

**IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**Civil Action No. 3:09-cv-87
(WJH)**

**GORDON B. GRIGG and PROTRUST
MANAGEMENT, INC.**

**d/b/a PROTRUST MANAGEMENT
GROUP, LLC**

**d/b/a PROTRUST MANAGEMENT
GROUP, INC.**

**d/b/a PROTRUST MANAGEMENT
GROUP, INC. LLC**

d/b/a PROTRUST CORPORATION,

Defendants.

ORDER OF PERMANENT INJUNCTION AND OTHER RELIEF

Plaintiff Securities and Exchange Commission ("Commission"), having filed its Complaint herein, and Defendants Gordon B. Grigg ("Grigg") and ProTrust Management, Inc. ("ProTrust") (collectively, "Defendants") having entered general appearances, having admitted the in personam jurisdiction of

this Court over them and the jurisdiction of this Court over the subject matter of the action, having waived entry of findings of fact and conclusions of law under Rules 52 and 65 of the Federal Rules of Civil Procedure, without admitting or denying the allegations of the Commission's Complaint (except as to jurisdiction and venue, which they admit) and having consented to the entry of this Order of Permanent Injunction and Other Relief:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants and Defendants' agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use 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 of a material fact necessary

in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

II.

IT IS FURTHER ORDERED that Defendants and Defendants' agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

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

III.

IT IS FURTHER ORDERED that Defendants and Defendants' agents, 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 are permanently restrained and enjoined from violating, directly or indirectly, SectionS 206(1) and (2) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §§ 80b-6(1) and (2)], by, while acting as an investment adviser, making use of means and instruments of transportation and communication in interstate commerce and of the mails:

- (1) to employ any device, scheme, or artifice to defraud any client or prospective client; or
- (2) to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.

IV.

IT IS HEREBY FURTHER ORDERED that Defendant shall pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)],

Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)]. The Court shall determine the amounts of the disgorgement and civil penalty upon motion of the Commission. Prejudgment interest shall be calculated from January 1, 2007, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with the Commission's motion for disgorgement and/or civil penalties, and at any hearing held on such a motion: (a) Defendants will be precluded from arguing that they did not violate the federal securities laws as alleged in the Complaint; (b) Defendants may not challenge the validity of the Consent or this Order; (c) solely for the purposes of such motion, the allegations of the Complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. Pending resolution of all issues in this matter, including the entry of an order establishing the amount of disgorgement and/or civil penalties, the parties may take discovery, effective immediately, including discovery from appropriate

non-parties, employing any of the means of discovery permitted by the Federal Rules of Civil Procedure.

V.

IT IS FURTHER ORDERED that, pending entry of an Order establishing the amount of disgorgement and/or civil penalties in this matter, assets of, or under the control of Defendants shall remain frozen, except as otherwise specified herein. Pending entry of the order establishing the amount of disgorgement and/or civil penalties, Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, except any trustee, receiver or special fiscal agent who may be appointed by this Court, be, and hereby are, restrained from, directly and indirectly, transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of or withdrawing any assets and property owned by, controlled by, or in the possession of the Defendants. This Court further enjoins any disbursement by Defendants, their agents, representatives, employees and officers and all persons acting in concert or participation with them, whatever business names they may operate under, of any proceeds derived from the transactions alleged in the Commission's Complaint. The freeze shall include but not be limited to those funds located in any bank accounts, brokerage accounts,

and any other accounts or property of Defendants. Notwithstanding anything in this Section V, Defendant Grigg shall have access to the sum of \$2,000 on a one-time basis from account no. 7360530120 at Fifth Third Bank in the name "ProTrust Capital," which shall be exempt from the freeze for the purpose of meeting ordinary and necessary living expenses; further, Defendant Grigg shall have access to the sum of \$5,000 on a one-time basis from account no. 7360530120 at Fifth Third Bank in the name "ProTrust Capital," which shall be exempt from the freeze for the purpose of payment of a retainer for legal services to C. Mark Pickrell, Esq., against which fees incurred by the Defendants in this matter shall be applied. Defendant Grigg may apply to the Court with a signed, sworn statement of financial condition for any further amount which the Court may determine may be exempted from the freeze for the purpose of meeting his ordinary and necessary living expenses and/or legal expenses. Nothing in this Order shall prevent Grigg from obtaining employment in the future and any earnings from that employment shall be segregated from any frozen accounts and shall not be subject to this freeze

VI.

IT IS FURTHER ORDERED that Defendants shall not exercise any discretionary authority or power of attorney with respect to the purchase or sale

of securities held in the name of, for the benefit of or in the interest of any person other than Defendants (any such exercise of discretionary authority or power of attorney with respect to the purchase or sale of securities held in the name of, for the benefit of or in the interest of Defendants being subject to the restrictions set forth in Section V of this Order). This Order is not intended to impose any independent limitations on the ability of Defendants' clients to buy, sell, liquidate or withdraw funds from securities accounts held with broker-dealers registered with the Commission, including accounts over which Defendants have grants of discretionary authority or limited powers of attorney.

VII.

IT IS FURTHER ORDERED that pending final determination as to all of the parties to this action, Defendants, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with each of them who receive actual notice of this order by personal service, facsimile transmission or otherwise, and each of them, are hereby enjoined from destroying, mutilating, concealing, altering, or disposing of any document referring or relating in any manner to any defendants herein including but not limited to (a) any investor investments in Defendant ProTrust or any other entity controlled by Defendant Grigg and (b) records evidencing the receipt and disbursal of investor funds by the

Defendants. As used in this order, "document" means the original and all non-identical copies (whether non-identical because of handwritten notation or otherwise) and all written or graphic matter, however produced, and any other tangible record, or electronic data compilation of any sort, including, without limitation, computer disks, computer hard-drives, computer diskettes, computer tapes, correspondence, memoranda, notes, minutes, telephone records, reports, studies, telexes, diaries, calendar entries, contracts, and letters of agreement, and including any and all existing drafts of all documents.

VIII.

IT IS FURTHER ORDERED that Defendants prepare and present to this Court and to the Commission an accounting of all funds received pursuant to the scheme described in the Commission's Complaint and of the disposition and use of those proceeds. This accounting shall include, but not be limited to, the name and address of each investor, the amount invested, the total amount received from investors, the date each such investment was made and a listing of all expenditures showing the amount and to whom paid and the date of payment. It shall also include, but is not limited to, all transfers of funds, including "loans" or otherwise, to the Defendants and/or by the Defendants since the offerings began. This accounting shall be submitted to this Court and served upon the Commission

within 30 days from the date of entry of this Order. This Section VIII is subject to Section XI of this Order.

IX.

IT IS FURTHER ORDERED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendants shall comply with all of the undertakings and agreements set forth therein.

X.

IT IS FURTHER ORDERED that this Court will retain jurisdiction over this matter and over the Defendants, in order to implement and carry out the terms of all Orders and Decrees that may be entered.


XI.

IT IS FURTHER ORDERED that nothing in this Order is intended to abrogate Defendant Grigg's ability to invoke his privilege against self-incrimination pursuant to the Fifth Amendment to the United States Constitution.

XII.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Order forthwith and without further notice.

DONE AND ORDERED this 5th day of February, 2009.


WILLIAM J. HAYNES, JR.
UNITED STATES DISTRICT COURT