

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
	:	
Plaintiff,	:	
	:	CIVIL ACTION
	:	FILE NO. 96 C 7987
v.	:	
	:	
	:	JUDGE GETTLEMAN
THETA GROUP, L.L.C.,	:	MAGISTRATE JUDGE DENLOW
SHADOWSTONE PARTNERS I, L.L.C.,	:	
SCOTT S. BELL and	:	
R. SCOT RUBEL,	:	
	:	
Defendants	:	
	:	
and	:	
	:	
	:	
BETH RUBEL,	:	
	:	
Relief Defendant	:	

ORDER OF DISGORGEMENT AGAINST
R. SCOT RUBEL

Plaintiff Securities and Exchange Commission (Commission) has filed a Complaint for a Temporary Restraining Order, and Preliminary and Permanent Injunctions and Other Equitable Relief (Complaint) in this matter and Defendant R. Scot Rubel (Rubel) has, in his Consent and Stipulation attached hereto and incorporated herein, acknowledged receipt of the Complaint, admitted the jurisdiction of this Court over him and the subject matter thereof, and without admitting or denying the allegations of the Complaint, except as to jurisdiction, and without trial, argument or adjudication of any facts or law herein, consented to the entry of this Order of Disgorgement against R. Scot Rubel (Order). The Commission and Defendant Rubel have waived the entry of findings of fact and conclusions of law, as provided by Rule 52 of the Federal Rules of Civil Procedure. The Court

having jurisdiction over the parties and the subject matter hereof, and being fully advised in the premises:

I.

ORDERS, ADJUDGES AND DECREES that Rubel shall disgorge \$900,000 representing Rubel's gains from the conduct alleged in the Complaint, plus prejudgment interest thereon, but that payment of these funds shall be waived, except for \$175,000, which shall be paid into the Registry of the Court, within twenty days of the date of this Order, for distribution to investors of Theta Group, LLC.

Waiver of the remaining disgorgement amount and prejudgment interest, is based upon Rubel's demonstrated inability to pay, as reflected in Rubel's Statement of Financial Condition dated August, 1998, which is attached hereto as Exhibit 2 (Statement of Financial Condition). In addition, based upon Defendant Rubel's sworn representations concerning his financial condition contained in the Statement of Financial Condition attached hereto, the Court is not ordering Defendant Rubel to pay a civil penalty pursuant to Section 20(d) of the Securities Act of 1933 [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Securities Exchange Act of 1934 [15 U.S.C. §78u(d)(3)].

The determination not to impose a civil penalty and to waive payment of the remaining disgorgement amount and prejudgment interest thereon is contingent upon the accuracy and completeness of Defendant Rubel's Statement of Financial Condition. If at any time following the entry of this Order the

Commission obtains information indicating that Defendant Rubel's representations to the Commission concerning his assets, income, liabilities, expenses or net worth were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion, petition this Court for an order requiring him to pay the disgorgement amount, pre-judgment and post-judgment interest thereon, and a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by Defendant Rubel was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of civil penalty to be imposed. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendant Rubel to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Order, and the Commission may also request additional discovery. Defendant Rubel may not, by way of defense to such petition, challenge the validity of the Consent or this Order, contest the allegations in the Complaint filed by the Commission, the amount of disgorgement, interest or penalties, or assert that the payment of the disgorgement amount, civil penalty or the payment of pre-judgment or post-judgment interest on the disgorgement amount should not be ordered. However, nothing in this Order of Disgorgement shall prevent Defendant Rubel from contesting any allegations by the Commission that the financial

information provided by Defendant Rubel to the Commission was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the attached Consent and Stipulation of Defendant Rubel be, and hereby is, incorporated herein with the same force and effect as if fully set out herein.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Court shall retain jurisdiction of this matter for all purposes.

IV.

This Court makes an express determination that there is no just reason for delay and the Clerk of the Court is hereby directed to enter this Order of Disgorgement.

HONORABLE JUDGE GETTLEMAN
UNITED STATES DISTRICT COURT JUDGE

DATED: _____