

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

JUDGE GOTTSCHALL

MAGISTRATE JUDGE ASHMAN

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CLERK
U.S. DISTRICT COURT

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

v.

CIVIL ACTION
CASE NO.

LAWRENCE B. IRWIN, JAMES D. COOPER, III
and BURTON FINANCIAL MANAGEMENT
ASSOCIATES, INC.,

Defendants.

00C 5996

UNITED STATES SECURITIES AND EXCHANGE COMMISSION'S
COMPLAINT FOR PERMANENT INJUNCTION AND
OTHER EQUITABLE RELIEF

Plaintiff, the United States Securities and Exchange Commission (the
Commission) alleges as follows:

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NATURE OF ACTION

1. This case involves violations of the antifraud and registration provisions of the federal securities laws by two business partners, Defendant Lawrence Burton Irwin ("Irwin") and Defendant James D. Cooper, III ("Cooper"), and Defendant Burton Financial Management Associates, Inc. ("BFMA"), a company owned and controlled by Irwin. Among other things, Defendants made misrepresentations and omissions of material fact to investors in the offer and sale of unregistered promissory notes ("BFMA Notes") and certain real estate limited partnerships (the "BFMA Limited Partnerships") issued by BFMA. Contrary to Defendants' representations that the proceeds of these securities offerings would be used for real estate purchases or related investments, Irwin deposited and pooled offering proceeds in BFMA's general

operating account, which he used to make purported "loans" to himself of at least \$1.5 million, to make purported "loans" to his wife's business of at least \$1.3 million, to repay other BFMA Note holders, and to make distributions to investors in other BFMA Limited Partnerships. Moreover, Cooper engaged in another scheme to defraud whereby he misappropriated approximately \$2.3 million from approximately 15 investors for his personal use by, among other things, falsely representing that he would invest these funds in securities similar to those issued by BFMA.

2. Defendant Irwin, directly and indirectly, has engaged and, unless enjoined, will continue to engage in transactions, acts, practices and courses of business which violate 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)], Sections 10(b), 15(a) and 15(c) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§78j(b), 78o(a) and 78o(c)], and Rules 10b-5 and 15c1-2 thereunder [17 C.F.R. §§240.10b-5 and 240.15c1-2].

3. Defendant BFMA, directly and indirectly, has engaged and, unless enjoined, will continue to engage in transactions, acts, practices and courses of business which violate Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§77e(a), 77e(c), and 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. §§78j(b)], and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

4. Defendant Cooper, directly and indirectly, has engaged and, unless enjoined, will continue to engage in transactions, acts, practices and courses of business which violate Section 17(a) of the Securities Act [15 U.S.C. §77q(a)], Sections 10(b), 15(a) and 15(c) of the Exchange Act [15 U.S.C. §§78j(b), 78o(a) and 78o(c)], and Rules 10b-5 and 15c1-2 thereunder [17 C.F.R. §§240.10b-5 and 240.15c1-2].

5. The Commission brings this action to restrain and enjoin such transactions, acts, practices and courses of business pursuant to Section 20(b) of the Securities Act [15 U.S.C. §77t(b)] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§78u(d) and 78u(e)].

JURISDICTION AND VENUE

6. The Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. §77v(a)], Section 27 of the Exchange Act [15 U.S.C. §78aa], and 28 U.S.C. §1331.

7. Venue is proper in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. §77v(a)] and Section 27 of the Exchange Act [15 U.S.C. §78aa].

8. At all relevant times, Irwin and Cooper resided in the Northern District of Illinois, and BFMA had its principal place of business and transacted business in the Northern District of Illinois. Further, the transactions, acts, practices, and courses of business at issue occurred within the jurisdiction of the United States District Court for the Northern District of Illinois and elsewhere.

9. Defendants, directly and indirectly, made use of the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange in connection with the transactions, acts, practices and courses of business alleged in this complaint.

DEFENDANTS

10. Defendant BFMA is an Illinois corporation formed by Irwin in 1978 with its principal place of business in Schaumburg, Illinois. BFMA has never been registered with the Commission in any capacity. From 1979 to at least December

1998, BFMA issued, and through Irwin, offered and sold the BFMA Notes. From the early 1980s through at least December 1998, BFMA issued, and through Irwin and Cooper, offered and sold various real estate limited partnerships, for which BFMA and Cooper (from 1983 through 1996), were the general partners.

11. Defendant Irwin resides in Barrington, Illinois. Irwin has at all relevant times been the sole shareholder, officer, and director of BFMA. Irwin is a C.P.A. and a certified financial planner. Irwin is not and has never been registered with the Commission as a broker or dealer.

12. At all relevant times, Defendant Cooper resided in Barrington, Illinois. Cooper is currently an inmate at the Federal Penal Center in Duluth, Minnesota. Until November 1996, he was a general partner in many of the BFMA Limited Partnerships that he and Irwin offered and sold, including certain of the Apartment Investors Partnerships. Cooper is not and has never been registered with the Commission as a broker or dealer.

BACKGROUND

13. Irwin formed Burton Associates, Ltd. ("Burton Associates"), an accounting firm with offices in Schaumburg, Illinois in or about 1976. In 1983, Irwin hired Cooper as a staff accountant, and in 1986, Cooper became a shareholder of Burton Associates. In addition to providing accounting, tax and estate planning advice, Irwin and Cooper also offered and sold securities to their accounting clients.

14. From 1979 through at least December 1998, Irwin and, later, Cooper (from 1983 through 1996) met with accounting clients on various occasions throughout

the year to provide tax, accounting and estate planning advice and to introduce investors to investment opportunities in the BFMA securities that they were selling.

THE FRAUDULENT SCHEMES

A. Irwin's Schemes to Defraud

1. The BFMA Promissory Notes

15. From 1979 through at least December 1998, BFMA issued, and through Irwin, offered and sold promissory notes. Irwin solicited investments in the BFMA Notes through letters mailed to his accounting clients, prior investors in the BFMA Notes, and others.

16. These letters generally described the BFMA Notes as having a five year maturity and promised the client a return that was approximately 1 to 2 points above the prime rate. If a client expressed interest in purchasing a BFMA Note, Irwin followed up by telephone or in person to close the deal.

17. In exchange for their investment, investors received a promissory note issued by BFMA and signed by Irwin as president of BFMA.

18. During the twelve month period January 1997 through December 1997, BFMA and Irwin sold at least \$1,439,544 of BFMA Notes to investors. At least one of these investors resided outside of Illinois. Moreover, at least one of these investors was non-accredited.

19. BFMA provided no financial or other information regarding its operations to investors.

20. The BFMA Notes were not registered with the Commission.

21. When soliciting investments in the BFMA Notes, Irwin told at least three investors that the BFMA Notes were of an investment quality similar to a Certificate of Deposit (CD) from a bank, yet paid a better interest rate.

22. In fact, the notes were far riskier than a CD because, among other things, the notes were unsecured and were not insured by the FDIC.

23. Irwin also represented to some investors that the BFMA Note proceeds would be pooled to purchase real property that would generate the income to repay the BFMA Notes.

24. Irwin told other investors that the BFMA Note proceeds would be invested in property owned by BFMA Limited Partnerships and would be secured by a second mortgage on the property.

25. Irwin also led certain other investors to believe that the BFMA Note proceeds would be used in connection with BFMA's real estate operations.

26. Contrary to these representations, Irwin simply deposited the BFMA Note proceeds into BFMA's operating account over which he had sole control (BFMA Operating Account). The BFMA Note proceeds were then commingled with BFMA's other funds.

27. Irwin and BFMA used these funds to make purported "loans" to Irwin of at least \$1.5 million and to make purported "loans" to Irwin's wife's business of at least \$1.3 million.

28. In addition, these funds were used to make loans to the BFMA Limited Partnerships totaling at least \$3.2 million, which money, among other things, was used to make distributions to BFMA Limited Partnership investors. No second mortgages were

ever recorded against any of the BFMA Limited Partnership properties, and all of the BFMA Notes were unsecured.

29. Irwin and BFMA also used these funds to repay both principal and interest to BFMA Noteholders.

2. The BFMA Limited Partnerships

30. From the early 1980s to at least December 1998, BFMA issued and, through Irwin and Cooper, offered and sold interests in various Illinois real estate limited partnerships to their accounting clients. Beginning in 1981, BFMA usually formed one to two BFMA Limited Partnerships per year.

31. Irwin offered and sold the BFMA Limited Partnerships from their inception. Cooper offered and sold the BFMA Limited Partnerships beginning in 1983 when he joined Burton Associates through 1996.

32. Irwin and Cooper earned commissions ranging from 4% to 8% of the total dollar amount that they raised for a particular partnership, including the Apartment Investors Partnerships discussed below, which was paid by either the BFMA Limited Partnership or BFMA.

33. BFMA, and from 1983 through 1996, Cooper, served as the general partners of the BFMA Limited Partnerships. Irwin, through BFMA, charged a consulting fee for purported consulting services rendered to the BFMA Limited Partnerships.

34. From 1994 through December 1998, BFMA formed four limited partnerships: Apartment Investors (Apartment Investors I), Apartment Investors II,

Apartment Investors III, and Apartment Investors IV (collectively, the "Apartment Investors Partnerships").

35. Irwin is the managing general partner for the Apartment Investors Partnerships. BFMA and Cooper are the general partners for Apartment Investors I and II. BFMA is the general partner for Apartment Investors III and IV.

36. Both Irwin and Cooper sold interests in Apartment Investors I and II. Irwin sold interests in Apartment Investors III and IV.

37. From approximately July 1994 to December 1995, BFMA raised approximately \$1,800,000 for Apartment Investors I from 31 investors.

38. From November 27, 1995 to July 1996, BFMA raised approximately \$1,000,000 for Apartment Investors II from 18 investors.

39. From November 1996 to October 1997, BFMA raised approximately \$1,000,000 for Apartment Investors III from 14 investors.

40. From June 1998 to December 1998, BFMA raised approximately \$500,000 for Apartment Investors IV from nine investors.

41. To induce their clients to invest in the Apartment Investors Partnerships, Irwin and Cooper verbally represented to investors that the partnerships were safe investments that would last approximately five to seven years and involved little risk.

42. Irwin and Cooper also gave the investors in the Apartment Investors Partnerships private placement memoranda that described the nature of the investments and the use of investors' funds.

43. The Apartment Investors Partnerships' private placement memoranda represented that the partnership business was to own multifamily residential real estate in northeastern Illinois, primarily in the Chicago area suburbs.

44. The private placement memoranda for Apartment Investors I through III represents that the "Partnership may from time to time invest excess income of the Partnership in interest-bearing accounts or in short-term loans to other entities."

45. The private placement memorandum for Apartment Investors IV represents that the partnership ". . . may from time to time invest partnership funds in interest-bearing accounts or in short-term loans to other entities including the General Partner or affiliates."

46. Contrary to these representations, Irwin caused all of the Apartment Investors Partnerships to transfer investor proceeds to BFMA, which were deposited and commingled with other funds in BFMA's Operating Account for use at Irwin's sole discretion.

47. Among other things, Irwin and BFMA used these funds to make purported "loans" totaling at least \$1.5 million and \$1.3 million, respectively, to Irwin and his wife's business.

48. The purported personal "loans" that BFMA and Irwin made to Irwin and his wife's business required no regular principal or interest payments and were of indefinite duration.

49. The purported "loans" to Irwin and his wife's business were, in effect, outright payments. Irwin's wife's business has never made a payment on its "loan." Irwin has made only sporadic interest payments.

50. In addition, Irwin also used these funds to make loans totaling at least \$3.2 million to other BFMA Limited Partnerships, and to make interest and principal payments to BFMA Noteholders.

51. Moreover, Irwin caused Apartment Investors I through III to transfer investor proceeds to BFMA for non-partnership purposes before Apartment Investors I through III ever generated any income or purchased any property.

52. Irwin misrepresented and failed to disclose the uses of investor funds described in paragraphs 46 through 51 to the Apartment Investors Partnership investors.

53. Cooper knew of Irwin's uses of investor funds described in paragraphs 46 through 51. Cooper misrepresented and failed to disclose those uses to the investors to whom he sold Apartment Investors Partnership interests.

B. Cooper's Scheme to Defraud

54. During the period from 1988 through November 1996, Cooper also misappropriated approximately \$2.3 million from approximately 15 of his accounting clients at Burton Associates. Most of the clients from whom Cooper misappropriated funds had previously invested in at least one of the BFMA Limited Partnerships or in a BFMA Note.

55. In furtherance of his scheme, Cooper misrepresented to his accounting clients that he would purchase various securities for them. Cooper directed his clients to make the checks payable to himself or various entities that he owned or controlled. Cooper then opened bank accounts for which he was the sole signatory in the names of these entities and deposited the investors' funds in those accounts. Cooper commingled

the funds he misappropriated from his victims in these accounts and used the bulk of the funds deposited in these accounts to pay for significant home improvements and other personal expenses.

56. Cooper also used these funds to pay purported "interest" or "returns" to certain clients in order to lull his "investors" into a false sense of security and continue his scheme to defraud.

57. In order to further conceal his fraudulent scheme, Cooper covered up his actions by adjusting the clients' books and records and, when necessary, withholding canceled checks on which he had forged the clients' names.

1. The Cooper Promissory Note

58. In November 1995, Cooper represented to one of his accounting clients who had previously invested through Irwin in the BFMA Notes, that Cooper was offering a similar note, but with a better rate of return than a BFMA Note. This client gave Cooper \$120,000 for investment in a promissory note issued by a defunct entity controlled by Cooper, which note was signed by Cooper.

59. In fact, Cooper simply misappropriated most of the investor's money for his personal use.

60. To cover up his scheme, Cooper made approximately nine purported "interest" payments on this note using other investors' funds before the client discovered that Cooper had misappropriated his investment.

2. The Cooper Limited Partnerships

61. In May 1995, Cooper formed an Illinois limited partnership called 2401 American Lane Partnership (American Lane) to own property located at 2401 American

Lane, Elk Grove Village, Illinois. In the summer of 1995, Cooper solicited at least four different clients to invest in American Lane.

62. Cooper represented to the first investor that Cooper, as general partner, would contribute 50% of the purchase price of the property and that the investor, as the sole limited partner, would contribute the other 50%, and the partnership would purchase and own the property. Based on those representations, the first investor gave Cooper \$140,000 for investment in American Lane.

63. Contrary to his representations to the first investor, Cooper invested no personal funds in American Lane.

64. Instead, Cooper offered and sold additional limited partnership interests in American Lane to at least three other investors who were informed that there were other limited partners. These three investors gave Cooper \$35,000 each to invest in the partnership to be used to purchase the property.

65. Contrary to his representations to these three investors, Cooper purchased the building in his name and that of the first investor instead of American Lane, such that the other investors and the partnership had no interest in the property.

66. In August 1996, Cooper solicited two investors to give him funds to form a different limited liability company called Rand 12. Cooper represented to the investors that Cooper would pool their funds with his own, and through Rand 12, invest in real estate that was to be managed by Cooper. Based on Cooper's representations about Rand 12's use of their funds to buy property, each of the two investors gave Cooper approximately \$50,000 to invest in Rand 12.

67. Contrary to his representations, Cooper never formed Rand 12, never purchased any property, and simply misappropriated the clients' funds.

68. To cover up his misappropriation, Cooper misrepresented to one of the investors and the investor's estate planning attorney that the investor owned an interest in a local medical building, which, again, Cooper did not own or purchase.

3. Other Securities

69. Cooper misappropriated funds from at least two clients by falsely representing that he would use their money to purchase certain other securities on their behalf.

70. Cooper solicited one client to give him money to purchase for her certain municipal bonds that Cooper claimed would provide her with a steady income stream. Based upon this representation, the client gave Cooper a total of approximately \$400,000 for investment.

71. Contrary to his representations, Cooper never purchased any municipal bonds for this client and misappropriated all of her funds.

72. Similarly, in mid-1993, Cooper solicited another client to give him approximately \$100,000 to purchase on the client's behalf a unit in a BFMA Limited Partnership called Burton Income Properties VIII.

73. Contrary to his representations, Cooper never purchased the limited partnership interest and simply misappropriated the client's funds.

74. To conceal his misappropriation, Cooper made purported interest payments to both of these clients for more than two years using other investors' funds.

4. Unauthorized Use of Client Funds

75. In addition to the above, Cooper also misappropriated funds from another client's corporate and pension accounts managed by another entity of which Cooper was a shareholder and the corporate secretary.

76. From 1988 to November 1996, Cooper misappropriated approximately \$230,000 from one accounting client by purporting to act as an agent for that client in order to obtain funds from the client's account. Pursuant to Cooper's instructions, the entity issued checks payable to Cooper's client and delivered them to Cooper, who represented that he would deliver them to the client. Instead of delivering the checks to the client as represented, Cooper forged the client's name on the checks and misappropriated the proceeds to pay for his personal expenses.

77. Cooper instructed another client to make his pension plan deposit checks payable to a defunct entity that Cooper owned and controlled. Cooper represented that he would deposit the funds into that client's pension account. Contrary to these representations, Cooper misappropriated these funds for his personal use. Cooper misappropriated approximately \$509,365 from this client in this manner.

78. On May 20, 1999, Cooper was criminally convicted, pursuant to his guilty plea, of one count of mail fraud [18 U.S.C. §1341] based in part on certain of the conduct alleged in paragraphs 54 through 77 above.

COUNT I

**VIOLATIONS OF SECTIONS 5(a) AND 5(c)
OF THE SECURITIES ACT BY IRWIN AND BFMA**

79. Paragraphs 1 through 78 are realleged and incorporated by reference as if set forth fully herein.

80. Irwin and BFMA, directly and indirectly, made use of the means and instruments of transportation and communication in interstate commerce and of the mails to sell and offer to sell securities or carried such securities and caused them to be carried through the mails and in interstate commerce by the means and instruments of transportation for the purpose of sale and for delivery after sale as described in paragraphs 1 through 29.

81. During the relevant time period, no registration statement was filed with the Commission or was in effect with respect to the securities offered and sold by Irwin and BFMA.

82. By reason of the activities described in paragraphs 79 through 81, Irwin and BFMA violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§77e(a) and 77e(c)].

COUNT II

**VIOLATIONS OF SECTION 17(a)(1) OF THE
SECURITIES ACT BY IRWIN, BFMA AND COOPER**

83. Paragraphs 1 through 78 are realleged and incorporated by reference as if set forth fully herein.

84. Irwin, BFMA, and Cooper, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and

of the mails, directly or indirectly, employed devices schemes and artifices to defraud as described in paragraphs 13 through 78.

85. Irwin and BFMA knew or were reckless in not knowing of the activities described in paragraphs 83 through 84 above.

86. By reasons of the activities described in paragraphs 83 through 85 above, Irwin, BFMA and Cooper violated Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)(1)].

COUNT III

VIOLATIONS OF SECTION 17(a)(2) and 17(a)(3) OF THE SECURITIES ACT BY IRWIN, BFMA AND COOPER.

87. Paragraphs 1 through 78 are realleged and incorporated by reference as if set forth fully herein.

88. Irwin, BFMA, and Cooper, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, directly or indirectly, obtained money and property by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and engaged in transactions, practices and courses of business which operated as a fraud and deceit upon purchasers and prospective purchasers of such securities as described in paragraphs 13 through 78 above.

89. By reason of the activities described in paragraphs 87 through 88 above, Irwin, BFMA and Cooper violated Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§77q(a)(2) and 77q(a)(3)].

COUNT IV

**VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT
AND RULE 10b-5 BY IRWIN, BFMA AND COOPER**

90. Paragraphs 1 through 78 are realleged and incorporated by reference as if set forth fully herein.

91. Irwin, BFMA and Cooper, in connection with the purchase and sale of securities, directly or indirectly, by use of the means and instrumentalities of interstate commerce and of the mails, employed devices, schemes and artifices to defraud; made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and engaged in acts, practices and courses of business which operated as a fraud and deceit upon purchasers of such securities as described in paragraphs 13 through 78 above.

92. Irwin, BFMA and Cooper knew or were reckless in not knowing of the activities described in paragraphs 90 through 91 above.

93. By reason of the activities described in paragraphs 90 through 92 above, Irwin, BFMA and Cooper violated Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. §240.10b-5].

COUNT V

**VIOLATIONS OF SECTION 15(a) OF THE EXCHANGE ACT
BY IRWIN AND COOPER**

94. Paragraphs 1 through 78 are realleged and incorporated by reference as if set forth fully herein.

95. Irwin and Cooper made use of the mails or means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of the securities for the accounts of others as described in paragraphs 13 through 78 above.

96. Neither Irwin nor Cooper was registered with the Commission as a broker or dealer.

97. By reason of the activities described in paragraphs 94 through 96, Irwin and Cooper violated Section 15(a) of the Exchange Act [15 U.S.C. §78o(a)].

COUNT VI

VIOLATIONS OF SECTION 15(c) OF THE EXCHANGE ACT AND RULE 15c-2 BY IRWIN AND COOPER

98. Paragraphs 1 through 78 are realleged and incorporated by reference as if set forth fully herein.

99. Irwin and Cooper, while acting as brokers or dealers, made use of the mails or means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of the securities by means of acts, practices, or courses of business which operate or would operate as a fraud or deceit upon any person, and untrue statements of material fact and omissions to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, which statements or omissions were made with knowledge or reasonable grounds to believe that they were untrue or misleading as described in paragraphs 13 through 78 above.

100. Irwin and Cooper knew or were reckless in not knowing of the activities described in paragraphs 98 through 99 above.

101. By reason of the activities described in paragraphs 98 through 100, Irwin and Cooper violated Section 15(c)(1) of the Exchange Act [15 U.S.C. §78o(c)(1)] and Rule 15c1-2 promulgated thereunder [17 C.F.R. §240.15c1-2].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Find that Irwin, BFMA, and Cooper committed the violations alleged and charged herein.

II.

Issue an Order of Permanent Injunction in a form consistent with Rule 65 of the Federal Rules of Civil Procedure, permanently restraining and enjoining Irwin, his officers, agents, servants, employees, attorneys and those persons in active concert or participation with him who receive actual notice of the Order, by personal service or otherwise, and each of them, from directly or indirectly, engaging in the transactions, acts, practices or courses of business described above, or in conduct of similar purport and object, in violation of Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)] and Sections 10(b), 15(a) and 15(c)(1) of the Exchange Act [15 U.S.C. §§78j(b), 78o(a) and 78o(c)(1)] and Rules 10b-5 and 15c1-2 [17 C.F.R. §§ 240.10b-5 and 240.15c1-2] promulgated thereunder.

III.

Issue an Order of Permanent Injunction in a form consistent with Rule 65 of the Federal Rules of Civil Procedure, permanently restraining and enjoining Cooper, his officers, agents, servants, employees, attorneys and those persons in active concert or

participation with him who receive actual notice of the Order, by personal service or otherwise, and each of them, from directly or indirectly, engaging in the transactions, acts, practices or courses of business described above, or in conduct of similar purport and object, in violation of Section 17(a) of the Securities Act [15 U.S.C. §§ 77q(a)] and Sections 10(b), 15(a) and 15(c)(1) of the Exchange Act [15 U.S.C. §§78j(b), 78o(a) and 78o(c)(1)] and Rules 10b-5 and 15c1-2 [17 C.F.R. §§ 240.10b-5 and 240.15c1-2] promulgated thereunder.

IV.

Issue an Order of Permanent Injunction in a form consistent with Rule 65 of the Federal Rules of Civil Procedure, permanently restraining and enjoining BFMA, its officers, agents, servants, employees, attorneys and those persons in active concert or participation with it who receive actual notice of the Order, by personal service or otherwise, and each of them, from directly or indirectly, engaging in the transactions, acts, practices or courses of business described above, or in conduct of similar purport and object, in violation of Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)] and 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.

V.

Issue an Order requiring Irwin and BFMA to disgorge their ill-gotten gains, including prejudgment interest.

VI.

With regard to Irwin and BFMA's violative transactions, acts, practices and courses of business that occurred on or after September 29, 1995, issue an order imposing upon them appropriate civil penalties 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)].

VII.

Retain jurisdiction of this action in accordance with the principals of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

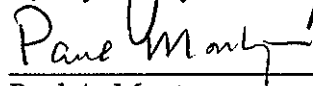
VIII.

Grant Orders for such further relief as the Court may deem appropriate.

Dated: September 29, 2000

Respectfully submitted,


Kathryn A. Pyszka


Paul A. Montoya


M. Gretchen Silver

Attorneys for Plaintiff
Securities and Exchange Commission
500 W. Madison Street, 14th floor
Chicago, IL 60661-2511
(312) 353-7390

JS 44
(Rev. 12/96)

453

JIL COVER SHEET

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

United States Securities and Exchange Commission

JUDGE GOTTSCHAL

00C 5996

DEFENDANTS

Lawrence B. Irwin, James D. Cooper, III and Burton Financial Management Associates, Inc.

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF (EXCEPT IN U.S. PLAINTIFF CASES)

MAGISTRATE JUDGE ASHMAN

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)
M. Gretchen Silver (312) 353-7390
U.S. Securities and Exchange Commission
500 W. Madison Street, Suite 1400
Chicago, IL 60661

ATTORNEYS (IF KNOWN)
Dexter B. Johnson (312) 348-8890
Mallon & Johnson, P.C.
19 S. LaSalle Street, Suite 1202
Chicago, IL 60603

FILED
 SEP 29 2000
 U.S. DISTRICT COURT
 CHICAGO, ILL.

II. BASIS OF JURISDICTION (PLACE AN "X" IN ONE BOX ONLY)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)

- | | | | | | |
|---|----------------------------|----------------------------|--|----------------------------|----------------------------|
| | PTF | DEF | | PTF | DEF |
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated or Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. ORIGIN

(PLACE AN "X" IN ONE BOX ONLY)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify)
- 6 Multidistrict Litigation
- 7 Appeal to District Judge from Magistrate Judgment

V. NATURE OF SUIT (PLACE AN "X" IN ONE BOX ONLY)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutional of State Statutes <input type="checkbox"/> 890 Other Statutory Actions
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 280 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence HABEAS CORPUS: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS - Third Party 26 USC 7609

VI. CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE BRIEF STATEMENT OF CAUSE. DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY.)

Violation of Securities Laws - 15 U.S.C. §§ 77e(a), 77e(c), 77q, 78j and 78o

VII. REQUESTED IN COMPLAINT

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$ _____ CHECK YES only if demanded in complaint
 Disgorgement, Civil Penalties, Injunction
 JURY DEMAND: YES NO

VIII. This case is not a refiling of a previously dismissed action.
 is a refiling of case number _____, previously dismissed by Judge _____

DATE

9/29/00

SIGNATURE OF ATTORNEY OF RECORD

[Handwritten Signature]

UNITED STATES DISTRICT COURT

1-2

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

JUDGE GOTTSCHALL
JUDGE GOTTSCHALL

Eastern Division

MAGISTRATE JUDGE ASHMAN

In the Matter of

United States Securities and Exchange Commission,
v.

Lawrence B. Irwin, James D. Cooper, III and Burton
Financial Management Associates, Inc.

Case Number:

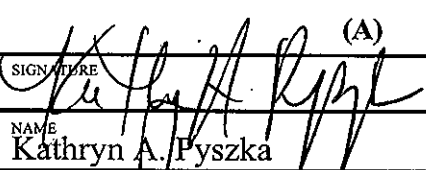
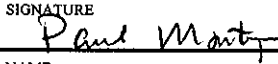
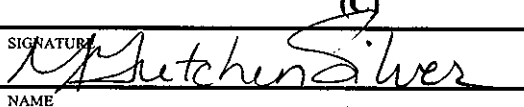
00C 5996

APPEARANCES ARE HEREBY FILED BY THE UNDERSIGNED AS ATTORNEY(S) FOR:

United States Securities and Exchange Commission, Plaintiff

FILED
00 SEP 29 PM 12:24
CLERK
U.S. DISTRICT COURT

DOCKETED
SEP 29 2000

(A)		(B)	
SIGNATURE 		SIGNATURE 	
NAME Kathryn A. Pyszka		NAME Paul A. Montoya	
FIRM U.S. Securities and Exchange Commission		FIRM Same as A	
STREET ADDRESS 500 W. Madison Street, Suite 1400		STREET ADDRESS	
CITY/STATE/ZIP Chicago, Illinois 60661		CITY/STATE/ZIP	
TELEPHONE NUMBER (312) 353-7390		TELEPHONE NUMBER	
IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE) 6202224		IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE) 6229890	
MEMBER OF TRIAL BAR? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		MEMBER OF TRIAL BAR? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
TRIAL ATTORNEY? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		TRIAL ATTORNEY? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
		DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input type="checkbox"/>	
(C)		(D)	
SIGNATURE 		SIGNATURE	
NAME M. Gretchen Silver		NAME	
FIRM Same as A		FIRM	
STREET ADDRESS		STREET ADDRESS	
CITY/STATE/ZIP		CITY/STATE/ZIP	
TELEPHONE NUMBER		TELEPHONE NUMBER	
IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE) 6204419		IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE)	
MEMBER OF TRIAL BAR? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		MEMBER OF TRIAL BAR? YES <input type="checkbox"/> NO <input type="checkbox"/>	
TRIAL ATTORNEY? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		TRIAL ATTORNEY? YES <input type="checkbox"/> NO <input type="checkbox"/>	
DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input type="checkbox"/>		DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input type="checkbox"/>	