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U.S. DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS

FILED

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

JAN 11 2001

CLERK, U.S. DISTRICT COURT

By

*[Signature]*  
Deputy

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs

BENJAMIN FRANKLIN COOK, individually and dba  
DENNEL FINANCE LIMITED, GERALD LEE PATE,  
ELLSWORTH WAYNE McLAWS, and ALAN McLAWS,

Defendants,

and

FPC-1 LIMITED PARTNERSHIP, SAMUEL LIMITED  
PARTNERSHIP, ALLIANCE INVESTMENTS CORP.,  
CORNERSTONE MANAGEMENT, LLC,  
INTERNATIONAL BUSINESS CONSULTANTS  
LIMITED, HIGHLANDER LIMITED PARTNERSHIP,  
and C. KELLY OLSEN,

Defendants Solely for Purposes  
of Equitable Relief

ENTERED ON DOCKET

JAN 12 2001

U.S. DISTRICT CLERK'S OFFICE

**FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER  
EQUITABLE RELIEF AGAINST ELLSWORTH WAYNE McLAWS**

Based on the order granting Plaintiff, Securities and Exchange Commission's  
Motion for Summary Judgment, entered on January 9, 2000,

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED That Ellsworth Wayne  
McLaws ("McLaws") 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, be and hereby are permanently restrained

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and enjoined, directly or indirectly, in connection with the purchase or sale of any security, including, but not limited to, the purchase 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, from making use of any means or instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange:

- (a) to employ any device, scheme or artifice to defraud;
- (b) to 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; and/or
- (c) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED That McLaws 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, in the offer or sale of securities of any security, including, but not limited to, the offer 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, from making use of any means or instruments of transportation or communication in interstate commerce, or of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to 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;
- (c) and/or to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon any purchaser.

III.

IT IS FURTHER ORDERED That McLaws, his agents, servants, employees, attorneys-in-fact, and all 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 and enjoined from, directly or indirectly:

- a.) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell any securities through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect with the Commission as to such securities;
- b.) carrying securities, or causing them to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale, unless and until a registration statement is in effect with the Commission 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, securities unless a

registration statement has been filed with the Commission as to such securities, or while a registration statement filed with the Commission 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 of 1933, as amended [15 U.S.C. § 77h]; provided, however, that nothing in this Part III 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].

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED That McLaws 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, directly or indirectly, from inducing or attempting to induce the purchase or sale of any security other than an exempted security (a) unless and until Pate is registered with the Commission under section 15(b) of the Securities Exchange Act of 1934, 15 U.S.C. §780(b), or (b)(1) unless Pate's business as a broker and/or dealer is exclusively intrastate and (2) unless Pate, acting as a broker or dealer, does not make use of any facility of a national securities exchange.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that McLaws shall disgorge the amount of \$10,336,994.96 representing his unjust enrichment from the conduct alleged in the Complaint, plus prejudgment interest thereon in the amount of

\$1,728,572.41. Except as provided in Paragraph VI, all payments made pursuant to this paragraph shall be made to the court-appointed receiver, Lawrence Warfield, 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 or the Receiver may pursue such means as are appropriate and necessary at law or equity to collect these funds from defendant McLaws 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 McLaws.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that McLaws, in partial satisfaction of his disgorgement obligation as set forth in Paragraph V of this Final Judgment, shall relinquish and convey to the Receiver:

1. All right, title and interest claimed by McLaws, Moroni LLC or Samuel Limited Partnership in the forfeiture action entitled *In The Matter of 35808 N. Pima Road, Scottsdale, Arizona, et al.*, pending in Arizona Superior Court for Maricopa County, Cause No. CV99-06800 ("Arizona Forfeiture Action").
2. All right, title and interest in Moroni, LLC, or the assets thereof, including without limitation:
  - a. One 1998 BMW Coupe, Ariz. Registration 210CFG, VIN-4USCJ3334WLG20114, titled in the name of Moroni, LLC, and any proceeds therefrom.
  - b. One 1998 BMW, Ariz. Registration 172CNZ, VIN-WBAGK2328WDH69946, titled in the name of Moroni, LLC and any proceeds therefrom.

c. One 1999 Cadillac, Ariz. Registration 361CXA, VIN-1G6KY5490XU911832, titled in the name of Moroni, LLC and any proceeds therefrom.

d. One 1999 20' Playbouy boat, Ariz. Registration AZ996BA, HIN:DVN28890J899, with outboard Mercury Big Foot 60, Serial #OG650868, titled in the name of Moroni. LLC and any proceeds therefrom.

e. One 1999 Zieman Boat Trailer (GVW 2990), Ariz. Registration No. J94247, VIN 1ZCB24512WPA96643, titled in the name of Moroni, LLC and any proceeds therefrom.

f. Account number 0144-5677 at Bank One Arizona.

g. Account number 0144-7656 at Bank One Arizona.

h. Account number 1537-9018-1967 at U.S. Bank.

i. Account number 1537-9006-0716 at U.S. Bank.

j. Account number 1537-9018-1959 at U.S. Bank.

3. All right, title and interest in Monolith Management Inc., or the assets thereof, including without limitation:

a. Account number 4593-7075 at Bank One Arizona.

b. Account number 0144-7541 at Bank One Arizona.

4. All right, title and interest in Samuel Limited Partnership, or the assets thereof, including without limitation:

a. Account number 2083-9532 at Bank One Arizona.

b. Account number 0144-3831 at Bank One Arizona.

c. Account number 2083-9583 at Bank One Arizona.

d. Account number 2083-4264 at Bank One Arizona.

e. Account number 2083-4395 at Bank One Arizona.

f. Account number 2083-4416 at Bank One Arizona.

g. Account number 2083-4408 at Bank One Arizona.

5. All right, title and interest in the property seized by the State of Arizona including but not limited to:

- a. Three Hundred Thirty Four gold coins and any proceeds therefrom.
- b. Cash in the amount of \$21,150.00.
- c. 8729 East Remuda Drive, Scottsdale, Arizona, and any proceeds therefrom..

6. All right, title and interest in the following:

- a. One 1988 BMW purchased from Specialty Cars on or about July 23, 1998.
- b. One motorcycle purchased from Surgical Steed on or about July 1, 1998, and any proceeds therefrom.
- c. That loan to United Bonding Service for \$50,000.00 made on or about September 8, 1998, and any proceeds therefrom.
- d. Oneida five piece sterling tea set and any proceeds therefrom.
- e. Rolex watch and any proceeds therefrom.
- f. Connelly's Pool Table.

7. All right, title and interest in any other corporation, partnership, trust or other entity in which McLaws holds an interest, is a principal, or which may be subject to his direction ownership or control.

## VII

McLaws shall comply with Paragraph VI by executing and delivering to the Receiver no later than 10 days after this Final Judgment is entered by the Court, a "Conveyance and Relinquishment" in the form appended to this Final Judgment, and by executing and delivering to the Receiver no later than 10 days after receipt of a request to do so, any other documents reasonably required by the Receiver to effectuate the conveyance and relinquishment required above, including without limitation a dismissal of any claim filed in the Arizona Forfeiture Action or any appeal therefrom. McLaws

shall also execute and deliver to the Receiver no later than 10 days after this Final Judgment is entered by the Court 15 signed copies of a "Consent Directive" in the form appended to this Final Judgment.

VIII

Within 60 days after entry or this Final Judgment or after the receipt or recovery by the Receiver of any payment or asset in partial satisfaction of the disgorgement obligation set forth in Paragraph V of this Final Judgment, whichever is later, the Receiver shall file with the Court and serve on McLaws a Notice of Partial Satisfaction of Judgment setting forth the amount by which the disgorgement obligation has been reduced by the net recovery or receipt.

IX.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED That any monies, real property, personal property, or other assets held by or in the name of McLaws or any entity legally or beneficially owned by McLaws and recovered by the Receiver shall be applied toward the judgment indebtedness of McLaws, less the reasonable and necessary expenses incurred by the Receiver in making such recovery.

X.

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,[ 15 U.S.C. §78u(d)(3)], McLaws is ordered to pay a civil penalty of \$110,000. After satisfaction of this Court's disgorgement order, defendant McLaws 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, McLaws relinquishes all legal and equitable right, title, and interest in those funds and no part of such monies shall be returned to McLaws or his affiliates, heirs, successors, or assigns.

XI.

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.

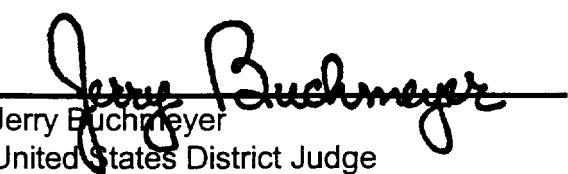
XII.

This Final Judgment may be served upon McLaws 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.

XIII.

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

DATED and SIGNED this 11 day of January, 2000.

  
\_\_\_\_\_  
Jerry Buchmeyer  
United States District Judge

## CONVEYANCE AND RELINQUISHMENT

Pursuant to the Final Judgment entered against me by the United States District Court for the Northern District of Texas, Dallas Division, Civil Action Number 3:99-CV-0571-R, entitled *Securities and Exchange Commission v. Cook et al.*, Defendant Ellsworth Wayne McLaws for himself and his heirs, representatives, and assigns does hereby fully disgorge, relinquish and convey to Lawrence J. Warfield, in his capacity as Receiver appointed by the Court in the above action, the following:

1. All right, title and interest claimed by McLaws, Moroni LLC or Samuel Limited Partnership in the forfeiture action entitled *In The Matter of 35808 N. Pima Road, Scottsdale, Arizona, et al.*, pending in Arizona Superior Court for Maricopa County, Cause No. CV99-06800 ("Arizona Forfeiture Action").
2. All right, title and interest in Moroni, LLC, or the assets thereof, including without limitation:
  - a. One 1998 BMW Coupe, Ariz. Registration 210CFG, VIN-4USCJ3334WLG20114, titled in the name of Moroni, LLC, and any proceeds therefrom.
  - b. One 1998 BMW, Ariz. Registration 172CNZ, VIN-WBAGK2328WDH69946, titled in the name of Moroni, LLC and any proceeds therefrom.
  - c. One 1999 Cadillac, Ariz. Registration 361CXA, VIN-1G6KY5490XU911832, titled in the name of Moroni, LLC and any proceeds therefrom.
  - d. One 1999 20' Playbouy boat, Ariz. Registration AZ996BA, HIN:DVN28890J899, with outboard Mercury Big Foot 60, Serial #OG650868, titled in the name of Moroni. LLC and any proceeds therefrom.
  - e. One 1999 Zieman Boat Trailer (GVW 2990), Ariz. Registration No. J94247, VIN 1ZCB24512WPA96643, titled in the name of Moroni, LLC and any proceeds therefrom.
    - f. Account number 0144-5677 at Bank One Arizona.
    - g. Account number 0144-7656 at Bank One Arizona.
    - h. Account number 1537-9018-1967 at U.S. Bank.
    - i. Account number 1537-9006-0716 at U.S. Bank.
    - j. Account number 1537-9018-1959 at U.S. Bank.
3. All right, title and interest in Monolith Management Inc., or the assets thereof, including without limitation:
  - a. Account number 4593-7075 at Bank One Arizona.
  - b. Account number 0144-7541 at Bank One Arizona.
4. All right, title and interest in Samuel Limited Partnership, or the assets thereof, including without limitation:
  - a. Account number 2083-9532 at Bank One Arizona.
  - b. Account number 0144-3831 at Bank One Arizona.

- c. Account number 2083-9583 at Bank One Arizona.
- d. Account number 2083-4264 at Bank One Arizona.
- e. Account number 2083-4395 at Bank One Arizona.
- f. Account number 2083-4416 at Bank One Arizona.
- g. Account number 2083-4408 at Bank One Arizona.

5. All right, title and interest in the property seized by the State of Arizona including but not limited to:

- a. Three Hundred Thirty Four gold coins and any proceeds therefrom.
- b. Cash in the amount of \$21,150.00.
- c. 8729 East Remuda Drive, Scottsdale, Arizona, and any proceeds therefrom..

6. All right, title and interest in the following:

- a. One 1988 BMW purchased from Specialty Cars on or about July 23, 1998.
- b. One motorcycle purchased from Surgical Steed on or about July 1, 1998, and any proceeds therefrom.
- c. That loan to United Bonding Service for \$50,000.00 made on or about September 8, 1998, and any proceeds therefrom.
- d. Oneida five piece sterling tea set and any proceeds therefrom.
- e. Rolex watch and any proceeds therefrom.
- f. Connally's Pool Table.

7. All right, title and interest in any other corporation, partnership, trust or other entity in which McLaws holds an interest, is a principal, or which may be subject to his direction ownership or control.

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Ellsworth Wayne McLaws

The following, Ellsworth Wayne McLaws, being known to me appeared before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and executed the foregoing and duly acknowledged to me that he executed the same.

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Notary Public

**CONSENT DIRECTIVE**

I, Ellsworth Wayne McLaws of the State of Arizona in the United States of America, do hereby make this consent directive both individually and on behalf of any corporation, trust or other entity of which I am a relevant principal, or which may be subject to my direction ownership or control (a "Controlled Entity"), including, but not limited to Samuel Limited Partnership, Monolith Management, Inc. or Moroni, LLC

I do hereby voluntarily direct any bank, trust company, custodian or trustee at which I may have an account of any kind or which a controlled entity has an account of any kind to disclose all information and deliver copies of all documents of every nature in its possession or control which reflect or relate in any manner to the banking activities of myself or a Controlled Entity to any attorney for Lawrence J. Warfield, Receiver, or any attorney for the United States Securities and Exchange Commission, and to give evidence relevant thereto, in the Civil Case No 3:99 CV 0571-R in the United States District Court for the Northern District of Texas, and this consent directive shall be irrevocable authority for so doing.

This consent directive is intended to apply to the laws of the United States and all foreign jurisdictions.

DATED: This \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Ellsworth Wayne McLaws

The following, Ellsworth Wayne McLaws, being known to me appeared before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and executed the foregoing and duly acknowledged to me that he executed the same.

\_\_\_\_\_  
Notary Public