

JAN 11 2012

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**IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR ADA COUNTY**

STATE OF IDAHO, DEPARTMENT OF
FINANCE, SECURITIES BUREAU,

Plaintiff,

vs.

LOUIS C. NARDONE III, an individual, and
dba PRECISION MARKETING GROUP,

Defendant.

Case No. CV OC 11 10439

**STIPULATION AND CONSENT TO
ENTRY OF JUDGMENT**

Plaintiff, the State of Idaho, Department of Finance (“Department”), and Defendant, Louis C. Nardone III, an individual and dba Precision Marketing Group (“Nardone”), have agreed to entry of judgment against said Defendant, pursuant to the following stipulation. The Department and Nardone request this Court to enter judgment in the form and substance set forth in the Stipulated Judgment and Permanent Injunction (Judgment) filed concurrently herewith. In

the event the Judgment is not entered pursuant to this Stipulation, this Stipulation shall be of no effect whatever, and the making of this Stipulation shall be without prejudice to any party in this or any other proceeding. By signing and entering into this Stipulation, Nardone waives his rights to a hearing and/or trial on the alleged violations in the Verified Complaint

PLAINTIFF'S ALLEGATIONS

Beginning in at least 2006 and continuing through at least early 2008, Nardone issued securities in the form of investment contracts, for the purpose of raising money for his personal benefit, to at least twenty-five (25) investors in an aggregate amount of approximately three hundred thousand dollars (\$300,000). Nardone promised investors an annual rate of return of between 115 and 125 percent.

Nardone defrauded investors by misrepresenting the investment and by omitting material information from the investor solicitations. Nardone failed to register these securities and failed to register as a securities broker-dealer or agent, as required by law. Nardone paid early investors with funds from later investors, to create the appearance of a functioning investment, but it was a Ponzi scheme that inevitably imploded. Investor moneys provided to Nardone were used to pay current and prior investors and for Nardone's personal expenses. Although Nardone made payments to some investors in the total amount of one hundred thirty-nine thousand seventy dollars and twenty cents (\$139,070.20), the scheme eventually collapsed. Despite demand, the invested funds have not been returned to investors.

STIPULATION

The Department and Defendant Louis C. Nardone III, an individual and dba Precision Marketing Group, hereby stipulate and agree to the facts, conclusions of law, terms and conditions set forth in herein.

1. Pursuant to Idaho Code § 30-14-603, Nardone agrees to the following:
 - a. Nardone neither admits nor denies the allegations set forth in the Verified Complaint. That Nardone transacted business in Idaho as an agent of an issuer. Nardone was not registered as an agent with the Department as required by Idaho Code § 30-14-402(a). Nardone's failure to register as an agent with the Department violated Idaho Code § 30-14-402(a).
 - b. That Nardone has timely and fully cooperated with the Department's reasonable requests for information and documentation to establish full restitution to all Idaho investors
 - c. That Nardone will pay to the Department the amount of one hundred seventy-seven thousand four hundred forty-six dollars and twenty-two cents (\$177,446.22), which the Department will provide to investors as restitution. Interest will accrue on the restitution amount at the rate set by Idaho Code § 28-22-104, beginning the date of entry of judgment. Payment of this restitution by Nardone shall not constitute an admission of guilt or fault of any kind.
 - d. That Nardone will pay to the Department the amount of forty thousand dollars (\$40,000) constituting penalties for the violations listed in Counts One through Four of the Verified Complaint. Such penalties will be suspended and/or waived according to paragraph 2.c. below, unless Nardone violates the terms of this Stipulation and the Judgment filed concurrently herewith. Payment of this penalty by Nardone shall not constitute an admission of guilt or fault of any time.
 - e. Beginning on the first day of the next month after the Judgment in this case issues, and continuing on the first day of the month thereafter, Nardone shall pay to the Department the sum of at least five hundred dollars (\$500) per month. Payments are to be made by the 1st of every month. In the event of a default in any of the aforesaid payments, plaintiff

shall give Nardone written notice of said default and the defendant shall have fourteen (14) days to cure said default, beginning on the date notice is mailed to Nardone's last address known by the Department. In the event that Nardone does not cure the aforesaid default, the plaintiff may enter judgment in the full amount ordered by the court (\$217,466.22).

f. That failure to make each and every five hundred dollar (\$500) monthly payment as set forth in paragraph 1.e. above, will be considered a violation of this Stipulation and the agreements contained herein, will render the Department's agreements hereunder void, including the covenant not to execute, and will allow the Department to proceed to execute on the Judgment.

g. That if Nardone fails to make any payment as set forth in paragraph 1.e., the penalty suspension will be lifted on the date of the failure and Nardone will be liable for all penalties and the full judgment amount with accrued interest, less any amounts previously paid.

h. That Nardone consents to the Court's entry of the Judgment filed concurrently herewith, permanently barring Nardone from any future violations of Idaho's Uniform Securities Act (2004) and from selling or offering for sale securities in any form in the state of Idaho.

i. Nardone has provided the Department with a complete and accurate affidavit of net worth. If Nardone fails to completely identify all assets, income, and anticipated income (such as an inheritance), or if Nardone overstates expenses or liabilities, the Department shall be entitled to immediately commence collection under this Stipulation and the related Judgment.

j. The Department shall not be required to provide Nardone notice of, nor shall Nardone object to, any request for a renewal of the Judgment filed concurrently herewith under Idaho Code § 10-1111.

k. Nardone agrees and consents that the Department may obtain credit reports as necessary to assist in collecting amounts owed under this Stipulation and associated Judgment.

l. Nardone waives any applicable statutes of limitation with respect to the persons named in Exhibit "A" only. This waiver is specifically limited to those persons identified in Exhibit "A" and does not apply to any other person or entity.

m. Nardone agrees to bear his own attorney fees and costs in this action.

2. The Department agrees to the following:

a. That Counts One through Four of the Verified Complaint and the actions giving rise to Counts One through Four are merged into this Stipulation and the associated Judgment, and the terms of this Stipulation and the associated Judgment shall be the Department's sole remedy for the violations giving rise to the Verified Complaint.


b. That as long as Nardone is making the payments on time, as described in paragraph 1.e. above, the Department will make no effort to collect on the money judgment. Failure to make such payments, or failure to make them on time, or failure to accurately state net worth, income and expenses in the affidavit of net worth, shall entitle the Department to immediately commence collection efforts after Nardone's time to cure, as described in paragraph 1.e., has expired.

c. That the Department will suspend the penalties in paragraph 1.e. above as long as Nardone is making the monthly payments described in paragraph 1.e. above. At such time as Nardone pays the full restitution amount of one hundred seventy-seven thousand four hundred sixty-six dollars and twenty-two cents (\$177,466.22), the Department will waive the penalties and will file a satisfaction of judgment. The Department will waive the penalties only if

Nardone has made all payments, on time, and failure to do so will cause the Department to withdraw its waiver.

d. The Department agrees to forgo any claim for costs, attorney fees, and reimbursement for investigative efforts in this action pursuant to Idaho Code § 30-14-603(b)(2)(C). The Department may seek costs and fees as provided by rule or statute for enforcement of the Judgment.

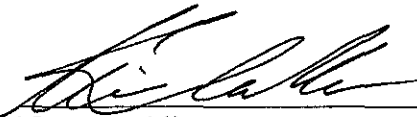
DATED this 22nd day of December, 2011.



Louis C. Nardone III
Defendant

SUBSCRIBED AND SWORN to before me this 22nd day of December, 2011.


KEVIN CALLAHAN
Notary Public - State of New York
No. 01CA6207686
Qualified in Putnam County
My Commission Expires June 15, 2013



Notary Public
Residing at: 171 S. Riverside Court, Croton, NY 10520
My Comm. Exp.: 06/15/2013

APPROVED AS TO FORM AND CONTENT.

DATED this 3 day of January, 2012.




Michael C. Barrows, Esq.
BARROWS & TEHRANI, PLLC
Counsel for Defendant

DATED this _____ day of _____, 2011.

Nardone has made all payments, on time, and failure to do so will cause the Department to withdraw its waiver.

d. The Department agrees to forgo any claim for costs, attorney fees, and reimbursement for investigative efforts in this action pursuant to Idaho Code § 30-14-603(b)(2)(C). The Department may seek costs and fees as provided by rule or statute for enforcement of the Judgment.

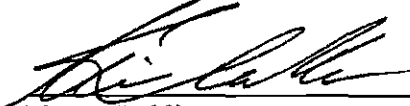
DATED this 22nd day of December, 2011.



Louis C. Nardone III
Defendant

SUBSCRIBED AND SWORN to before me this 22nd day of December, 2011.

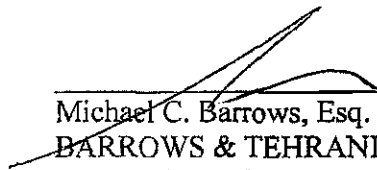
KEVIN CALLAHAN
Notary Public - State of New York
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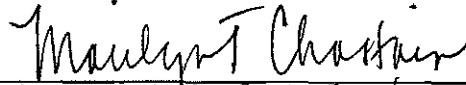
APPROVED AS TO FORM AND CONTENT.

DATED this 3 day of January, 2012.



Michael C. Barrows, Esq.
BARROWS & TEHRANI, PLLC
Counsel for Defendant

DATED this 30 day of January, 2012.




MARILYN H. CRASTAIN
SECURITIES BUREAU CHIEF

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 10 day of January, 2012, I served a true and correct copy of the foregoing STIPULATION AND CONSENT TO ENTRY OF JUDGMENT upon the following by the designated means:

Michael C. Barrows, Esq.
BARROWS & TEHRANI, PLLC
369 Lexington Avenue, 2nd Floor
New York, NY 10017

- U.S. mail, postage prepaid
- certified mail
- overnight mail
- hand delivery



Paralegal