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SACRAMENTO COURTS
DEPT. #53

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SACRAMENTO

THE PEOPLE OF THE STATE OF CALIFORNIA, by and through the CALIFORNIA CORPORATIONS COMMISSIONER, Plaintiff, vs. DERIVIUM CAPITAL, LLC, a South Carolina Corporation; FIRST SECURITIES CAPITAL, LLC, a South Carolina Corporation; FSC FIRST SECURITIES CAPITAL, LLC, a Texas Corporations; DIVERSIFIED DESIGN ASSOCIATES, an Irish Corporation; DR. CHARLES CATHCART, individually and doing business as DERIVIUM CAPITAL, LLC FSC FIRST SECURITIES CAPITAL and FIRST SECURITIES CAPITAL, LLC; SCOTT CATHCART, individually and doing business as DERIVIUM CAPITAL, LLC, FSC FIRST SECURITIES CAPITAL and FIRST SECURITIES CAPTIAL, LLC; YURI DEBEVC, individually and doing business as DERIVIUM 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 STIPULATION TO ENTRY OF JUDGMENT FOR CIVIL PENALTIES AND PERMANENT INJUNCTION AGAINST DERIVIUM CAPITAL LLC PURSUANT TO SETTLEMENT. Trial Date: June 26, 2006

State of California - Department of Corporations

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD

It is hereby stipulated as follows:

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

This Stipulation to Entry of Judgment for Civil Penalties and Injunction Against Derivium Capital, LLC is made with reference to the facts, transactions, allegations, claims, and defenses underlying, relating to, or arising from the Complaint, in the above-captioned lawsuit. The Parties wish to avoid the delay, expense, inconvenience and uncertainty of litigation and now desire to finally compromise, settle and discharge all claims, controversies, demands, actions, or causes of action asserted in this Action as between them. Accordingly, to resolve their differences and to avoid the uncertainty and expense of further litigation, the Parties have agreed to and hereby stipulate to immediate entry of the Separate Judgment On Stipulation For Entry Of Judgment For Civil Penalties And Permanent Injunction Against Derivium Capital LLC, attached hereto as Exhibit "A" (hereafter "Judgment") and waive any trial or adjudication of any fact or law herein. The Parties hereby waive the entry of findings of fact and conclusions of law under California Code of Civil Procedure section 632. In light of the foregoing and based upon good and valuable consideration, the Parties hereby agree to stipulate to allow the court to enter the Judgment in this action without further notice or hearing to the parties as follows:

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1. Derivium Capital, LLC stipulates to the entry of the attached Judgment against it in the total amount of $750,000 payable to the Department of Corporations. Derivium Capital LLC acknowledges and stipulates that the full amount of the judgment is allocated to civil penalties authorized by Financial Code section 22713 for violations of section 2100 of the California Finance Lenders Law (CFLL) for acting as a commercial finance lender without a license as alleged in the First Cause of Action of the Complaint in the above captioned action. The Department of Corporations agrees that the $750,000.00 judgment against Derivium Capital, LLC will be subordinated to all other unsecured non-priority claims made against Derivium Capital, LLC in the Bankruptcy action venued in the United States Bankruptcy Court for the District of South Carolina, Case Number 05-15042. The Judgment will not accrue interest and the parties will each bear their own costs.

2. Derivium Capital, LLC, also stipulates to an injunction permanently enjoining Derivium Capital, LLC, its employees and agents from violating Corporations Code section 22100, and engaging in the marketing, brokering, or making of stock loans in the State of California or to California residents unless 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 stipulated

Date: 6-1-06, 2006

By: _____
Kevin Campbell,
Chapter 7 Bankruptcy Trustee for Defendant
Derivium Capital, LLC

Date: 6-2-06, 2006

By: _____
Alan Weinger,
Acting Deputy Commissioner,
Enforcement Division, State of California

State of California - Department of Corporations

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SACRAMENTO

THE PEOPLE OF THE STATE OF CALIFORNIA, by and through the CALIFORNIA CORPORATIONS COMMISSIONER, Plaintiff, vs. DERIVIUM CAPITAL, LLC, a South Carolina Corporation; FIRST SECURITIES CAPITAL, LLC, a South Carolina Corporation; FSC FIRST SECURITIES CAPITAL, LLC, a Texas Corporation; DIVERSIFIED DESIGN ASSOCIATES, an Irish Corporation; DR. CHARLES CATHCART, individually and doing business as DERIVIUM CAPITAL, LLC FSC FIRST SECURITIES CAPITAL and FIRST SECURITIES CAPITAL, LLC; SCOTT CATHCART, individually and doing business as DERIVIUM CAPITAL, LLC, FSC FIRST SECURITIES CAPITAL and FIRST SECURITIES CAPTIAL, LLC; YURI DEBEVC, individually and doing business as DERIVIUM 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 DERIVIUM CAPITAL, LLC. Trial Date: June 26, 2006

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TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD

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

IT IS HEREBY ADJUDGED, ORDERED, AND DECREED

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

Further, Derivium Capital, LLC, its employees and agents are also permanently restrained and enjoined from violating Corporations Code section 22100, and engaging in the marketing, 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

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