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CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIF.
LOS ANGELES

BY: _____

11 UNITED STATES DISTRICT COURT
12 CENTRAL DISTRICT OF CALIFORNIA
13 WESTERN DIVISION

14 SECURITIES AND EXCHANGE COMMISSION,

15 Plaintiff,

16 vs.

17 ENVIRONMENTAL ENERGY, INC.;
18 ENVIRONMENTAL OPERATING, INC.;
19 IRVINE SECURITIES, INC.; LARRY R.
20 CROWDER; JOHN R. POWELL; CHRISTIAN
21 R. HIGGINS; CHARLES L. POWELL; JAMES
22 P. GALLAHER; DALE J. ENGELHARDT; and
23 TREY L. FRIEDMANN,

24 Defendants.

Case No.

98-6060 CM (BQR)

COMPLAINT FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS.

25 Plaintiff Securities and Exchange Commission ("Commission") for
26 its Complaint alleges:

27 JURISDICTION

28 1. This Court has jurisdiction over this action pursuant to
Sections 20(d) and 22(a) of the Securities Act of 1933 ("Securities
Act") [15 U.S.C. §§ 78u(d) and 77v(a)], and Sections 21(d), 21(e)
and 27 of the Exchange Act of 1934 ("Exchange Act") [U.S.C.
§§ 78u(d), 78u(e) and 78aa].

SUMMARY

2. This is an action for fraud in the offer and sale of unregistered securities in four oil and gas limited partnerships, Environmental Energy Partners I, Ltd. ("EEP-1"), Environmental Partners II, Ltd. ("EEP-2"), Environmental Operating Partner, Ltd. ("EOP"), and Kentucky Gas Partners, Ltd. ("KGP") (sometimes collectively referred to as the "Limited Partnerships").

3. Interests in the Limited Partnerships were sold by Larry R. Crowder ("Crowder") and John R. Powell ("Powell") through a host of their business ventures and associates, specifically: (1) the Limited Partnerships' general partners, Environmental Energy, Inc. ("EEI"), Environmental Operating, Inc. ("EOI"), and Environmental Holding Company, Inc. ("EHCI") (sometimes collectively referred to as the "General Partners"); (2) an affiliated registered broker-dealer, Irvine Securities, Inc. ("Irvine Securities"); and (3) five securities salesmen, Christian R. Higgins ("Higgins"), Charles L. Powell ("C. Powell"), James P. Gallaher ("Gallaher"), Dale J. Engelhardt ("Engelhardt") and Trey L. Friedmann ("Friedmann") (sometimes collectively referred to as the "Salesmen").

4. From at least October 1993 through the present, the General Partners, through Irvine Securities, raised at least \$15.7 million from over 600 investors nationwide by selling securities in the Limited Partnerships.

5. Crowder, Powell, the General Partners and Irvine Securities have, among other things, made material misrepresentations regarding the purchase of oil and gas rights for the Limited Partnerships (collectively referred to as the "Acquisitions") by failing to disclose material information about

1 the massive profits that the General Partners (or their affiliates)
2 made on the Acquisitions. The Limited Partnerships' offering
3 materials represented that the investor proceeds would be used in
4 large part for the Acquisitions and, for two of the Limited
5 Partnerships, such transactions would be between either a General
6 Partner or one of its affiliates. The offering materials further
7 represent that the General Partner/affiliate would make a profit
8 from the Acquisitions. The offering materials, however, did not
9 disclose the extent of the profit that the General Partner/affiliate
10 would make on the Acquisitions. For three of the Limited
11 Partnerships, the actual General Partner/affiliate profits ranged
12 from at least 159% to over 64,000%.

13 6. The Salesmen made material misrepresentations in their
14 solicitations to potential investors regarding (1) the expected
15 return on investment for the Limited Partnerships, (2) their own
16 personal purported investments in two of the Limited Partnerships
17 and (3) the status of construction for a utility company that
18 supposedly was going to purchase the gas produced from two of the
19 Limited Partnerships' wells.

20 7. The Commission seeks relief against EEI, EOI, Crowder,
21 Powell and Irvine Securities for (1) violations of the registration
22 provisions of Sections 5(a) and 5(c) of the Securities Act and (2)
23 violations of the antifraud provisions of Section 17(a) of the
24 Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5
25 thereunder. The Commission seeks relief against Irvine Securities
26 for violations of the antifraud provisions of Section 15(c) of the
27 Exchange Act and Rule 15c1-2 thereunder. Additionally, the
28 Commission seeks relief against Higgins, C. Powell, Gallaher, and

1 Engelhardt for antifraud violations of Section 17(a) of the
2 Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5
3 thereunder, and against Friedmann for violations of Section 17(a) of
4 the Securities Act and Section 15(a) of the Exchange Act.

5 8. Specifically, the Commission requests that this Court (1)
6 enjoin all Defendants from any future violation of the securities
7 laws, (2) order EEI, EOI, Crowder, and Powell to disgorge all
8 benefits obtained from their illegal conduct, and pay prejudgment
9 interest thereon, and (3) impose civil penalties on all Defendants.

10 DEFENDANTS

11 THE CORPORATE DEFENDANTS

12 9. Environmental Energy, Inc. ("EEI") is a Delaware
13 corporation formed in 1993 with its principal place of business in
14 Irvine, California. Crowder and Powell own and control the
15 operations of EEI. EEI, through Irvine Securities, raised
16 approximately \$7.3 million for EEP-1 and EEP-2. EEI is the general
17 partner of EEP-1 and EEP-2. As the general partner, EEI managed the
18 operations of EEP-1 and EEP-2. EEI is also the parent company of
19 Environmental Operating, Inc. ("EOI") and Environmental Holding
20 Company, Inc. ("EHCI").

21 10. Environmental Operating, Inc. ("EOI") is a Tennessee
22 corporation formed in 1994 with its principal place of business in
23 Irvine, California. EOI, through Irvine Securities, raised
24 approximately \$5.6 million for EOP. As general manager of EOP, EOI
25 managed the operations of EOP. EOI is a wholly owned subsidiary of
26 EEI. Crowder is the chief executive officer, chairman of the board
27 of directors and secretary of EOI. Powell is the vice president and
28 a director of EOI.

1 11. Irvine Securities, Inc. ("Irvine Securities") is a
2 California corporation formed in 1993 with its principal place of
3 business in Irvine, California. Irvine Securities has been
4 registered with the Commission as a broker-dealer since August 12,
5 1993. Irvine Securities offered and sold interests in EEP-1, EEP-2,
6 EOP, and KGP. EEI owns 50% of Irvine Securities. Powell owns the
7 remaining 50% of Irvine Securities.

8 THE PRINCIPALS

9 12. Larry R. Crowder ("Crowder") resides in Coto de Caza,
10 California. Crowder is an officer and director of EEI, EOI, and
11 EHCI. Crowder owns 45% of EEI. For each of the Limited
12 Partnerships at issue herein, Crowder was responsible for, among
13 other things, selecting the well prospects, evaluating the economic
14 viability, negotiating the price of the prospects and performing the
15 due diligence. Additionally, Crowder determined the maximum
16 offering price for any given Limited Partnership and how the
17 offering proceeds would be used.

18 13. John R. Powell ("Powell") resides in Laguna Beach,
19 California. Powell owns 45% of EEI and 50% of Irvine Securities.
20 Powell is the president of Irvine Securities and an officer and
21 director of EEI, EOI, and EHCI. Powell reviewed all offering
22 materials prior to the offerings of all Limited Partnership
23 interests at issue herein. Powell, through Irvine Securities, led
24 the promotional and sales efforts for the General Partners. Powell
25 held, and holds, multiple securities licenses. Powell was, among
26 other things, responsible for training the brokers regarding the
27 Limited Partnership offerings at issue and all employees at Irvine
28 Securities report to him.

1 14. Crowder and Powell exclusively controlled the disbursement
2 of all funds at issue herein, including the decisions on whether or
3 not to purchase the Acquisitions. Crowder and Powell are the only
4 signatories for the bank accounts for EEI, its subsidiaries and the
5 Limited Partnerships.

6 THE SALESMEN

7 15. Christian R. Higgins ("Higgins") resides in Newport Beach,
8 California. Higgins is Powell's nephew. Higgins is a registered
9 representative of Irvine Securities. Higgins sold interests in EOP
10 and KGP to investors.

11 16. Charles L. Powell ("C. Powell") resides in Huntington
12 Beach, California. C. Powell is Powell's brother. C. Powell was a
13 registered representative of Irvine Securities. C. Powell sold
14 interests in EOP to investors.

15 17. James P. Gallaher ("Gallaher") resides in San Juan
16 Capistrano, California. Gallaher is a registered representative of
17 Irvine Securities. Gallaher sold interests in EOP to investors.

18 18. Dale J. Engelhardt ("Engelhardt") resides in Trabuco
19 Canyon, California. Engelhardt is a registered representative of
20 Irvine Securities. Engelhardt sold interests in KGP to investors.

21 19. Trey L. Friedmann ("Friedmann") resides in Costa Mesa,
22 California. Friedmann was an employee of EEI, but the Commission is
23 informed and believes, and on that basis alleges, that Friedmann is
24 not currently employed by EEI. Friedmann holds no securities
25 licenses, and sought unsuccessfully to become associated with Irvine
26 Securities. While employed by EEI, Friedmann offered for sale
27 interests in KGP.

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FACTUAL BACKGROUND

25. Since at least October 1993, Crowder, Powell, EEI, EOI, and Irvine Securities raised approximately \$15.7 million from over 600 investors nationwide in four offerings in the Limited Partnerships. Crowder ran EEI, EOI, and EHCI and put together each Limited Partnership program. Crowder selected the oil and gas rights and negotiated the prices for them. For each Limited Partnership, he evaluated the economic viability of the underlying program and created a business plan, including a description of the rights to be purchased and the associated costs. Based on these materials, Crowder determined the use of investor proceeds and the maximum offering amount for Limited Partnerships. The offering materials were prepared at the direction of Crowder. Powell and Crowder reviewed the offering materials before they were distributed to their sales force or to potential investors.

26. Crowder and Powell exclusively controlled the flow of funds in and out of the accounts for the General Partners and the Limited Partnerships. Crowder and Powell had exclusive check signing authority for the General Partners and Limited Partnerships operating accounts. Crowder and Powell also reviewed a weekly payables list prepared by EEI's accountant that reflected EEI's accounts payable, including expenses for the Acquisitions. Based on these lists, Crowder and Powell authorized all payments from EEI's accounts. Thus, Crowder and Powell had knowledge of the flow of investor proceeds from the various Limited Partnerships to EEI and EEI's use of those funds, including the amounts EEI spent on the Acquisitions.

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1 27. EEI, EOI, and EHCI retained Irvine Securities, as the
2 selling agent for EEP-1, EEP-2, EOP, and KGP. Irvine Securities
3 solicited investors through cold-calling.

4 28. From at least April 1997 through the present, EHCI raised
5 approximately \$2.8 million through the sale of Limited Partnership
6 interests in KGP. Powell personally sold at least ten units in KGP.

7 MISREPRESENTATIONS REGARDING EEI'S PROFIT ON OIL AND GAS RIGHTS
8 SOLD TO THE LIMITED PARTNERSHIPS

9 29. From at least October 1993 through September 1994, EEP-1
10 raised \$3 million from investors, \$1.881 million of which, according
11 to the offering materials, was designated to purchase the
12 Acquisitions. The offering materials did not disclose that any such
13 wells would be purchased from the general partner, EEI, or that EEI
14 would make a profit from the sale of such rights to EEP-1. In fact,
15 EEP-1 purchased substantially all of its oil and gas rights from
16 EEI, and EEI made an undisclosed profit of more than \$1.3 million,
17 or 242.5% of the price it paid to acquire the oil and gas rights.

18 30. From at least July 1994 though December 1995, EEP-2 raised
19 \$4.32 million from investors, \$1.728 million of which, according to
20 the offering materials, was designated to purchase producing oil and
21 gas rights. The offering materials stated that one of the oil and
22 gas rights would be purchased from EEI and that EEI would make a
23 profit from the sale. In fact, EEP-2 purchased all of its oil and
24 gas rights from EEI, and EEI made a profit of over \$1.5 million or
25 1,141% of the price it paid for such rights.

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1 MISREPRESENTATIONS REGARDING OIL AND GAS PROSPECTS FOR

2 THE EOP OFFERING

3 31. From at least June 1996 through April 1997, EOP raised
4 \$5.6 million from investors, of which \$3.22 million, according to
5 the offering materials, was designated to purchase producing oil and
6 gas rights in Tennessee. The offering materials stated that all of
7 the rights would be purchased from EEI and also disclosed that EEI
8 would make a profit on the sale of such rights to EOP. In fact, EEI
9 never purchased the Tennessee rights to sell to EOP. EEI paid
10 \$5,000 to purchase the option to acquire the Tennessee rights, but
11 during the EOP offering, EEI let the option expire. EOP never
12 amended the offering materials to disclose this fact or to disclose
13 that oil and gas properties other than those originally targeted
14 would need to be purchased for EOP. The Commission is informed and
15 believes and on that basis alleges that EEI may have spent an
16 additional \$1.2 million to acquire producing rights for EOP to
17 purchase since the EOP offering closed. If so, EEI made a profit of
18 approximately \$2 million, or 159.8% of the price it paid for such
19 rights. If not, EEI's profit was more than \$3.125 million, or
20 64,000%.

21 THE SALESMEN'S MISREPRESENTATIONS

22 32. None of the offering materials for any of the Limited ---
23 Partnerships represented that investors could expect a specified
24 rate of return from their investment.

25 33. The KGP offering materials represented that the gas
26 produced by KGP's wells may be purchased by an affiliate natural gas
27 utility company, Environmental Gas Company, Inc. ("EGC"), and sold
28 to retail customers. On December 27, 1996, the Kentucky Public

1 Service Commission denied EGC's application to begin construction of
2 the utility. The KGP offering materials did not disclose this fact.
3 At or about the time of the denial of the application, Powell
4 informed the Salesmen that this application had been denied.

5 MISREPRESENTATIONS BY HIGGINS

6 34. During the EOP offering, Higgins represented to potential
7 investors that an investment in EOP would generate returns of at
8 least 15-18%. Higgins' representation was based on information not
9 contained in the offering materials. Higgins also represented to
10 potential investors that the interests in EOP would multiply in
11 value six times after EOI converted the interests into stock in a
12 publicly traded company and that such conversion would occur in
13 1997. Higgins had no reasonable basis for any of these
14 representations.

15 35. During the KGP offering, Higgins represented to potential
16 investors that an investment in KGP would generate returns of at
17 least 12%. Higgins' representation was based on information not
18 contained in the offering materials. Higgins also represented to
19 potential investors that the prior Limited Partnership, EOP, was
20 paying investors an actual return of approximately 28%. This
21 representation was not based on EOP's actual return to investors,
22 but only on the projected return. Higgins also represented to
23 potential investors that he had personally invested money in KGP,
24 although he had never done so. Finally, Higgins represented that
25 EGC, the affiliate company that was to purchase the gas produced by
26 KGP's wells, was being constructed and the appropriate lines would
27 be connected to customers. At the time he made this representation,

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1 Higgins knew that EGC was not being constructed. Higgins had no
2 reasonable basis for any of these representations.

3 MISREPRESENTATIONS BY C. POWELL

4 36. During the EOP offering, C. Powell represented to
5 potential investors that an investment in EOP would generate returns
6 of at least 15-18% annually. C. Powell also told potential
7 investors that the EOP interest would multiply in value six times
8 after EOI converted the interests into stock in a publicly traded
9 company. C. Powell had no reasonable basis for these
10 representations.

11 MISREPRESENTATIONS BY GALLAHER

12 37. During the EOP offering, Gallaher represented to potential
13 investors that an investment in EOP would generate returns of at
14 least 15-18% annually. Gallaher had no reasonable basis for this
15 representation. Gallaher also represented to potential investors
16 that he had personally invested in EOP. At the time of his
17 representation, however, Gallaher knew he had not invested any money
18 in EOP.

19 MISREPRESENTATIONS BY ENGELHARDT

20 38. During the KGP offering, Engelhardt represented to
21 potential investors that the previous Limited Partnership, EOP, was
22 actually paying investors a return of approximately 17%. Engelhardt
23 also represented to potential investors that the EGC was being
24 installed. Engelhardt had no reasonable basis for these
25 representations.

26 MISREPRESENTATIONS BY FRIEDMANN

27 39. During the KGP offering, Friedmann represented to
28 potential investors that an investment in KGP would generate returns

1 of 100%. Friedmann also represented to potential investors that he
2 had personally invested in KGP. At the time of the representation,
3 Friedmann knew that he had not invested any money in KGP. Friedmann
4 also represented to potential investors that EGC was being
5 constructed and the appropriate lines would be installed. Friedmann
6 had no reasonable basis for these representations. Further, at no
7 time did Friedmann hold a securities license.

8 FIRST CLAIM FOR RELIEF

9 SALE OF UNREGISTERED SECURITIES

10 Violations of Sections 5(a) and 5(c) of the Securities Act
11 (Against Crowder, Powell, EEI, EOI, and Irvine Securities)

12 40. Paragraphs 1 through 39 are realleged and incorporated
13 herein by reference.

14 41. The interests in the Limited Partnerships were not
15 registered with the Commission. The interests in these Limited
16 Partnerships were sold through interstate commerce to investors
17 nationwide. The interests in the Limited Partnerships are securities
18 in the form of investment contracts. The offer and sale of interest
19 in the Limited Partnerships were not exempt from registration.

20 42. Crowder, Powell, EEI, EOI, and Irvine Securities, and each
21 of them, by engaging in the conduct described above, directly or
22 indirectly, in the offer or sale of unregistered securities, by the
23 use of means or instrumentalities of transportation or communication
24 in interstate commerce or by the use of the mails violated
25 Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a)
26 and 77e(c)].

27 43. By reason of the foregoing, Crowder, Powell, EEI, EOI, and
28 Irvine Securities, and each of them violated, and unless restrained

1 and enjoined will continue to violate, Sections 5(a) and 5(c) of the
2 Securities Act.

3 SECOND CLAIM FOR RELIEF

4 FRAUD IN THE OFFER OR SALE OF SECURITIES

5 Violations of Section 17(a) of the Securities Act

6 (Against All Defendants)

7 44. Paragraphs 1 through 39 are realleged and incorporated
8 herein by reference.

9 45. Defendants, and each of them, by engaging in the conduct
10 described above, directly or indirectly, in the offer or sale of
11 securities, by the use of means or instruments of transportation or
12 communication in interstate commerce or by the use of the mails:

- 13 a) with scienter, employed devices, schemes or artifices
14 to defraud;
- 15 b) obtained money or property by means of untrue
16 statements of material fact or by omitting to state
17 material facts necessary in order to make the
18 statements made, in the light of the circumstances
19 under which they were made, not misleading; or
- 20 c) engaged in transactions, practices or courses of
21 business which operated or would operate as a fraud
22 or deceit upon the purchasers of such securities;

23 in violation of Section 17(a) of the Securities Act [15 U.S.C.
24 § 77q(a)].

25 46. By reason of the foregoing, Defendants, and each of them,
26 violated, and unless restrained and enjoined will continue to
27 violate, Section 17(a) of the Securities Act.

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1 THIRD CLAIM FOR RELIEF

2 FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES

3 Violations of Section 10(b) of the Exchange Act and

4 Rule 10b-5 Thereunder

5 (Against All Defendants, Except Friedmann)

6 47. Paragraphs 1 through though 39 are realleged and
7 incorporated herein by reference.

8 48. EEI, EOI, Irvine Securities, Crowder, Powell, Higgins, C.
9 Powell, Gallaher and Engelhardt, and each of them, by engaging in
10 the conduct described above, with scienter, directly or indirectly,
11 in connection with the purchase or sale of securities, by the use of
12 means or instrumentalities of interstate commerce, or of the mails:

13 a) employed devices, schemes or artifices to defraud;

14 b) made untrue statements of material fact or omitted to
15 state a material fact necessary in order to make the
16 statements made, in the light of the circumstances
17 under which they were made, not misleading; or

18 c) engaged in acts, practices or courses of business
19 which operated or would operate as a fraud or deceit
20 upon other persons;

21 in violation of Section 10(b) of the Exchange Act [17 U.S.C. § 78j(b)]
22 and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

23 49. By reason of the foregoing, EEI, EOI, Irvine Securities,
24 Crowder, Powell, Higgins, C. Powell, Gallaher and Engelhardt, and
25 each of them, violated, and unless restrained and enjoined will
26 continue to violate, Section 10(b) of the Exchange Act and Rule
27 10b-5 thereunder.

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1 FOURTH CLAIM FOR RELIEF

2 VIOLATION OF THE BROKER-DEALER ANTIFRAUD PROVISIONS

3 Violations of Section 15(c) of the Exchange Act

4 and Rule 15c1-2 Thereunder

5 (Against Defendant Irvine Securities)

6 50. Paragraphs 1 through 39 are realleged and incorporated
7 herein by reference.

8 51. Irvine Securities, a broker-dealer, directly or
9 indirectly, by engaging in the conduct described above, in order to
10 effect transactions in or to induce or attempt to induce the
11 purchase or sale of securities, by use of the mails or means or
12 instrumentalities of interstate commerce:

- 13 a) engaged in acts, practices or courses of
14 business which operated or would operate as a
15 fraud or deceit upon other persons; or
16 b) made untrue statements of material fact or
17 omitted to state material facts necessary in
18 order to make the statements made, in the light
19 of the circumstances under which they were made,
20 not misleading, which statements or omissions
21 were made with knowledge or reasonable grounds
22 to believe that they were untrue or misleading;
23 in violation of Section 15(c) of the Exchange Act [15 U.S.C.
24 § 78o(c)] and Rule 15c1-2 thereunder [17 C.F.R. § 240.15c1-2].

25 52. By reason of the foregoing, Irvine Securities violated,
26 and unless restrained and enjoined will continue to violate,
27 Section 15(c) of the Exchange Act and Rule 15c1-2 thereunder.

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1 FIFTH CLAIM FOR RELIEF

2 VIOLATION OF THE BROKER-DEALER REGISTRATION PROVISIONS

3 Violations of Section 15(a) of the Exchange Act

4 (Against Defendant Friedmann)

5 53. Paragraphs 1 through 39 are realleged and incorporated
6 herein by reference.

7 54. Defendant Friedmann, directly or indirectly, by engaging
8 in the conduct described above, in order to effect transactions in
9 or to induce or attempt to induce the purchase or sale of
10 securities, by the use of the mails or means or instrumentalities of
11 interstate commerce without being associated with a broker-dealer
12 and without being registered with the Commission or the National
13 Association of Securities Dealers as a broker-dealer violated
14 Section 15(a) of the Exchange Act.

15 55. By reason of the foregoing, Defendant Friedmann violated,
16 and unless restrained and enjoined will continue to violate,
17 Section 15(a) of the Exchange Act.

18 PRAYER FOR RELIEF

19 WHEREFORE, the Commission respectfully requests that this Court

20 I.

21 Issue findings of fact and conclusions of law that the
22 Defendants, and each of them, committed the alleged violations.

23 II.

24 Permanently enjoin Defendants Crowder, Powell, EEI, EOI, and
25 Irvine Securities, and each of them, from violating Sections 5(a)
26 and 5(c) of the Securities Act.

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1 III.

2 Permanently enjoin all Defendants, and each of them, from
3 violating Section 17(a) of the Securities Act.

4 IV.

5 Permanently enjoin all Defendants, except Friedmann, and each
6 of them, from violating Section 10(b) of the Exchange Act and
7 Rule 10b-5 thereunder.

8 V.

9 Permanently enjoin Defendant Irvine Securities from violating
10 Section 15(c) of the Exchange Act and Rule 15c1-2 thereunder.

11 VI.

12 Permanently enjoin Defendant Friedmann from violating
13 Section 15(a) of the Exchange Act.

14 VII.

15 Order Defendants Crowder, Powell, EEI, and EOI to disgorge all
16 ill-gotten gains obtained as a result of their illegal conduct, and
17 to pay prejudgment interest thereon.

18 VIII.

19 Order all Defendants to pay civil penalties under Section
20 20(d)(3) of the Securities Act and Section 21(d)(3) of the Exchange
21 Act.

22 IX.

23 Grant such other and further relief as this Court may determine
24 to be just and necessary.

25 X.

26 Retain jurisdiction of this action in accordance with the
27 principles of equity and the Federal Rules of Civil Procedure in
28 order to implement and carry out the terms of all orders and decrees

1 that may be entered, or to entertain any suitable application or
2 motion for additional relief within the jurisdiction of this Court

3 DATED: July 27, 1998

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5 By Aimee Dominguez Silvers
6 Aimee Dominguez Silvers
7 Attorneys for Plaintiff
8 Securities and Exchange Commission
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