

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

**W FINANCIAL GROUP, LLC,
ADLEY H. ABDULWAHAB a/k/a Adley Wahab,
MICHAEL K. WALLENS, SR., and
MICHAEL K. WALLENS, JR.**

Defendants,

Civil Action No.
3:08-CV-0499-N

STIPULATION AND CONSENT

Defendants W Financial Group, Inc. (W Financial), Adley Abdulwaha a/k/a Adley Wahab ("Wahab"), Michael K. Wallens, Sr. ("Wallens Sr.") and Michael K. Wallens, Jr. ("Wallens Jr.") (collectively "Defendants") hereby stipulate, consent, and agree to the following:

- 1: That Defendants consent, without admitting or denying any of the allegations of the Complaint, except as to jurisdiction as noted herein, to the entry of the Interlocutory Judgment by Consent Granting Interlocutory Injunction and Other Equitable Relief ("Interlocutory Judgment"), appended hereto as Exhibit B enjoining Defendants from violating those provisions of the federal securities laws specified therein.
- 2: That Defendants admit service of the Summons and Complaint of the Securities and Exchange Commission ("Commission") herein and admit the jurisdiction of this Court over them and the subject matter of this action.
- 3A: That Defendants acknowledge they have entered into this Stipulation and Consent ("Consent") voluntarily and represents that no promises of immunity, threats, or assurances have been made by the Commission or by any of its members, officers, agents, or representatives to induce them to enter into this Consent.

- 3B. The Parties agree there will not be further litigation of injunctive provisions of the Interlocutory Judgment except by agreement and consent by the Court.

In the event the Parties do not agree to dissolve the Interlocutory Injunction, the Court may on motion, without further litigation of the plaintiff, incorporate the injunctive relief into the Court's final judgment. Defendants will not oppose said motion.

- 4: That Defendants agree the Court may order disgorgement of ill-gotten gains, prejudgment interest thereon, and civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Defendants further agree that the amounts of the disgorgement and civil penalties may be determined by the Court upon motion of the Commission, and that prejudgment interest may be calculated 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). Defendants further agree that in connection with the Commission's motion for disgorgement and/or civil penalties, and at any hearing held on such a motion: (a) Defendants will be precluded from arguing that federal securities laws were not violated as alleged in the Complaint, however, this provision is not a waiver of any claims or causes of action or defenses arising from acts of non-parties to the case or others, or Defendants' right to indemnity by others who acted in violation of federal securities laws; (b) Defendants may not challenge the validity of this Consent or the Interlocutory Judgment; (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 motion for disgorgement and/or civil penalties, the parties may take discovery, including discovery from appropriate non-parties.

- 5: That Defendants waive the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.
- 6: That Defendants waive any right they may have to appeal from entry of the Interlocutory Judgment.
- 7: That Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendants in this civil proceeding. Defendants acknowledge 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. Defendants waive any claim of Double Jeopardy based upon **the** settlement of this proceeding, including the imposition of any remedy or civil penalties herein. Defendants further acknowledge 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, Defendants understands that he shall not be permitted to contest the factual allegations of the complaint in this action.

- 8: That Defendants understand and agree 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 allegations in the Complaint or order for proceedings" as set forth in 17 C.F.R. § 202.5(e). In compliance with this policy, Defendants agree: (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. If any party breaches this agreement, the other party may petition the Court to vacate the Interlocutory Judgment and to restore this case to its active docket. Nothing in this provision affects Defendants' testimonial obligations or right to take legal positions in litigation in which the Plaintiff is not a party.
- 9: That Defendants agree they will, upon receipt of Commission subpoenas, produce documents, and appear and testify at any deposition, hearing, or trial in this action or any proceeding brought by the Commission arising out of matters described in the Complaint herein. In connection with Defendants' production of documents and attendance at a deposition, hearing, or trial pursuant to Commission subpoenas, Defendants hereby agree (1) that said subpoenas may be served by mail on them at any address then designated by Defendants as their residence or principal address; and (2) that said subpoenas may be served and testimony requested beyond the territorial limits imposed by Fed. R. Civ. P. Rule 45, providing the Commission reimburses the Defendants' travel, lodging, and subsistence expenses at then prevailing U.S. Government per diem rates, and (3) that solely for purposes of enforcing said subpoenas in this action or any proceeding brought by the Commission arising out of matters described in the Complaint herein, Defendants are subject to the personal jurisdiction of any United States District Court. Nothing in the foregoing paragraph is intended to prevent, waive or abrogate Defendants' rights to assert any privilege they may have pursuant the Fifth Amendment to the United States Constitution.
- 10: That Defendants acknowledge they have been advised and understand that the Court may adjudge them to be in civil or criminal contempt if they commit any violations of the Interlocutory Judgment entered pursuant to this Consent.

- 11: That Defendants agree the Court will retain jurisdiction over them and over the subject matter of this action in order to implement and carry out the terms of all orders and decrees that may be entered herein and to entertain any suitable application or motion by the parties for additional relief within the jurisdiction of this Court.

- 12: Defendants hereby waive 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 pursue reimbursement of attorney's fees or other fees, expenses, or costs expended to defend against this action. For these purposes, Defendants agree that they are not the prevailing parties in this action since the parties have reached a good faith settlement.

- 13: That Defendants agree that they will not oppose the enforcement of the Interlocutory Judgment on the ground, if any exists, that it fails to comply with Fed. R. Civ. P. Rule 65(d), and hereby waive any objection they may have based thereon.

14: That Defendants agree that this Consent shall be filed with the Interlocutory Judgment and will be incorporated into the Interlocutory Judgment with the same force and effect as if fully set forth therein.

15: That Defendants waive service of the Interlocutory Judgment and agree that entry of the Interlocutory Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendants of its terms and conditions. Defendants agree that the Commission may present the Interlocutory Judgment to the Court for signature and entry without further notice.

16: That Defendants agree to execute and return to the Commission an Acknowledgment of Service upon his receipt of the Interlocutory Judgment within 45 days after entry by the Court.

17: That both parties agree that by entering into this Interlocutory Judgment, they both reserve the right to compromise, release, and settle any and all claims arising in this case prior to final judgment.

Michael Wallens Sr.

W Fhancial Group, LLC

By: Michael Wallens, Sr.

STATE OF TEXAS }
}
COUNTY OF DALLAS }

The foregoing instrument was acknowledged before me this 25th day of July , 2008, by Michael Wallens who is personally known to me or who has produced a as identification and who did take an oath.

Kathy L. Gullede

Notary Public
State of Texas

Commission Expiration: 2/06/10



Dated and signed on the day of 2008

Adley Abdulwahab
Adley Abdulwahab

STATE OF TEXAS }
} COUNTY OF Dallas }

The foregoing instrument was acknowledged before me this 25th day of July, 2008, by ADLEY ABDULWAHAD, who ___ is personally known to me or ___ who has produced a ___ as identification and who did take an oath.

Kathy L. Gulledge
Notary Public
State of Texas
Commission Number:
Commission Expiration:



Dated and signed on the ___ day of ___ 2008

Michael K. Wallens Sr.
Michael K. Wallens, Sr.

STATE OF TEXAS }
} COUNTY OF Dallas }

The foregoing instrument was acknowledged before me this 25th day of July, 2008, by MICHAEL K. WALLENS, SR., who ___ is personally known to me or ___ who has produced a ___ as identification and who did take an oath.

Kathy L. Gulledge
Notary Public
State of Texas
Commission Number:
Commission Expiration:



CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of July, 2008, I electronically filed the foregoing ***Stipulation and Consent***, with the Clerk of the Court for the Northern District of Texas, Dallas Division, by using the CM/ECF system which will send a notice of electronic filing to the following CM/ECF participants.

Jeffrey B. Norris, *Counsel for Securities and Exchange Commission*
Vernon Jones, *Special Master*
John Teakell, *Counsel for Defendants*
Stephen Romie, *Counsel for Defendants*

s/ Jeffrey B. Norris _____

Jeffrey B. Norris