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

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| SECURITIES AND EXCHANGE COMMISSION,<br><br>Plaintiff,<br><br>v.<br><br>APPALACHIAN INVESTMENT CORPORATION, et al.,<br><br>Defendants. | Civil Action No. 98-1506 |

**ORDER OF PERMANENT INJUNCTION AND DISGORGEMENT (RESERVING THE ISSUE OF CIVIL PENALTY) AS TO APPALACHIAN INVESTMENT CORPORATION AND DENNIS G. CERILLI**

Plaintiff Securities and Exchange Commission ("Commission"), having requested this Court to issue this Order of Permanent Injunction and Disgorgement (Reserving the Issue of Civil Penalty) ("Order") as to defendants Appalachian Investment Corporation ("Appalachian") and Dennis G. Cerilli ("Cerilli"); and

It appearing to the Court that defendants Appalachian and Cerilli, without admitting or denying the allegations in the Commission's Complaint, except as to jurisdiction, which they admit, have consented to the entry of this Order; and

It appearing that defendants Appalachian and Cerilli have admitted the jurisdiction of the Court over them and over the subject matter of this action, and have acknowledged service of t laint; and

It further appearing that there is no just reason for delay and there is sufficient basis herein for the entry of this Order;

IT IS HEREBY ORDERED THAT:

I. Defendants Appalachian and Cerilli, 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, are permanently enjoined from, directly or indirectly, making use of any means or instruments of transportation or communication in interstate commerce, or any means or instrumentality of interstate commerce, or the mails, or any facility of any national securities exchange, in connection with the offer, purchase or sale of any security, to:

(a) employ any devices, schemes or artifices to defraud;

(b) obtain money or property by means of, or 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, transaction, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

in violation of Section 17(a) of the Securities Act of 1933, 15 U.S.C. 77q(a), Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. 78j(b), and Rule 10b-5, 17 C.F.R. 240.10b-5, thereunder.

II. Defendant Appalachian pay disgorgement in the amount of $3,404,714, and defendant Cerilli pay disgorgement of $696,255, in each instance together with prejudgment interest; provided, however, that this Court will credit against the disgorgement and prejudgment interest hereby ordered against Cerilli any amounts actually paid by Cerilli into the Registry of the Court as restitution in connection with any criminal charges instituted against him by the United States Attorney's Office for the Western District of Pennsylvania and based, in substance, on the same facts alleged in the Commission's Complaint.

III. This Court shall reserve the question of the amount of any civil penalty to be imposed on defendants Appalachian and Cerilli.

March 31, 2000
Date

United States District Judge

cc: Kingdon Kase, Esq.
Bruce Antkowiak, Esq.