

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

USDC SDNY  
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DATE FILED: 11/26/07

U.S. SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
Plaintiff,	:	
	:	
v.	:	1:04-cv-2322 (GEL)
	:	
UNIVERSAL EXPRESS, INC., et al.,	:	
	:	
Defendants.	:	

**CONSENT OF DEFENDANT GEORGE SANDHU**

1. Defendant George Sandhu ("Defendant" or "Mr. Sandhu") acknowledges having been served with the Complaint in this action, filed an answer, entered a general appearance, and admitted the Court's jurisdiction over him and over the subject matter of this action.

2. Without admitting or denying the allegations of the Complaint (except as to personal and subject matter jurisdiction, which Mr. Sandhu admits), Defendant hereby consents to the entry of an Order for Permanent Injunction and Other Relief in the form attached hereto (the "Permanent Injunction") and incorporated by reference herein, which, among other things:

- (a) permanently restrains and enjoins Mr. Sandhu from violation of Sections 5 and 17(a) of the Securities Act of 1933 ("Securities Act"), and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, [15 U.S.C. §§ 77e, 77q(a), 78 j(b) and 17 C.F.R. § 240.10b-5];
- (b) bars Mr. Sandhu from participating in an offering of penny stock, including engaging in activities of a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny

stock, as defined in Section (3)(a)(51)(A) of the Exchange Act [15 U.S.C. 78c(a)(51)(A)], and in Rule 3a51-1 under the Exchange Act [17 C.F.R. 240.3a51-1]; and

(c) finds Mr. Sandhu is liable for disgorgement and prejudgment interest, and potentially, for civil penalties under Section 20(d)(2)(C) of the Securities Act and Section 21(d)(3)(B)(iii) of the Exchange Act [15 U.S.C. §§ 77t(d)(2)(C) and 78u(d)(3)(B)(iii), 17 C.F.R. § 201.1002], but delays determination of the amount of disgorgement, prejudgment interest, and the appropriateness and amount of civil penalties, if any, until a later hearing before the Court.

3. Mr. Sandhu acknowledges that any civil penalty paid pursuant to a final judgment may be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, a civil penalty shall be treated as a penalty paid to the government for all purposes, including all federal and state tax purposes. To preserve the deterrent effect of the civil penalty, Mr. Sandhu agrees that he shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Mr. Sandhu's payment of disgorgement in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of Mr. Sandhu's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Mr. Sandhu agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of any civil penalty imposed in this action. For purposes of this paragraph, a "Related Investor Action"

means a private damages action brought against Mr. Sandhu by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

4. Mr. Sandhu agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Mr. Sandhu pays pursuant to the final judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Mr. Sandhu further agrees that he shall not claim, assert, or apply for a federal or state tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Mr. Sandhu pays pursuant to the final judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

5. Mr. Sandhu agrees that the Court shall order disgorgement of ill-gotten gains and prejudgment interest thereon; that the amounts of disgorgement and civil penalty, if any, shall be determined by the Court upon motion of the Commission; and that prejudgment interest shall be calculated from February 1, 2004, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). Defendant further agrees that, upon motion of the Commission, the Court shall determine whether a civil penalty is appropriate pursuant to Section 20(d)(2)(C) of the Securities Act [15 U.S.C. § 77t(d)(2)(C)] and Section 21(d)(3)(B)(iii) of the Exchange Act [15 U.S.C. § 78u(d)(3)(B)(iii)], and if so, the amount of the penalty. Defendant further agrees that in connection with the Commission's motions for disgorgement, prejudgment interest, and civil penalties, and at any hearing held on such motions: (a) Defendant will be precluded from arguing that he did not violate the federal securities laws as alleged in the Complaint; (b) Defendant may

not challenge the validity of this Consent or the Permanent Injunction; (c) solely for the purposes of such motion, the allegations of the Complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motions for disgorgement and civil penalties, the parties may take discovery, including discovery from appropriate non-parties.

6. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

7. Defendant waives the right he may have to appeal from entry of the Permanent Injunction.

8. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

9. Defendant agrees that this Consent shall be incorporated into the Permanent Injunction with the same force and effect as if fully set forth therein.

10. Defendant will not oppose the enforcement of the Permanent Injunction on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

11. Defendant waives service of the Permanent Injunction and agrees that entry of the Permanent Injunction by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the

Commission, within thirty days after the Permanent Injunction is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Permanent Injunction.

12. Consistent with 17 C.F.R. § 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendant understands that he shall not be permitted to contest the factual allegations of the complaint in this action.

13. Defendant understands and agrees to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegation in the complaint or order for proceedings." 17 C.F.R. § 202.5. In compliance with this policy, Defendant agrees: (i) not to take any action or to make or permit to

be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; and (ii) that upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the Complaint. If Defendant breaches this agreement, the Commission may petition the Court to vacate the Permanent Injunction and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

14. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

15. In connection with this action and any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, Defendant (i) subject to his testimonial privileges and attorney-client privilege, agrees to appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) will accept service by mail or facsimile transmission of notices or subpoenas issued by the Commission for documents or testimony at depositions, hearings, or trials, or in connection with any related investigation by Commission staff; (iii) with respect to such notices and subpoenas, waives the territorial limits on service contained in Rule 45 of the

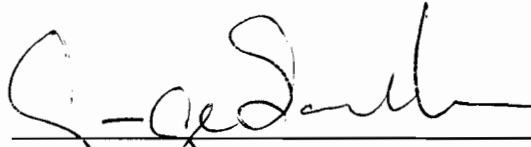
Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the testimony reimburses Defendant's travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (iv) consents to personal jurisdiction over Defendant in any United States District Court for purposes of enforcing any such subpoena.

16. Defendant agrees that the Commission may present the Permanent Injunction to the Court for signature and entry without further notice.

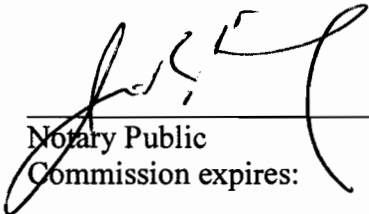
17. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Permanent Injunction.

Dated: 25 NOV 2007


State of NY )  
County of NY ) ss:

  
George Sandhu

On November 25, 2007, George Sandhu, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.

  
Notary Public  
Commission expires:

Approved as to form:

  
Marvin Pickholz  
Akerman Senterfitt, P.C.  
355 Madison Avenue, Suite 2600  
New York, NY 10017  
Attorney for Defendant  
George Sandhu

JASON R. PICKHOLZ  
NOTARY PUBLIC, STATE OF NEW YORK  
NO. 02PI6090457  
QUALIFIED IN NEW YORK COUNTY  
COMMISSION EXPIRES APRIL 14, 2011