robert Ehee. The minimum account balance of \$28,500 in an account held in his name at JP Morgan Chase.
- Jennifer Ehee. The minimum account balance of \$35,000 in an account held in her name at Washington Mutual Bank.

VIII.

IT IS FURTHER ORDERED that defendants Viper Management, Compass Management, and Edward Ehee, relief defendants Compass West, Viper Fund, Viper Investment, Albert Ehee, Robert Ehee, and Jennifer Ehee, their respective officers, agents, servants, employees, and attorneys, and all persons in active concert or participation with any of them who receive actual notice of this Order, by personal service or otherwise, shall keep, preserve, and maintain all of their books, records, papers, account statements, computers, email, electronic data, journals, data bases, calendars, hard drives,

1 flash drives, or any other documents, materials, and media (however created, produced, or stored)
2 that relate to the matters raised in this proceeding.

3 IX.

4 IT IS FURTHER ORDERED that, to the extent consistent with asserting their constitutional
5 rights, Defendants shall each file with this Court and serve upon the Commission, within ten court
6 days of this Order, a sworn accounting of:

- 7 a. all securities, funds, real estate, and other assets held in his or its name, or in which
8 he or it has had any direct or indirect beneficial interest, stating the location of
9 each of the assets;
- 10 b. each account with any financial institution or brokerage firm maintained in the
11 names of Edward Ehee, Compass Management, Viper Management, Compass
12 West, Viper Fund, and/or Viper Investment or in which he or it has or has had any
13 direct or indirect beneficial interest;
- 14 c. every transaction in which any funds or other assets of any kind were transferred
15 from Edward Ehee, Compass Management, Viper Management, Compass West,
16 Viper Fund, and/or Viper Investment to any other defendant or relief defendant in
17 this action;
- 18 d. every transaction in which any funds or other assets of any kind were transferred
19 from Edward Ehee, Compass Management, Viper Management, Compass West,
20 Viper Fund, and/or Viper Investment to any other person or to any entity in which
21 any of these defendants or entities has any ownership interest; and
- 22 e. all assets, funds, securities, and real or personal property received by Edward
23 Ehee, Compass Management, Viper Management, Compass West, Viper Fund,
24 and/or Viper Investment from persons who provided money to Edward Ehee,
25 Compass Management, Viper Management, Compass West, Viper Fund, and/or
26 Viper Investment in connection with the providing of investment advice and/or the
27 offer, purchase, or sale of securities of any kind, and the disposition of such assets,
28 funds, securities, and real or personal property, including, for each person or entity

1 (i) the specific use to which the investor's money was put, and (ii) each location to
2 which the investor's money was transferred.

3 Nothing in this stipulation and order shall be interpreted as a waiver of defendants' constitutional
4 rights, if any.

5 X.

6 IT IS FURTHER ORDERED that the parties to this action may immediately take discovery
7 by any means authorized under Rules 26 through 36 and Rule 45 of the Federal Rules of Civil
8 Procedure. Defendants reserve the right to move the Court to stay discovery in the action or the enter
9 case at a later time.

10 XI.

11 IT IS FURTHER ORDERED that, notwithstanding any other provision of this Order,
12 defendant Edward Ehee may transfer and expend assets in a total amount not to exceed \$2,500 per
13 month solely for the purpose of providing reasonable and necessary food, medicine, medical care,
14 health insurance, clothing, lodging (whether owned or rented), utilities, and automobile expenses;
15 provided further that, for the purpose of monitoring compliance with this Order, Edward Ehee shall
16 prepare and serve upon the plaintiff, not later than the third court day of each month, a sworn
17 statement of each transfer or expenditure of assets in the preceding month together with such
18 documents (including, for example and not as a limitation, receipts, checks, and invoices) as
19 memorialize or evidence such transfer or expenditure. The plaintiff may notice and take the
20 deposition of Edward Ehee as to each such sworn statement.

XII.

IT IS FURTHER ORDERED THAT any party to this action may seek modification of this Order by motion with notice to all parties.

Dated: _____

By: /s/ Xavier Carlos Vasquez
XAVIER CARLOS VASQUEZ, Esq.
Attorney for Plaintiff
SECURITIES AND EXCHANGE
COMMISSION
44 Montgomery St., Ste. 2600
San Francisco, CA 94104
(415) 705-2500
vasquezc@sec.gov

Dated: _____

By: /s/ Ismail Ramsey
ISMAIL RAMSEY, Esq.
RAMSEY & EHRLICH, LLP
803 Hearst Avenue
Oakland, CA 94710
(510) 548-3600
izzy@ramsey-ehrllich.com
Attorney for Defendants
VIPER CAPITAL MANAGEMENT, LLC,
COMPASS FUND MANAGEMENT, LLC,
and EDWARD SEWON EHEE
and Relief Defendants
COMPASS WEST FUND, LP and
VIPER FOUNDERS FUND, LP

Dated: _____

By: /s/ Arthur Greenspan
ARTHUR GREENSPAN, Esq.
RICHARDS, KIBBE & ORBE LLP
One World Financial Center
New York, NY 10281
(212) 530-1840
Attorney for Relief Defendant
ROBERT EHEE

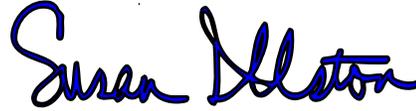
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ORDER

The Court having received and considered the stipulation of the parties as set forth above and finding good cause exists for entry of the order agreed upon by the parties,

IT IS SO ORDERED.

DATED: November __, 2006



UNITED STATES DISTRICT JUDGE