

Minute Order Form (06/97)

TBK

United States District Court, Northern District of Illinois

Name of Assigned Judge or Magistrate Judge	Ronald A. Guzman	Sitting Judge if Other than Assigned Judge	
CASE NUMBER	00 C 5935	DATE	9/27/2001
CASE TITLE	S.E.C. vs. MATTHEW R. WELCH		

[In the following box (a) indicate the party filing the motion, e.g., plaintiff, defendant, 3rd party plaintiff, and (b) state briefly the nature of the motion being presented.]

MOTION:

DOCKET ENTRY:

- (1) Filed motion of [use listing in "Motion" box above.]
- (2) Brief in support of motion due _____.
- (3) Answer brief to motion due _____. Reply to answer brief due _____.
- (4) Ruling/Hearing on _____ set for _____ at _____.
- (5) Status hearing[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
- (6) Pretrial conference[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
- (7) Trial[set for/re-set for] on _____ at _____.
- (8) [Bench/Jury trial] [Hearing] held/continued to _____ at _____.
- (9) This case is dismissed [with/without] prejudice and without costs[by/agreement/pursuant to]
 - FRCP4(m) General Rule 21 FRCP41(a)(1) FRCP41(a)(2).
- (10) [Other docket entry] **ENTER FINAL JUDGMENT OF PERMANENT INJUNCTION DISGORGEMENT AND OTHER EQUITABLE RELIEF AGAINST DEFENDANT MATTHEW R. WELCH. Status hearing date of 2/1/02 is stricken.**
- (11) [For further detail see order attached to the original minute order.]

<input type="checkbox"/> No notices required, advised in open court. <input type="checkbox"/> No notices required. <input type="checkbox"/> Notices mailed by judge's staff. <input type="checkbox"/> Notified counsel by telephone. <input checked="" type="checkbox"/> Docketing to mail notices. <input type="checkbox"/> Mail AO 450 form. <input type="checkbox"/> Copy to judge/magistrate judge.	courtroom deputy's initials TBK	PS-7 FOR DOCKETING SEP 27 PM 5:11	number of notices	Document Number 14
			SEP 28 2001 date docketed	
			docketing deputy initials	
			date mailed notice	
			mailing deputy initials	
Date/time received in central Clerk's Office				

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
Plaintiff,	:	
	:	
v.	:	CIVIL ACTION
	:	NO.
MATTHEW R. WELCH,	:	00-C-5935
	:	
Defendant.	:	
	:	

DOCKETED
SEP 28 2001

**FINAL JUDGMENT OF PERMANENT INJUNCTION,
DISGORGEMENT AND OTHER EQUITABLE RELIEF
AGAINST DEFENDANT MATTHEW R. WELCH**

Plaintiff Securities and Exchange Commission ("Commission"), having duly commenced this action by filing its COMPLAINT ("COMPLAINT"), and Defendant Matthew R. Welch ("Welch"), having entered a general appearance in this action; having, in the annexed CONSENT OF DEFENDANT MATTHEW R. WELCH ("CONSENT"), admitted to the jurisdiction of this Court over him and over the subject matter of this action; having waived the entry of findings of fact and conclusions of law pursuant to Fed. R. Civ. P. 52; and, without admitting or denying the allegations of the COMPLAINT, except as to jurisdiction, which he admits, having consented to the entry of this FINAL JUDGMENT OF PERMANENT INJUNCTION, DISGORGEMENT AND OTHER EQUITABLE RELIEF AGAINST DEFENDANT MATTHEW R. WELCH ("FINAL JUDGMENT") permanently restraining and enjoining Defendant Welch from, directly or indirectly, violating Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B) and 13(b)(5) of the Securities Exchange Act

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of 1934 (“Exchange Act”) [15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A), 78m(b)(2)(B) and 78m(b)(5)] and Exchange Act Rules 10b-5, 12b-20, 13a-1, 13a-13 and 13b2-1 [17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1, 240.13a-13 and 240.13b2-1], ordering defendant Welch to pay \$21,526.76 in disgorgement plus prejudgment interest thereon, provided, however, that payment of all but \$10,000 is waived based on Defendant Welch’s representations to the Commission concerning his assets, liabilities, net worth and income, as described in Defendant Welch’s sworn Statement of Financial Condition dated May 19, 2000, as supplemented by his sworn Declaration (“Statement of Financial Condition”), and not imposing civil monetary penalties against Defendant Welch in light of his demonstrated inability to pay; and it further appearing that this Court has jurisdiction over Defendant Welch and the subject matter hereof, and the Court being fully advised in the premises:

II.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant Welch, his agents, servants, employees, attorneys, successors and assigns and all 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 hereby are permanently restrained and enjoined from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder by, directly or indirectly, using any means or instrumentality of interstate commerce, or the mails, or 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 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,

in connection with the purchase or sale of any security.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Welch, his agents, servants, employees, attorneys, successors and assigns and all 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 hereby are permanently restrained and enjoined from, directly or indirectly, violating Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 13a-1, 13a-13 and 12b-20 thereunder [17 C.F.R. §§ 240.13a-1, 240.13a-13 and 240.12b-20] by allowing any issuer of securities registered under Section 12 of the Exchange Act [15 U.S.C. § 78l] to fail to file, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate, such information and documents as the Commission shall require to keep reasonably current the information and documents required to be included in or filed with an application or registration statement filed pursuant to Section 12 of the Exchange Act, or such annual and quarterly reports as the Commission may prescribe, including, but not limited to, annual reports on Form 10-K as prescribed by Rule 13a-1 [17 C.F.R. § 240.13a-1] and quarterly reports on Form 10-Q as prescribed by Rule 13a-13 [17 C.F.R. § 240.13a-13], and by failing to include, in addition to the information expressly required to be included in any statement or report filed pursuant to Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] such further material information, if any, as may be necessary to

make the required statements, in light of the circumstances under which they are made, not misleading.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Welch, his agents, servants, employees, attorneys, successors and assigns and all 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 hereby are permanently restrained and enjoined from violating Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)] by allowing an issuer of securities registered under Section 12 of the Exchange Act, directly or indirectly, to fail to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the issuer or to fail to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that the issuer's transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Welch, his agents, servants, employees, attorneys, successors and assigns and all 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 hereby are permanently restrained and enjoined from violating Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] by knowingly circumventing or failing to implement a system of internal accounting controls or knowingly falsifying any book, record or account or by, directly or indirectly, falsifying or causing to be falsified any book, record or account of

an issuer which has a class of securities registered with the Commission or which is required to file reports with the Commission.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Welch, his agents, servants, employees, attorneys, successors and assigns and all 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 hereby are permanently restrained and enjoined from violating Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1] by, 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.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Welch shall pay disgorgement in the amount of \$21,526.76, representing his 1995 bonus paid by Oak Industries, Inc., during the period of violative conduct as alleged in the COMPLAINT, plus prejudgment interest thereon (calculated at the rate established quarterly by the United States Internal Revenue Service for tax underpayment, compounded quarterly). Based upon Defendant Welch's representations in his sworn Statement of Financial Condition, which has been submitted to the Commission, however, payment of all but \$10,000 of disgorgement and pre-judgment interest is waived. Defendant Welch's payment of \$10,000 shall be: (1) made within ten days of the entry of this FINAL JUDGMENT; (2) made by bank cashier's check, bank money order, certified check or United States postal money order; (3) made payable to the Securities and Exchange Commission; (4) mailed or hand-delivered to the Comptroller, Securities and Exchange Commission, Operations Center, 6432

General Green Way, Stop 0-3, Alexandria, Virginia, 22312; and (5) submitted under cover of a letter that identifies Matthew R. Welch as the Defendant in this action, the name and number of this action and name of this Court, with a copy to Kimberly M. Zimmer, counsel for the Commission, at its Boston District Office located at Suite 600, 73 Tremont Street, Boston, Massachusetts 02108.

VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that determination not to impose civil penalties and to waive the payment of prejudgment interest and all but \$10,000 in disgorgement is contingent upon the accuracy and completeness of Defendant Welch's Statement of Financial Condition. If, at any time following the entry of this FINAL JUDGMENT, the Commission obtains information indicating that Defendant Welch's representations to the Commission concerning his assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Defendant Welch, petition this Court for an order requiring Defendant Welch to pay \$5,000 in disgorgement, pre-judgment interest of \$6,526.76, post-judgment interest on \$11,526.76, and civil penalties. In connection with any such petition, the only issues shall be whether the financial information provided by Defendant Welch was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of civil monetary penalties to be imposed. In any such petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendant Welch to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this FINAL JUDGMENT, and the Commission may also request additional discovery. Defendant Welch may not, by way of