

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

SECURITIES AND EXCHANGE COMMISSION : CIVIL ACTION
: :
Plaintiff, : :
: :
v. : :
: :
THE INFINITY GROUP COMPANY, et al. : :
: :
Defendants, : :
: :
and : :
: :
FUTURES HOLDING COMPANY, et al. : :
: :
Relief Defendants. : No. 97-5458

FEB 6 1998

**ORDER FOR A FINAL INJUNCTION,
DISGORGEMENT, AND OTHER RELIEF**

AND NOW, this 6th day of February, 1998, after a final injunction hearing in this matter held on February 2 through 5, 1998, and in accordance with the findings of fact and conclusions of law announced from the bench and as definitively issued as a Memorandum today, including this Court's findings that:

- (a) This Court has jurisdiction over the subject matter of this action and over the defendants, relief defendants and each of them, and venue properly lies in this District;
- (b) The Commission has made a sufficient and proper showing in support of the relief granted herein, as required by Section 20(b) of the Securities Act, 15 U.S.C. § 77t(b), and

Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), by establishing by a preponderance of the evidence that the defendants, and each of them, directly or indirectly, have engaged in and, unless enjoined by order of this Court, will continue to engage in acts, practices, and courses of business constituting violations of Sections 5(a), 5(c), and 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c), and 77q(a), 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, it is hereby ORDERED that:

1. Defendants and their officers, agents, servants, employees, attorneys, successors-in-interest, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, and each of them, are PERMANENTLY ENJOINED from violating Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, to

a. employ any device, scheme, or artifice to defraud;

b. obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

c. engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a purchaser, in connection with the offer or sale of any security;

2. Defendants and their officers, agents, servants, employees, attorneys, successors-in-interest, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, and each of them, are PERMANENTLY ENJOINED from violating Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated thereunder, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, to

a. employ any device, scheme, or artifice to defraud;

b. make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

c. engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security;

3. Defendants and their officers, agents, servants, employees, attorneys, successors-in-interest, and those persons

in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, and each of them, are PERMANENTLY ENJOINED from violating Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and (c), by, directly or indirectly, in the absence of any applicable exemption:

a. making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell the securities of any issuer, through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect as to such securities; or

b. carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, the securities of any issuer, unless and until a registration statement is in effect as to such securities;

4. Robert F. Sanville, C.P.A. ("Sanville"), shall continue as trustee for all funds, assets, choses in action, or other property belonging to, in the possession of, beneficially owned by, or in the control of TIGC, and in furtherance of his duties, Sanville, as trustee, shall:

a. take custody, control and possession of all funds, assets, choses in action, and other property of TIGC, including funds and other assets frozen by our Order of September 5, 1997, and assume all rights and powers which TIGC had or may have to manage, control, operate, maintain, possess or receive

such assets;

b. take such action as is necessary and appropriate to prevent the dissipation or concealment of any assets, or as necessary for the preservation of any assets, including:

(i) making such payments and disbursements from the funds so taken into his custody, or thereafter received, as necessary for the preservation of any asset;

(ii) sell, lease, or otherwise liquidate any non-cash assets of TIGC and deposit the proceeds received into the account(s) maintained for this matter;

(iii) pursue such causes of action as deemed necessary and appropriate and in the interest of the estate to recover assets of TIGC, or assert any right on behalf of investors who purchased securities from defendants, provided that twenty-four hours' advance notice is given to this Court of such causes of action;

(iv) trace TIGC's assets and investigate the books, records and accounts of TIGC; and

(v) hold all assets of TIGC, including all investor checks currently in TIGC's possession or received by Sanville, pending final determination of their disposition as may be further ordered by this Court;

c. As soon as practicable, notify all existing TIGC investors of the terms of this Order, initiate proof of claim procedures in order to determine the Trust's final

obligations to its investors;

d. provide to the Court, by March 9, 1998, a report detailing

(i) the choses in action which the Trustee intends to pursue, the funds and other assets which the Trustee intends to recover in each action, and the estimated attorneys' fees and costs of litigation for those actions,

(ii) the Trustee's progress in distributing proof of claim forms to investors, or otherwise determining the Trust's obligation to its investors; and

(iii) any funds or other assets received or disbursed since January 16, 1998, the date of the Trustee's last accounting;

e. be entitled to reasonable compensation from the assets now held by or in the possession, custody or control of, or which may be received by, defendants. Such compensation shall be in amounts commensurate with the services performed by the trustee and those he employs, shall be requested on a monthly basis with full documentation and support, and shall be subject to the approval of the Court;

5. a. Defendants, relief defendants and their officers, directors, subsidiaries, agents, servants, employees, attorneys, successors-in-interest, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, and each of them, SHALL DISGORGE to Sanville, the TIGC Trustee, funds or assets now

held by them, under their control or over which they exercise actual or apparent investment or other authority, in whatever form such funds or other assets may now exist, and wherever located, in amounts up to and including the amounts of:

(i) \$ 24,597,386.29, in joint and several liability, from defendants TIGC, Geoffrey P. Benson, and Geoffrey J. O'Connor;

(ii) \$ 2,488,515.94, in joint and several liability, from SLB Charitable Trust and Susan L. Benson;

(iii) \$ 1,425,900.00, in joint and several liability, from Futures Holding Company and Susan L. Benson;

(iv) \$ 125,000.00, in joint and several liability, from JGS Trust and Susan L. Benson;

(v) \$ 1,265,000.00 from Lindsey K. Springer, d/b/a Bondage Breaker Ministries;

b. Any financial or brokerage institution or other person or entity located within the territorial jurisdiction of the United States courts and holding any funds, accounts or other assets in the name, for the benefit or under the control of defendants, relief defendants, or any of them, or are signatories or have signing authority, and which receives actual notice of this Order by personal service or otherwise, SHALL DISGORGE to Sanville, the TIGC Trustee, any funds or other assets in such accounts;

6. Any brokerage institution, bank, savings and loan, mutual fund, or any other person, partnership, or corporation

maintaining or having custody or control of any brokerage or deposit account or other assets of defendants or relief defendants under their control, and that receives actual notice of this Order by personal service or otherwise, shall, within three business days of receipt of that notice, serve on Sanville, the TIGC Trustee, a statement setting forth, with respect to each such account or other asset, the balance in the account or description of the assets as of the close of business on the date of receipt of the notice. Service of such statement on the TIGC Trustee shall be by express courier service or telefax directed to Robert F. Sanville, Trustee, The Infinity Group Company Trust, P.O. Box 717, Abington, PA, 19001-0717 (telephone no. (215) 885-7930, telefax no. (215) 884-8686);

7. Defendants, relief defendants and each of them, shall fully cooperate with Sanville in the performance of his duties, provided that nothing in this Order shall be construed to require defendants to abandon any constitutional or other legal privilege which they may have available to them. Such cooperation shall include the production of the following records to Sanville:

a. all securities, funds, real estate, and other assets held in his, her, or its name, or in which he, she, or it has had any direct or indirect beneficial interest, stating the location of each of the assets;

b. each account with any financial institution or brokerage firm maintained in his, her, or its name, or in

which he, she, or it has or has had any direct or indirect beneficial interest;

c. the address of each location from which he, she, or it has done business or received funds or assets from investors, or any other person;

d. every transaction in which any funds or other assets of any kind were transferred between or among himself, herself, or itself and any other defendant(s) or relief defendant(s) in this action, or from him, her, or it to any other person or to any entity in which any of the defendants or other persons have any ownership interest;

e. all funds received from investors, or any other person, including a list of:

(i) the name, address, and telephone number of each investor; and

(ii) the amount invested by each investor and a statement of the location and disposition of any funds received from investors or other person;

f. all currency transactions or other transaction constituting or relating to the investment of funds raised from investors;

g. all transactions relating to the leveraging of funds raised from investors; and

h. the names, addresses and telephone numbers of all present and former employees, officers, directors, agents, attorneys, representatives, associates, affiliates, or

subsidiaries of defendants and relief defendants;

9. Defendants, relief defendants and their officers, agents, servants, employees, attorneys, successors-in-interest and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, and each of them, are PERMANENTLY RESTRAINED from destroying, mutilating, concealing, altering, or disposing of any document referring or relating in any manner to (i) the acts, practices and transactions described in the Commission's Complaint in this action; (ii) communications between or among any of the defendants and/or their employees or agents; (iii) funds received from investors, or any other person; or (iv) the location and disposition of funds received from investors, or any other person. As used in this Order, "document" means the original and all non-identical copies (whether non-identical because of handwritten notation or otherwise) of all written, graphic, audio, or video matter, however produced, and any other tangible record, or electronic data compilation capable of reproduction in tangible form, including, without limitation, telephone answering machine or other audiotapes, videotapes, correspondence, memoranda, minutes, telephone records, reports, studies, telexes, diaries, calendar entries, contracts, and letters of agreement, and including any and all existing drafts of all documents;

10. Pending final distribution of the TIGC assets by the Trustee, defendants TIGC, Geoffrey P. Benson, and Geoffrey J.

O'Connor, and relief defendants Susan L. Benson, Futures Holding Company, JGS Trust, SLB Charitable Trust, Lindsey K. Springer and Bondage Breaker Ministries, their agents, officers, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, and each of them, be and hereby are RESTRAINED and ENJOINED from filing a petition in bankruptcy without first notifying this Court, the Trustee, and the Commission by express courier service or telefax, five business days before such filing;

11. The Commission is granted leave to make application for civil penalties against defendants when and if defendants have made full remission of the disgorgement ordered herein;

12. The Clerk shall enter this Order and Final Injunction as a final judgment, as no just reason for delay exists within the meaning of Fed. R. Civ. P. 54(b); and

13. The Clerk shall CLOSE this matter statistically.

BY THE COURT:


Stewart Dalzell, J.