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2 ALAN S. WEINGER
Acting Deputy Commissioner
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4 71 Stevenson Street, Suite 2100
5 San Francisco, CA 94105
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Department of Corporations

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SACRAMENTO COURTS
DEPT. #53

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA

9 FOR THE COUNTY OF SACRAMENTO

10 THE PEOPLE OF THE STATE OF
11 CALIFORNIA, by and through the
CALIFORNIA CORPORATIONS COMMISSIONER,

12 Plaintiff,

13 vs.
14

15
16 DERIVIUM CAPITAL, LLC, a South Carolina
17 Corporation; FIRST SECURITIES CAPITAL, LLC, a
South Carolina Corporation; FSC FIRST SECURITIES
18 CAPITAL, LLC, a Texas Corporations; DIVERSIFIED
DESIGN ASSOCIATES, an Irish Corporation; DR.
19 CHARLES CATHCART, individually and doing business
as DERIVIUM CAPITAL, LLC FSC FIRST
20 SECURITIES CAPITAL and FIRST SECURITIES
21 CAPITAL, LLC; SCOTT CATHCART, individually and
doing business as DERIVIUM CAPITAL, LLC, FSC
22 FIRST SECURITIES CAPITAL and FIRST SECURITIES
23 CAPTIAL, LLC; YURI DEBEVC, individually and doing
business as DERIVIUM CAPITAL, LLC FSC FIRST
24 SECURITIES CAPITAL and FIRST SECURITIES
25 CAPITAL, LLC , BANCROFT VENTURES LIMITED,
an Isle of Man Corporation, and DOES 1 through 70,

26 Defendants.
27
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Case No.: 02AS05849

STIPULATION TO ENTRY OF
JUDGMENT FOR CIVIL
PENALTIES AND PERMANENT
INJUNCTION AGAINST
DERIVIUM CAPITAL LLC
PURSUANT TO SETTLEMENT.

Trial Date: June 26, 2006

1 TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD

2 It is hereby stipulated as follows:

3 Kevin Campbell, the court appointed Chapter 7 bankruptcy trustee for Derivium Capital,
4 LLC, Defendant, and The People of the State of California by and through the California
5 Corporations Commissioner, Plaintiff, desire to resolve all issues and disputes between them
6 underlying and related to the facts and circumstances that led to the above captioned action and
7 have settled this case as between them pursuant to Code of Civil Procedure section 664.6 on the
8 terms and conditions set forth below.

9
10 This Stipulation to Entry of Judgment for Civil Penalties and Injunction Against Derivium
11 Capital, LLC is made with reference to the facts, transactions, allegations, claims, and defenses
12 underlying, relating to, or arising from the Complaint, in the above-captioned lawsuit. The Parties
13 wish to avoid the delay, expense, inconvenience and uncertainty of litigation and now desire to
14 finally compromise, settle and discharge all claims, controversies, demands, actions, or causes of
15 action asserted in this Action as between them. Accordingly, to resolve their differences and to
16 avoid the uncertainty and expense of further litigation, the Parties have agreed to and hereby
17 stipulate to immediate entry of the Separate Judgment On Stipulation For Entry Of Judgment For
18 Civil Penalties And Permanent Injunction Against Derivium Capital LLC, attached hereto as
19 Exhibit "A" (hereafter "Judgment") and waive any trial or adjudication of any fact or law herein.
20 The Parties hereby waive the entry of findings of fact and conclusions of law under California
21 Code of Civil Procedure section 632. In light of the foregoing and based upon good and valuable
22 consideration, the Parties hereby agree to stipulate to allow the court to enter the Judgment in this
23 action without further notice or hearing to the parties as follows:
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1 1. Derivium Capital, LLC stipulates to the entry of the attached Judgment against it in the total
 2 amount of \$750,000 payable to the Department of Corporations. Derivium Capital LLC
 3 acknowledges and stipulates that the full amount of the judgment is allocated to civil penalties
 4 authorized by Financial Code section 22713 for violations of section 2100 of the California
 5 Finance Lenders Law (CFL) for acting as a commercial finance lender without a license as
 6 alleged in the First Cause of Action of the Complaint in the above captioned action. The
 7 Department of Corporations agrees that the \$750,000.00 judgment against Derivium Capital,
 8 LLC will be subordinated to all other unsecured non-priority claims made against Derivium
 9 Capital, LLC in the Bankruptcy action venued in the United States Bankruptcy Court for the
 10 District of South Carolina, Case Number 05-15042. The Judgment will not accrue interest and
 11 the parties will each bear their own costs.

12 2. Derivium Capital, LLC, also stipulates to an injunction permanently enjoining Derivium
 13 Capital, LLC, its employees and agents from violating Corporations Code section 22100, and
 14 engaging in the marketing, brokering, or making of stock loans in the State of California or to
 15 California residents unless and until it has obtained a California finance lender or brokers license
 16 and complied with all applicable California state law requirements as to licensing.

17 It is so stipulated

18 Date: 6-1-06, 2006

19 By: _____
 20 ~~Karin Campbell,~~
 21 Chapter 7 Bankruptcy Trustee for Defendant
 22 Derivium Capital, LLC

23 Date: 6-2-06, 2006

24 By: _____
 25 Alan Weinger,
 26 Acting Deputy Commissioner,
 27 Enforcement Division, State of California

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STIPULATION TO ENTRY OF JUDGMENT FOR CIVIL PENALTIES AND PERMANENT INJUNCTION AGAINST
DERIVUM CAPITAL LLC PURSUANT TO SETTLEMENT

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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SACRAMENTO

10 THE PEOPLE OF THE STATE OF
11 CALIFORNIA, by and through the
12 CALIFORNIA CORPORATIONS COMMISSIONER,

13 Plaintiff,

14 vs.

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16 DERIVIUUM CAPITAL, LLC, a South Carolina
17 Corporation; FIRST SECURITIES CAPITAL, LLC, a
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28 business as DERIVIUUM CAPITAL, LLC FSC FIRST
SECURITIES CAPITAL and FIRST SECURITIES
CAPITAL, LLC , BANCROFT VENTURES LIMITED,
an Isle of Man Corporation, and DOES 1 through 70,

Defendants.

Case No.: 02AS05849

SEPARATE JUDGMENT ON
STIPULATION FOR ENTRY OF
JUDGMENT FOR CIVIL
PENALTIES AND PERMANENT
INJUNCTION AGAINST
DERIVIUUM CAPITAL, LLC.

Trial Date: June 26, 2006

1 TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD

2
3 In the above entitled action, Kevin Campbell, the court appointed Chapter 7 bankruptcy
4 trustee for Derivium Capital, LLC, Defendant, and The People of the State of California by and
5 through the California Corporations Commissioner, Plaintiff, having stipulated that judgment be
6 entered for civil penalties against Derivium Capital, LLC in the amount of \$750,000.00 and for the
7 issuance of an injunction permanently enjoining Derivium Capital, LLC, its employees or agents
8 from marketing brokering or making Stock Loans in the State of California or to California
9 residents unless and until they first obtain a California Finance Lenders License,

10
11 IT IS HEREBY ADJUDGED, ORDERED, AND DECREED

12
13 That judgment is entered against Derivium Capital, LLC in the total amount of \$750,000.00
14 payable to the Department of Corporations. Derivium Capital, LLC acknowledges and stipulates
15 that the full amount of the Judgment is allocated to civil penalties authorized by Financial Code
16 section 22713 for violations of section 2100 of the California Finance Lenders Law (CFLL) for
17 acting as a commercial finance lender without a license as alleged in the First Cause of Action of
18 the Complaint in the above captioned action. The Judgment will not accrue interest and the parties
19 will each bear their own costs. Pursuant to the terms of the stipulated settlement the Judgment
20 will be subordinated to all other unsecured non-priority claims made against Derivium Capital,
21 LLC in the Bankruptcy action venued in the United States Bankruptcy Court for the District of
22 South Carolina, Case Number 05-15042.

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25 Further, Derivium Capital, LLC, its employees and agents are also permanently restrained and
26 enjoined from violating Corporations Code section 22100, and engaging in the marketing,
27 brokering, or making of stock loans in the State of California or to California residents, unless
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and until it has obtained a California finance lender or brokers license and complied with all applicable California state law requirements as to licensing.

IT IS SO ORDERED

Date: ~~_____ 2006~~
JUN 13 2006

By: LOREN E. McMASTER
Judge of the Superior Court