

ORIGINAL

CLERK
DISTRICT COURT

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

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BY Becca Fenell

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2-13-02

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

FRANK L. HARRIS III

Defendant.

CIVIL ACTION NO.
4:01-CV-117

**FINAL JUDGMENT AND ORDER OF PERMANENT INJUNCTION AND OTHER
EQUITABLE RELIEF AGAINST FRANK L. HARRIS III**

Plaintiff Securities and Exchange Commission ("Commission"), having filed its Complaint in this matter and defendant Frank L. Harris ("Harris") through his Stipulation and Consent ("Consent"), having admitted service of the Complaint and having waived service of the summons; having admitted 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 Rule 52 of the Federal Rules of Civil Procedure, having entered into his Consent voluntarily; having consented, without admitting or denying any of the allegations in the Commission's Complaint except as to jurisdiction as set forth above, to entry without further notice of this Final Judgment and Order of Permanent Injunction and Other Equitable Relief ("Final Judgment") enjoining Defendant Harris from engaging in transactions, acts, practices and courses of business which constitute and would constitute violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), [15 U.S.C. §77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), [15 U.S.C.

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§78j(b)] and Rule 10b-5, [17 C.F.R. §240.10b-5] thereunder; and it further appearing that this Court has jurisdiction over Defendant Harris and over the subject matter of this action and that no further notice of hearing for the entry of this Final Judgment need be given; and the Court being fully advised in the premises:

I.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Defendant Harris and his agents, servants, employees, attorneys-in-fact and all other persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, 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, directly or indirectly, in connection with the purchase or sale of any security, from making use of any means or instrumentalities 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, or
- (b) to 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) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Harris and his agents, servants, employees, attorneys-in-fact and all other persons in active concert or participation with him 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 17(a) of the Securities Act [15 U.S.C. § 77q(a)], in the offer or sale of any security, from making use of any means or instruments of transportation or communication in interstate commerce, or of the mails, directly or indirectly:

- (a) to employ any device, scheme or artifice to defraud, or
- (b) to obtain money or property by means of any untrue statement of a material fact or any 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) to engage in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon any purchaser.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Harris shall pay disgorgement in the amount of \$1,579,847, representing his gains from the conduct alleged in the Complaint, plus prejudgment interest thereon. Based upon defendant Harris' criminal conviction for securities fraud and the restitution ordered by the Judgment and Commitment therein, which exceeds the amount of disgorgement sought by the Commission in its Complaint, payment of the above referenced disgorgement and prejudgment interest thereon is waived.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that based upon defendant Harris' criminal conviction for securities fraud and the restitution ordered by the Judgment and Commitment therein, the Court is not ordering him to pay a civil money penalty pursuant to the provisions of 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)].

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Consent filed herein be, and the same is hereby, incorporated in this Final Judgment with the same force and effect as if fully set forth herein.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction of this action for all purposes, including for purposes of entertaining any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court, including but not limited to the relief requested by the Commission in its Complaint in this action.

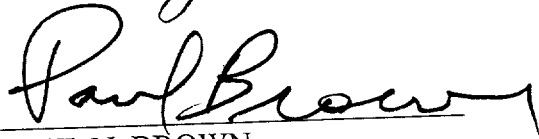
VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Final Judgment may be served upon Defendant Harris in person or by mail either by the United States marshal, by the Clerk of the Court or by any member of the staff of the Commission.

VIII.

There being no just reason for delay, the Clerk of this Court is hereby directed to enter this Final Judgment and Order of Permanent Injunction and Other Equitable Relief pursuant to Rule 54 of the Federal Rules of Civil Procedure.

DATED and SIGNED this 12 day of February, 2002.


PAUL N. BROWN
UNITED STATES DISTRICT JUDGE