

UNITED STATES DISTRICT COURT,
SOUTHERN DISTRICT OF FLORIDA
(West Palm Beach Division)

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

MEDCO, INC., and MARK R. BLACHER,

Defendants,

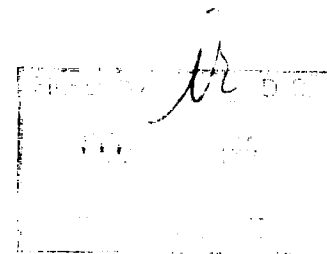
and

THE HILLY COMPANY, and
NATIONWIDE HEALTH SERVICES, INC.,

Relief
Defendants.

CASE NO. 97-7246-CIV
RYSKAMP

ORDER OF PERMANENT
INJUNCTION AND
OTHER RELIEF
AGAINST DEFENDANT
MARK R. BLACHER



Plaintiff, Securities and Exchange Commission ("Commission"), commenced this action by filing its Complaint against defendants and relief defendants. In its Complaint, the Commission sought a permanent injunction to prohibit violations by Mark R. Blacher ("Blacher") of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77e(a), 77e(c), and 77q(a), and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder. The Commission also sought other relief, including disgorgement and civil penalties.

Without admitting or denying any of the allegations in the Commission's Complaint or any other paper filed herein, except as to the jurisdiction of this Court, Blacher has agreed to the

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entry of this Order of Permanent Injunction and Other Relief ("Order"). This Court having accepted such Consent and this Court having jurisdiction over Blacher and the subject matter hereof, and the Court being fully advised of the premises,

I.

**SALE OF UNREGISTERED SECURITIES IN VIOLATION OF
SECTIONS 5(a) AND 5(c) OF THE SECURITIES ACT**

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that, Blacher, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, be and they hereby are, permanently restrained and enjoined from, directly or indirectly:

a. making use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell any securities, in the form of common stock or any other 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 or causing to be carried through the mails or in interstate commerce, by means or instruments of transportation, any securities, in the form of common stock or any other securities, 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 any securities, in the form of common stock or any other securities, through the use or medium of any prospectus or otherwise,

unless and until a registration statement is 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 or examination under Section 8 of the Securities Act in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c). Provided, however, that nothing in the foregoing portion of this Order 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.

II.

**FRAUD IN VIOLATION OF
SECTION 17 OF THE SECURITIES ACT**

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that, Blacher, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, be and they hereby are, permanently restrained and enjoined from, directly or indirectly, in the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails:

- (a) knowingly or recklessly employing any device, scheme or artifice to defraud;
- (b) obtaining money or property by means of any untrue statement of a material fact or 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) engaging in any practice, transaction, or course of business which operates or would operate as a fraud or deceit upon the purchaser of any such security,

in violation of Sections 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1), 77q(a)(2), and 77q(a)(3).

III.

FRAUD IN VIOLATION OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5, THEREUNDER

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Blacher, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, be and they hereby are, permanently restrained and enjoined from, directly or indirectly, knowingly or recklessly, in connection with the purchase or sale of any security, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

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

in violation of 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.

IV.

DISGORGEMENT

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Blacher: (a) shall disgorge, with prejudgment interest, all ill-gotten profits or proceeds that he received as a result of the acts and/or courses of conduct complained of herein and (b) shall be jointly and severally liable with all other defendants and relief defendants to disgorge all monies raised in connection with the offering, with prejudgment interest, less any monies that the Receiver distributes to investors and minus a dollar-for-dollar set-off for sums paid to the Receiver by Blacher in settlement of the Receiver's claims against him. The amount of disgorgement to be paid by Blacher shall be determined by the Court upon the Commission's motion, without evidentiary hearing. Blacher shall have the right to contest the amount of disgorgement proposed by the Commission solely by way of motion and not by evidentiary hearing. All disgorgement shall be paid within thirty days after the Order is entered by the Court. This order shall not operate to preclude Blacher from contesting the amount of loss for the purposes of any calculations under the applicable guidelines to any sentence computation in any related criminal proceeding, if any, which may be filed.

CIVIL MONEY PENALTIES

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that the amount of civil penalties that Blacher shall be required to pay, if any, pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d) and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), in connection with the activities described in the Commission's Complaint, shall be determined by the Court upon the Commission's motion, without evidentiary hearing. Blacher shall have the right to contest the amount of civil penalties he is to pay solely by way of motion and not by evidentiary hearing.

VI.

CONTINUATION OF ASSET FREEZE

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that pending resolution of the issues of the amount of disgorgement and civil penalties to be paid by Blacher, Blacher, his depositories and banks, are hereby restrained and enjoined from, directly or indirectly, transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of, or withdrawing any assets or property owned by him, controlled by him, or in his possession, including, but not limited to, cash, free credit balances, fully paid for securities, and/or property pledged or hypothecated as collateral for loans. Any future earnings derived from Blacher's future employment or personal services rendered shall not be subject to this asset freeze, so long as the source of such future earnings are not directly or indirectly traceable from investors in Medco.

VII.

RECORDS PRESERVATION

IT IS HEREBY FURTHER ORDERED that, pending resolution of the issues of the amount of disgorgement and civil penalties to be paid by Blacher, Blacher is hereby restrained and enjoined from, directly or indirectly, destroying, mutilating, concealing, altering, disposing of, or otherwise rendering illegible in any manner, any of the books, records, documents, correspondence, brochures, manuals, papers, ledgers, accounts, statements, obligations, files and other property of or pertaining to the Defendants and Relief Defendants wherever located.

VIII.

RETENTION OF JURISDICTION

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that, this Court will retain jurisdiction over this matter and Blacher in order to implement and carry out the terms of all Orders and Decrees that may be entered and/or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court, and will order other relief that this Court deems appropriate under the circumstances.

DONE AND ORDERED at 12.30 o'clock p.m. this 4 day of Feb, 1999 in chambers at WPB, Florida.


UNITED STATES DISTRICT JUDGE

Copies provided to:
Counsel of Record