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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION

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| SECURITIES AND EXCHANGE COMMISSION,<br><br>Plaintiff,<br><br>v.<br><br>AUTOCORP EQUITIES, INC., MICHAEL CARNICLE, ROBERT CORD BEATTY, HILLEL SHER, AMOTZ FRENKEL AND NILI FRENKEL,<br><br>Defendants.<br><br>and<br><br>NILI FRENKEL<br><br>Relief Defendant. | Civil Action<br>File No.<br><br>COMPLAINT FOR PERMANENT INJUNCTION AND OTHER RELIEF<br><br>2:98CV 0562S |

Plaintiff Securities and Exchange Commission ("Commission") for its Complaint against Autocorp Equities, Inc., formerly known as Chariot Entertainment, Inc., Michael Carnicle, Robert Cord Beatty, Hillel Sher, Amotz Frenkel and Nili Frenkel alleges as follows:

## SUMMARY

1. During the 1994 calendar year, Autocorp Equities, Inc. formerly known as Chariot Entertainment, Inc. ("Chariot") and several individuals violated the antifraud, securities

registration and corporate recordkeeping provisions of the federal securities laws in an effort to market the securities of Chariot and to maintain Chariot's listing on NASDAQ. Chariot was a microcap issuer whose sole asset was the right to stage live performances of the American Gladiators at a Las Vegas hotel; those performances were never produced.

2. In order to finance the American Gladiators stage shows, Chariot sought to go public by merging with a shell company listed on NASDAQ. In an effort to continue to meet NASDAQ listing requirements by inflating Chariot's assets, Michael Carnicle ("Carnicle"), Robert Cord Beatty ("Beatty"), Amotz Frenkel and Hillel Sher ("Sher") developed and executed a scheme to acquire $5 million in certificates of deposit, ostensibly issued by a Russian bank, but in reality created by Sher at a Kinko's copy shop in Florida.

3. Chariot was to finance its acquisition of the CDs through the issuance to a foreign resident of stock which superficially met the requirements of Regulation S, but which was actually issued to a California corporation controlled by Amotz Frenkel; the stock was subsequently transferred to his wife, Nili Frenkel, and sold through her brokerage account.

4. Finally, Chariot, Carnicle and Beatty failed to disclose that Chariot had violated its lease agreement with the Las Vegas hotel, virtually from the signing of the lease, by

failing to obtain a performance bond and to make required payments.

**STATUTES AND RULES ALLEGED TO HAVE BEEN VIOLATED**

5. Defendant Chariot has engaged and, unless enjoined, will continue to engage, directly or indirectly, in transactions, acts, practices, and courses of business which constitute violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§77e(a) and (c) and 77q(a)] and Sections 10(b), 13(a) and 13(b)(2)(A) and (B) of the Securities Exchange Act of 1934("Exchange Act") [15 U.S.C. §§78j(b), 78m(a), 78m(b)(2)(A) and (B)] and Rules 10b-5, 12b-20, 13a-13 and 13b2-1 promulgated thereunder [17 C.F.R. §§240.10b-5, 240.12b-20, 240.13a-13 and 240.13b2-1].

6. Defendant Carnicle has engaged and, unless enjoined, will continue to engage, directly or indirectly, in transactions, acts, practices, and courses of business which constitute violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§77e(a) and (c) and 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934("Exchange Act") [15 U.S.C. §78j(b)] and Rules 10b-5 and 13b2-1 promulgated thereunder [17 C.F.R. §§240.10b-5 and 240.13b2-1].

7. Defendant Beatty has engaged and, unless enjoined, will continue to engage, directly or indirectly, in transactions, acts, practices, and courses of business which constitute

violations of Section 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§77e(a) and (c) and 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rules 10b-5, 12b-20, 13b2-1 and 13b2-2 promulgated thereunder [17 C.F.R. §§240.10b-5, 240.12b-20, 240.13b2-1 and 13b2-2].

8. Defendant Amotz Frenkel has engaged and, unless enjoined, will continue to engage, directly or indirectly, in transactions, acts, practices, and courses of business which constitute violations of Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§77e(a) and (c) and 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5].

9. Defendant Sher has engaged and, unless enjoined, will continue to engage, directly or indirectly, in transactions, acts, practices, and courses of business which constitute violations of Section 17(a) of the Securities Act [15 U.S.C. §77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rules 10b-5 and 13b2-1 promulgated thereunder [17 C.F.R. §§240.10b-5 and 240.13b2-1].

10. Defendant Nili Frenkel has engaged and, unless enjoined, will continue to engage, directly or indirectly, in transactions, acts, practices, and courses of business which constitute violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§77e(a) and (c)].

## JURISDICTION AND VENUE

11. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. §77v(a)] and Sections 21(e) and 27 of the Exchange Act [15 U.S.C. §§78u(e) and 78aa].

12. The defendants, directly or indirectly, have made use of the mails, means or instruments of transportation or communication in interstate commerce, or means or instrumentalities of interstate commerce in connection with the transactions, acts, practices and courses of business described in this Complaint.

13. Venue over this action is proper pursuant to Section 22(a) of the Securities Act [15 U.S.C. §77v(a)] and Section 27 of the Exchange Act [15 U.S.C. §78aa].

14. Certain of the transactions, acts, practices and courses of business constituting the violations alleged herein occurred within the District of Utah, defendant Beatty resides within the District of Utah and defendant Carnicle resided within the District of Utah during the time the acts described in this complaint occurred. Defendant Chariot's predecessor corporation, Diamond Entertainment,Inc., was a Utah corporation until after its merger with Eagle.

## AUTHORITY FOR PROMULGATED RULES CITED HEREIN

15. The Commission, pursuant to the authority granted to it by Sections 10(b), 13(a), 13(b) and 23(a) of the Exchange Act [15

U.S.C. §§78j(b), 78m(a), 78m(b) and 78w(a)], has promulgated Rules 10b-5, 13a-13, 13b2-1 and 13b2-2 [17 C.F.R. §§240.10b-5, 240.13a-13, 240.13b2-1 and 240.13b2-2]. These rules were in effect at all times relevant hereto and are still in effect.

NATURE OF RELIEF BEING SOUGHT

16. The Commission brings this action pursuant to Sections 20(b) and 20(d) of the Securities Act [15 U.S.C. §§77t(b) and 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)], to enjoin the defendants from engaging in the transactions, acts, practices and courses of business described herein, and transactions, acts, practices and courses of business of similar purport and object. The Commission also seeks to bar defendant Beatty from serving as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. §781] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. §78o(d)]. The Commission seeks accountings and disgorgement, with pre-judgment interest thereon, of any ill-gotten gains from defendants Carnicle, Sher and Amotz Frenkel. Finally, the Commission seeks the imposition of civil money penalties pursuant to Section 20 of the Securities Act [15 U.S.C. §77t] and Section 21 of the Exchange Act [15 U.S.C. §78u] against Carnicle, Sher and Amotz Frenkel.

## THE DEFENDANTS

17. **Autocorp Equities, Inc.**, fka Chariot Entertainment, Inc., fka Eagle Automotive Enterprises, Inc., is a Nevada corporation with its offices in Phoenix, Arizona. Chariot's common stock is registered pursuant to Section 12(g) of the Exchange Act [15 U.S.C. §781(g)].

18. **Michael Carnicle**, 41, is a Salt Lake City promoter who essentially controlled the operations of Chariot.

19. **Robert Cord Beatty**, age 34, was the president of Chariot and its predecessor corporation, Diamond Entertainment, Inc.

20. **Hillel Sher**, 47, is currently a resident of Hollywood, Florida.

21. **Amotz Frenkel**, 61, is a resident of North Hollywood, California.

22. **Nili Frenkel**, age unknown, resides with her husband, Amotz Frenkel, in North Hollywood, California.

## BACKGROUND

23. In or around 1988, Johnny Ferraro, the developer of the American Gladiators concept, entered into an agreement with the Samuel Goldwyn Company ("Goldwyn") to promote the American Gladiators games. According to the agreement, Goldwyn owns the television rights to the American Gladiators, and Ferraro and Goldwyn jointly own rights to the entertainment in other venues. Each party to the agreement is required to obtain prior approval

from the other to promote any project using the American Gladiators name.

24. In or around 1993, Ferraro entered into another agreement with Goldwyn which permitted Ferraro to stage live performances of the American Gladiators behind the Imperial Palace Hotel ("Imperial Palace") in Las Vegas, Nevada.

25. In or around October 1993, Beatty contacted Ferraro claiming he and his associates could provide the financing for the American Gladiators project. In December 1993, Ferraro licensed the rights to stage the American Gladiators production in Las Vegas to Am-Glad, Inc. ("Am-Glad"), a wholly-owned subsidiary of Diamond Entertainment, Inc. ("Diamond"), a private Utah corporation owned by Beatty.

26. Beatty retained Carnicle to assist him in obtaining funds for the American Gladiators project. Carnicle convinced Beatty that he would have more success raising money for the Gladiators project by merging Diamond with a public corporation listed on NASDAQ than by seeking private funding. Beatty allowed Carnicle to direct him in his activities with respect to Diamond and its successor corporation, Chariot.

27. Carnicle identified Eagle Automotive Enterprises, Inc. ("Eagle"), as a public corporation into which Diamond could be merged. At the time, Eagle was quoted on the NASDAQ Small-Cap market but was in the process of divesting itself of all its assets. The divestitures were expected to result in Eagle

becoming a shell corporation and, unless new assets were located, being removed from NASDAQ. On or around March 23, 1994, Eagle and Diamond entered into an agreement through which Eagle acquired all of the issued and outstanding shares of Diamond in exchange for 5,100,000 shares of Eagle's common stock and 1,000,000 shares of its preferred stock. On April 14, 1994, Eagle changed its name to Chariot Entertainment, Inc.

**FRAUDULENT CERTIFICATES OF DEPOSIT**

28. While negotiating the merger of Eagle and Diamond, Carnicle led Beatty and the existing officers of Eagle to believe Diamond had sufficient assets for Eagle to retain its listing on NASDAQ. In fact, Diamond did not have such assets, and Carnicle began to search for assets which could be infused into Diamond and passed on to the surviving corporation.

29. Carnicle approached Amotz Frenkel and Sher seeking an asset with a minimum value of $5 million which could be contributed to a public corporation to inflate its balance sheet. Sher claimed to represent several Russian banks which could provide assets of the value required by Diamond and ultimately, Chariot. Sher, Carnicle and Amotz Frenkel determined certificates of deposit issued by a Russian bank would be the best form of asset to contribute to the corporation because an auditor would more readily accept CDs as assets than letters of credit or some other form of bank paper.

30. In or around March 1994, Beatty, Carnicle, Amotz Frenkel and Sher planned and executed a complex scheme through which Chariot acquired $5 million in certificates of deposit ostensibly issued by a Russian bank (the "Russian CDs") to be paid for from the proceeds of the issuance and sale of Regulation S stock by Chariot.

31. In or around April 1994, Sher purchased some "check" paper at an office supply store, took the paper to a Kinko's copy shop in Hollywood, Florida, and had a clerk prepare the Russian CDs using a computer and a laser printer. Sher had the Russian CDs issued in the names of several entities controlled by Sher or Amotz Frenkel. Sher then signed the CDs, claiming he was authorized to do so by virtue of his status as the U.S. representative for the Russian bank which had ostensibly issued the Russian CDs. In fact, Sher had not been authorized by the bank to issue the Russian CDs and the CDs did not meet the criteria governing the issuance of certificates of deposit set forth by Russian banking regulations.

**THE SHAM REGULATION S TRANSACTION**

32. In exchange for the Russian CDs, Sher was to be paid $1.5 million from the sale of Chariot stock. Amotz Frenkel and Carnicle structured the issuance of the stock to create the appearance that it met the requirements of Regulation S. In practice, however, the parties did not comply with Regulation S

because the stock was sold to a California corporation owned by Amotz Frenkel.

33. Instead of having the stock issued in the name of Amotz Frenkel's corporation, Carnicle and Amotz Frenkel directed the transfer agent to issue the 714,285 shares in the name of a purported Israeli citizen, Yoheved Datner ("Datner"), requesting that the certificate bear a Regulation S legend. Shortly after the 40-day Regulation S holding period had expired, Datner's 714,285 share certificate was re-issued in the name of Nili Frenkel. Nili Frenkel personally presented Datner's certificates to the transfer agent in Salt Lake City to have the shares transferred into her name.

34. In June 1994, Nili Frenkel deposited 100,000 shares into her personal brokerage account and began to sell the shares into the market. She was only able to sell 37,500 shares for proceeds of $111,372 before Chariot's stock was delisted from NASDAQ for failing to meet minimum pricing requirements.

35. Initially, the Russian CDs were listed on a balance sheet used by Chariot in connection with the merger with Eagle at their full face value of $5 million. On June 22, 1994, Chariot filed a quarterly report on Form 10-Q for the quarter ended March 31, 1994, which listed the Russian CDs on the company's balance sheet at a discounted value of $3,753,212.

## MISREPRESENTATIONS REGARDING LEASE TERMINATION

36. Chariot's only business was to promote and produce live performances of the American Gladiators, and under its license agreement with Goldwyn, the Imperial Palace site was the only location at which Chariot was licensed to stage such performances. In addition, all license agreements from Goldwyn to Ferraro and from Ferraro to Chariot relating to the American Gladiators live performances were restricted to the location behind the Imperial Palace. Without the Imperial Palace site, Chariot could not stage American Gladiators productions. In several press releases, Chariot represented to the public that it had agreements with the Imperial Palace to stage the production of the American Gladiators project.

37. On or around December 15, 1993, the Imperial Palace entered into a lease agreement with Am-Glad allowing Am-Glad to use a vacant lot behind the hotel to build an American Gladiators theme park. Chariot publicized this agreement in various press releases and promotional materials. One of the lease provisions required Am-Glad to post a $150,000 performance and payment bond; however, Am-Glad failed to comply with this provision of the lease.

38. Between February 28, 1994, and August 26, 1994, representatives of the Imperial Palace notified Chariot, Beatty and Carnicle that if they did not provide a performance and payment bond, the Imperial Palace would terminate the lease.

Beatty notified Carnicle of Am-Glad's failure to obtain the performance and payment bond and of the notices from the Imperial Palace.

39. On or about July 29, 1994, Chariot's legal counsel prepared a draft press release for Chariot. The press release contained a description of Chariot's dispute with the Imperial Palace and the deadline provided by the Imperial Palace. Chariot never issued the release.

40. Finally, on or around August 26, 1994, the Imperial Palace provided Chariot, through Beatty and Carnicle, with written notice of termination of the lease. Chariot has never publicly disclosed its failure to post the bond or the termination of the lease.

CARNICLE'S SALES OF STOCK HELD IN NOMINEE NAMES

41. At Carnicle's instigation, Chariot prepared a registration statement on Form S-8 covering the issue of stock to E. Ross Porter ("Porter") and William Redmond ("Redmond"). That registration statement was filed with the Commission on April 18, 1994.

42. Porter and Redmond were nominees for Carnicle, who allowed Carnicle to use stock issued in their names for Carnicle's own purposes. Carnicle caused 200,000 shares issued in the name of Porter to be delivered into an account which Carnicle controlled at a Salt Lake City broker-dealer. Carnicle sold these shares and retained the proceeds of approximately $183,186 for his personal

use. Other shares in the name of either Porter or Redmond were delivered directly to Carnicle's creditors in payment of his own debts.

**FIRST CAUSE OF ACTION**
**Employment of Device, Scheme or Artifice to Defraud**
**Section 17(a)(1) of the Securities Act,**
**[15 U.S.C. §77q(a)(1)]**

43. Paragraphs 1 through 42 are realleged and incorporated into this cause of action by reference.

44. Defendants Chariot, Beatty, Carnicle, Sher and Amotz Frenkel, singly and in concert with others, directly and indirectly, in the offer or sale of securities of Chariot, and by the use of the means or instruments of transportation or communication in interstate commerce or of the mails, willfully, knowingly and/or recklessly, employed devices, schemes and artifices to defraud.

45. By reason of the foregoing, defendants Chariot, Beatty, Carnicle, Sher and Amotz Frenkel have, directly or indirectly, violated, and unless restrained or enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

**SECOND CAUSE OF ACTION**
**Fraud in the Offer and Sale of Securities**
**Section 17(a)(2) and 17(a)(3) of the Securities Act**
**[15 U.S.C. §§77q(a)(2) and 77q(a)(3)]**

46. Paragraphs 1 through 42 are realleged and incorporated into this cause of action by reference.

47. Defendants Chariot, Beatty, Carnicle, Sher and Amotz Frenkel, by engaging in the conduct described in paragraphs 1 through 42 above, singly and in concert with others, directly and indirectly, in the offer and sale of securities of Chariot, by the use of the means or instruments of transportation or communication in interstate commerce or of the mails, obtained money or property by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made in light of the circumstances under which they were made, not misleading, and engaged in transactions, practices and courses of business which operated as a fraud or deceit upon the purchasers of such securities.

48. By reason of the foregoing, defendants, Chariot, Beatty, Carnicle, Sher and Amotz Frenkel have violated, and unless restrained or enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

**THIRD CAUSE OF ACTION**
**Fraud in Connection with the Purchase or Sale of Securities**
**Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder,**
**[15 U.S.C. §78j(b) and Rule 17 C.F.R. § 240.10b-5]**

49. Paragraphs 1 through 42 are realleged and incorporated into this cause of action by reference.

50. Defendants Chariot, Beatty, Carnicle, Sher and Amotz Frenkel by engaging in the conduct described in paragraphs 1 through 42 above, singly and in concert with others, directly and indirectly, in connection with the purchase and sale of securities, and by the use of the means and instrumentalities of interstate commerce or of the mails, willfully, knowingly and/or recklessly, employed devices, schemes and artifices to defraud; made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and engaged in acts, practices, and courses of business which operated or would operate as a fraud and deceit upon other persons.

51. By reason of the foregoing, defendants Chariot, Beatty, Carnicle, Sher and Amotz Frenkel have directly or indirectly, violated, and unless restrained or enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

**FOURTH CAUSE OF ACTION**
**Offer and Sale of Unregistered Securities, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§77e(a) and 77e(c)]**

52. Paragraphs 1 through 42 are hereby realleged and incorporated into this cause of action by reference.

53. From in or about November 1994 through the present, defendants Chariot, Beatty, Carnicle, Amotz Frenkel and Nili Frenkel, singly and in concert, directly and indirectly, have made use of the means, instruments and facilities of interstate commerce and the mails to sell securities through the medium of a prospectus or otherwise and to carry or cause securities to be carried for the purpose of sale or delivery after sale, and have offered to sell and offered to buy securities through the use or medium of a prospectus.

54. No registration was in effect, nor had a registration statement been filed with the Commission with respect to any of the securities described above in paragraphs 1 through 42.

55. By reason of the foregoing, defendants Chariot, Beatty, Carnicle, Amotz Frenkel and Nili Frenkel have violated and, unless enjoined, will in the future violate Sections 5(a) and 5(c) of the Securities Act of 1933 [15 U.S.C. §§77e(a) and 77e(c)].

**FIFTH CAUSE OF ACTION**
**Violations of Section 13(b)(2)(A) and (B) of the Exchange Act [15 U.S.C. §78m(b)(2)(A) and (B)] and Rules 13b2-1 and 13b2-2 [17 C.F.R §§240.13b2-1 and 240.13b2-2] promulgated thereunder**

56. Paragraphs 1 through 42 are hereby realleged and incorporated into this cause of action by reference.

57. Commencing in or about March 1994, Chariot failed to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflected the transactions and disposition of assets of Chariot in violation of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. §78m(b)(2)(A)].

58. Commencing in or about March 1994, Chariot failed to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions were recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets in violation of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. §78m(b)(2)(B)].

59. Commencing in or about March 1994, Chariot, Beatty, Carniclé and Sher, directly and indirectly, falsified, and caused to be falsified books, records and accounts subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. §78m(b)(2)(A)], regarding, among other things, the Russian CDs described more fully in paragraphs 1 through 42 above.

60. Commencing in or about March 1994, Beatty, directly and indirectly, made and caused to be made materially false and misleading statements, and omitted to state and caused other persons to omit to state, material facts necessary in order to make the statements made, in light of the circumstances in which such statements were made, not misleading to accountants when:

(a) he created books, records and accounts for Chariot which falsely described the Russian CDs as a valid asset; and

(b) he failed to disclose the March 23 Agreement to the accountants and led them to believe the CDs were valid.

61. As a result of the conduct set forth in paragraphs 1 through 42 above, Chariot, directly and indirectly, violated Sections 13(b)(2)(A) and (B) of the Exchange Act [15 U.S.C. §§78m(b)(2)(A) and (B)]. Beatty, directly and indirectly, violated Rules 13b2-1 and 13b2-2 promulgated thereunder [17 C.F.R. §§240.13b2-1 and 240.13b2-2], and Carnicle and Sher violated Rule 13b2-1 [17 C.F.R. §240.13b2-1] promulgated thereunder.

**SIXTH CAUSE OF ACTION**
**Violations of Section 13(a) of the Exchange Act [15 U.S.C. §78m(a) and Rules 12b-20 and 13a-13 [17 C.F.R §§240.12b-20 and 240.13a-13] promulgated thereunder**

62. Paragraphs 1 through 42 are hereby realleged and incorporated into this cause of action by reference.

63. In or about June 1994, Chariot filed with the Commission its quarterly report on Form 10-Q for the quarter

ended March 31, 1994; that report contained inaccurate financial statements which included the Russian CDs as assets.

64. As a result of such conduct, Chariot directly and indirectly, violated the requirements of Section 13(a) [[15 U.S.C. §78m(a)], and Rules 12b-20 and 13a-13 [17 C.F.R §§240.12b-20 and 240.13a-13] promulgated thereunder.

**SEVENTH CAUSE OF ACTION**
**Unjust Enrichment**

65. Paragraphs 1 through 42 are realleged and incorporated into this cause of action by reference.

66. As a result of the conduct described above, Nili Frenkel has been unjustly enriched, and it would be unjust and inequitable for her to retain the money she received from sales of Chariot common stock through her account.

**RELIEF REQUESTED**

Plaintiff, the Securities and Exchange Commission, respectfully requests that this court:

1. Issue findings of fact and conclusions of law that the defendants committed the violations charged and alleged herein.

2. Issue in a form consistent with Rule 65(d)of the Federal Rules of Civil Procedure, orders permanently enjoining defendants Chariot, Beatty, Carnicle, Sher, Amotz Frenkel and their officers, agents, servants, employees, and attorneys and those persons in active concert or participation with them who receive actual notice of the order by personal service or

otherwise, and each of them, from, directly or indirectly, by use of the means or instrumentalities of interstate commerce or the mails, in connection with the purchase, offer, or sale of Chariot's common stock or any other security whatsoever: (a) employing any device, scheme or artifice to defraud; (b) making any untrue statement of material fact or omitting to state any material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; (c) obtaining money or property by means of any untrue statement of any material fact or any omission to state any material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; or (d) engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder [15 U.S.C. §78j and 17 C.F.R. §240.10b-5] and Section 17(a) of the Securities Act of 1933 [15 U.S.C. §77q(a)].

3. Issue in a form consistent with Rule 65(d)of the Federal Rules of Civil Procedure, orders permanently enjoining defendants Chariot, Beatty, Carnicle, Nili Frenkel, Amotz Frenkel and their officers, agents, servants, employees, and attorneys and those persons in active concert or participation with them who receive actual notice of the order by personal service or otherwise from, directly and indirectly, making use of any means

or instruments of transportation or communication in interstate commerce or of the mails: (a) to sell any security, through the use or medium of any prospectus or otherwise, unless a registration statement is in effect with respect to such security, or (b) to offer to sell or offer to buy, through the use or medium of any prospectus or otherwise, any security unless a registration statement has been filed with respect to such security, or while a registration statement as to such security is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act of 1933 [15 U.S.C. §77h]; in violation of Sections 5(a) and 5(c) of the Securities Act of 1933 [15 U.S.C. §§77e(a) and 77e(c)], provided, however, that nothing in the foregoing language shall apply to any security or transaction which is exempt from the provisions of Section 5 of the Securities Act [15 U.S.C. §77e].

4. Bar defendant Beatty from serving as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended [15 U.S.C. §78l] or that is required to file reports pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended [15 U.S.C §78o(d)].

5. Enter an order requiring defendants Carnicle, Sher and Amotz Frenkel, and each of them, to account for and disgorge all sums unjustly realized in the transactions identified in the

Complaint, together with prejudgement interest on the disgorgeable amounts.

6. Enter an Order directing defendants Carnicle, Sher and and Amotz Frenkel to pay civil fines and/or penalties pursuant to Section 20 of the Securities Act and Section 21 of the Exchange Act.

7. Declare and impose a constructive trust on all property received by the relief defendant Nili Frenkel from the sale of Chariot stock as described in Paragraphs 1 through 42 above and require her to disgorge such property.

8. Retain jurisdiction over this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered and to entertain any suitable application or motion.

8. Grant such further equitable relief as this Court deems appropriate and necessary.

DATED this 10th of August, 1998.

Brent R. Baker by KDL

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SECURITIES AND EXCHANGE COMMISSION