

**ORIGINAL**

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

DISTRICT CLERK  
NORTHERN DISTRICT OF TEXAS  
**FILED**  
JAN 27 2000  
NANCY DOHERTY, CLERK  
By \_\_\_\_\_ Deputy

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

LENNOX INVESTMENT GROUP, LTD., ACTIVE  
INTERNATIONAL, INC., RANDALL W. LAW,  
JAMES F. WARDELL, MONICA M. ILES, FRANK L.  
PEITZ, and DANIEL B. BENSON

Defendants,

and  
P.B.F. CAPITAL GROUP, INC., BENSON  
FINANCIAL, INC., ROBERT PALADINO, PEOPLE'S  
RESIDENTIAL MORTGAGE CORP., BENNY  
GRIFFIS, and L E CONSULTANT COMPANY

Defendants Solely for Purposes  
of Equitable Relief.

CIVIL ACTION NO:  
98CV536-Y

**FINAL JUDGMENT AS TO RANDALL W. LAW**

Based on the order granting Plaintiff Securities and Exchange Commission's Motion for  
Summary Judgment, entered on January 27, 2000,

I.

IT IS HEREBY ORDERED That Law and his agents, servants, employees, attorneys-in-  
fact and all other persons in active concert or participation with him who receive actual notice of  
this Final Judgment by personal service or otherwise, and each of them, be and hereby are  
permanently restrained and 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

306

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JAN 27 2000  
U.S. DISTRICT CLERK'S OFFICE

medium of any prospectus or otherwise, unless and until a registration statement is in effect as to such securities;

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; or

c. making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise the securities of any issuer, unless and until a registration statement has been filed with the Commission as to such securities, or while a registration statement as to such securities is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding of examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

II.

IT IS FURTHER ORDERED That Law and his agents, servants, employees, attorneys-in-fact and all other persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently enjoined from violating section 17(a) of the Securities Act of 1933, 15 U.S.C. §77q(a), by, directly or indirectly, in any way in connection with the purchase or sale of any security by the use of any means or instrument of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly –

(a) employing any device, scheme or artifice to defraud, or

(b) obtaining money or property by means of any untrue statement of material fact or any omission to state a material fact necessary in order to make the statement(s) made, in the light of the circumstances under which were made, not misleading, or

(c) engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon the purchaser, including, but not limited to, the offer and/or sale of an investment in a "prime bank" trading program and/or the unfounded promise or representation that repayment of monies previously invested in a "prime bank" trading program is likely to be made.

III.

IT IS FURTHER ORDERED That Law and his agents, servants, employees, attorneys-in-fact and all other persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently enjoined from violating section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. §78j(b) and Rule 10b-5 thereunder, by, directly or indirectly, by the use of any means or instrumentality of interstate commerce, of the mails or of any facility of any national securities exchange,

(1) employing any device, scheme or artifice to defraud,

(2) making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement(s) made, in the light of the circumstances under which were made, not misleading, or

(3) engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person, including, but not limited to, the offer and/or sale of an investment in a "prime bank" trading program and/or the

unfounded promise or representation that repayment of monies previously invested in a "prime bank" trading program is likely to be made.

IV.

IT IS FURTHER ORDERED that Law shall pay disgorgement in the amount of \$250,000 representing the proceeds paid or attributable to him from the unlawful conduct described in the Commission's Complaint, plus prejudgment interest thereon in the amount of \$75,526. Defendant Law shall pay the disgorgement and prejudgment interest amounts within 10 days of entry of this Final Judgment. All payments made pursuant to this paragraph shall be made to the court-appointed receiver, Michael Quilling, by cashier's check, certified check or postal money order, under cover of a letter that identifies the defendant, the name and case number of this litigation and the name of this Court, with a copy of the cover letter simultaneously transmitted to counsel for the Commission in this action. The Commission may pursue such means as are appropriate and necessary at law or equity to collect these funds from defendant Law or his agents or assigns, including, but not by way of limitation, obtaining writs of execution or levy for real and personal property or funds, or pursuing collateral actions in this Court against persons holding funds or assets for or on behalf of defendant Law.

V.

IT IS FURTHER ORDERED that, 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,[ 15U.S.C. §78u(d)(3)], Law is ordered to pay a civil penalty of \$100,000. After satisfaction of this Court's disgorgement order, defendant Law shall pay the civil money penalty to the United States Treasury. The payment shall be in the form of a cashiers check, certified check or postal money order made payable to the "Securities and Exchange Commission." The check or money order shall be hand-delivered or mailed to the Comptroller, Securities and Exchange Commission, 6432

General Green Way, Stop 0-3, Alexandria, VA 22312; and submitted under cover of a letter that identifies defendant Law, the caption and case number of this action, and the name of the Court. A copy of the cover letter and check shall be sent to Harold F. Degenhardt, District Administrator, Securities and Exchange Commission, Fort Worth district Office, 801 Cherry Street, 19th Floor, Fort Worth, TX 76102. At such time as said monies are paid to the Commission, Law relinquishes all legal and equitable right, title, and interest in those funds and no part of such monies shall be returned to Law or his affiliates, heirs, successors, or assigns.

VI.

IT IS FURTHER ORDERED That this Court shall retain jurisdiction over this action for all purposes, including for purposes of entertaining any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court, including but not limited to the relief requested by the Commission in its Complaint.

VII.

IT IS FURTHER ORDERED That this Final Judgment may be served upon Law in person or by mail either by the United States Marshal, the Clerk of the Court, or any member of the staff of the Securities and Exchange Commission.

VIII.

There being no just reason for delay, the Clerk of this Court is hereby directed to enter this Final Judgment pursuant to rules 54(b), 58 and 79, Fed. Rules Civ. Proc., 28 U.S.C.A.

SIGNED this 27<sup>th</sup> day of January, ~~1998~~ 2000

  
TERRY R. MEANS  
UNITED STATES DISTRICT JUDGE