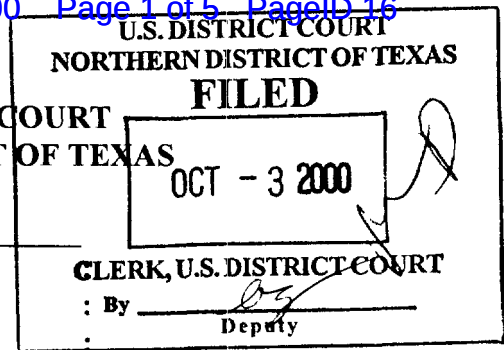


UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
Fort Worth Division



SECURITIES AND EXCHANGE COMMISSION

Plaintiff,

-v.-

ROBERT G. HERNDON,

Defendant.

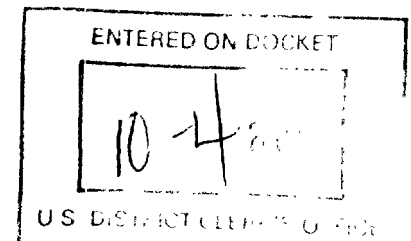
:
:
: No. 4:00-CV-1564-A
:
:
:
:
:

FINAL JUDGMENT

Defendant Robert G. Herndon has entered a general appearance herein; admitted the jurisdiction of this Court over him and over the subject matter of this action; waived the filing of an answer to the complaint; waived the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure; and without admitting or denying the allegations of the complaint, except as to jurisdiction, which he admits, consented to the entry of this final judgment. It further appearing that this Court has jurisdiction over Herndon and the subject matter hereof, **it is hereby ordered, adjudged and decreed that:**

I.

Herndon, his agents, servants, employees, attorneys-in-fact, successors, and assigns and all those persons in active concert or participation with them who receive actual notice of this final judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from violating Sections 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 promulgated thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. §



240.10b-5], directly or indirectly, 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. 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 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,

in connection with the purchase or sale of any security.

II.

Herndon, his agents, servants, employees, attorneys-in-fact, successors, and assigns and all those persons in active concert or participation with them who receive actual notice of this final judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from violating Section 13(b)(5) of the Exchange Act and Rules 13b2-1 and 13b2-2 promulgated thereunder [15 U.S.C. § 78m(b)(5) and 17 C.F.R. § 240.13b2-1 and 240.13b2-2] by:

- A. knowingly circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book, record, or account described in Section 13(b)(2) of the Exchange Act [15 U.S.C. § 78m(b)(2)]; or
- B. directly or indirectly, falsifying or causing to be falsified, any book, record, or account subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)]; or

- C. directly or indirectly, making materially false or misleading statements or omitting to state, or causing another person to omit to state, any material fact necessary in order to make statements made not misleading to an accountant in connection with any audit or examination of financial statements or with the preparation or filing of any document or report to be filed or required to be filed with the Securities and Exchange Commission (the "Commission").

III.

Herndon, his agents, servants, employees, attorneys-in-fact, successors, and assigns and all those persons in active concert or participation with them who receive actual notice of this final judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from aiding and abetting or causing violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 promulgated thereunder [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B) and 17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13], by directly or indirectly:

- A. filing or causing to be filed with the Commission any report required to be filed with the Commission pursuant to Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and the rules and regulations promulgated thereunder, which contains any untrue statement of material fact, which omits to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, or which omits to disclose any information required to be disclosed;

- B. failing to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of any issuer; or
- C. failing to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (1) transactions are executed in accordance with management's general or specific authorization; (2) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets; (3) access to assets is permitted only in accordance with management's general or specific authorization; and (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

IV.

Herndon be and hereby is permanently restrained and enjoined from acting as an officer or director of any issuer that has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports with the Commission pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

V.

Herndon be assessed and pay \$75,000 as a civil penalty pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] The Court hereby orders Herndon to pay the \$75,000 within ten days from the date of entry and filing of this judgment, by check made payable to the Securities and Exchange Commission, and sent to the Comptroller, U.S. Securities and Exchange

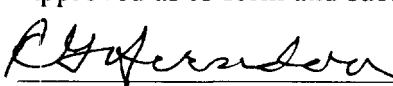
Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312, under cover of a letter that identifies Herndon, the caption and case number of this action, the name of this Court, and the Commission's file number (HO-3128). Copies of the check and accompanying cover letter shall be simultaneously transmitted to the Secretary of the Commission, Office of the Secretary, 450 Fifth Street, N.W., Washington, D.C. 20549-0609 and counsel for the Commission, Adriaen M. Morse Jr., 450 Fifth Street, N.W., Washington, D.C. 20549-0806. In the event that Herndon does not make full payment within ten days of entry and filing of this final judgment, he shall pay postjudgment interest, at the rate prescribed by 28 U.S.C. § 1961, on any unpaid amount accruing from the tenth day after entry and filing of judgment through the date of payment.

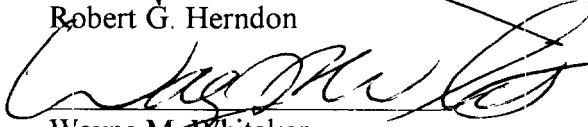
VI.
~~The provisions of the Consent and Undertakings of Robert G. Herndon, he and hereby are incorporated herein with the same force and effect as if fully set forth herein, and Herndon shall comply with all of the undertakings and agreements incorporated herein.~~

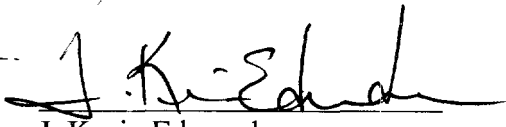
SIGNED this 3rd day of ~~September~~ October, 2000.


UNITED STATES DISTRICT JUDGE

Approved as to form and substance:


Robert G. Herndon


Wayne M. Whitaker
WHITAKER, CHALK, SWINDLE & SAWYER, LLP
3500 City Center Tower II
301 Commerce Street
Fort Worth, TX 76102-4186
(817) 878-0530


J. Kevin Edmundson
SECURITIES AND EXCHANGE COMMISSION
Fort Worth District Office
801 Cherry Street, 19th Floor
Fort Worth, TX 76102
(817) 978-6483