



JAMES REUBEN BURTON, JR., LINVILLE GROUP, LLC, THE LINVILLE LONG-TERM GROWTH FUND and THE LINVILLE SHORT-TERM FUND (the "FINAL JUDGMENT"), and it further appearing that this Court has jurisdiction over the parties and the subject matter hereof, and the Court being fully advised in the premises:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the CONSENTING DEFENDANTS, their officers, agents, servants, employees, attorneys, successors-in-interest, and those persons in active concert or participation with any of them who receive actual notice of this FINAL JUDGMENT by personal service or otherwise, and each of them, shall be and hereby are enjoined from, unless a registration statement is in effect as to a security, by use of the mails or any means or instrument of interstate commerce, directly or indirectly: (1) selling such security through the use or medium of any prospectus or otherwise; (2) carrying or causing to be carried through the mails or in interstate commerce any such security for the purpose of sale or for delivery after sale; or (3) offering to sell or offering to buy through the use or medium of any prospectus or otherwise any such security, in violation of Section 5(a) or (c) of the Securities Act of 1933 [15 U.S.C. § 77e(a) & (c)].

## II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that the CONSENTING DEFENDANTS, their officers, agents, servants, employees, attorneys, successors-in-interest, and those persons in active concert or participation with any of them who receive actual notice of this FINAL JUDGMENT by personal service or otherwise, and each of them, shall be and hereby are enjoined from, by use of the mails or any means or instrument of interstate commerce, and in connection with the offer or sale of any security, directly or indirectly: (1) employing any device, scheme, or artifice to defraud; (2) obtaining money or property by means of any untrue statement of a material fact or omitting 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; and/or (3) engaging in any transaction, practice, or course of business which would operate as a fraud or deceit upon the offerees of any such security, in violation of Section 17(a)(1), (2) or (3) of the Securities Act of 1933 [15 U.S.C. § 77q(a)(1), (2) & (3)].

## III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that the CONSENTING DEFENDANTS, their officers, agents, servants, employees, attorneys, successors-in-interest, and those persons in active concert or participation with any of them who receive

actual notice of this FINAL JUDGMENT by personal service or otherwise, and each of them, shall be and hereby are enjoined from, by use of the mails or any means or instrument of interstate commerce, and in connection with the purchase or sale of any security, directly or indirectly: (1) employing any device, scheme, or artifice to defraud; (2) making any untrue statement of material fact or omitting 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; and/or (3) engaging in any act, practice or course of business which would operate as a fraud or deceit upon any person, in violation of 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].

#### IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that THE LINVILLE LONG-TERM GROWTH FUND and THE LINVILLE SHORT-TERM FUND, their officers, agents, servants, employees, attorneys, successors-in-interest, and those persons in active concert or participation with either of them who receive actual notice of this FINAL JUDGMENT by personal service or otherwise, and each of them, shall be and hereby are enjoined from, unless the LINVILLE LONG-TERM GROWTH FUND and/or THE LINVILLE SHORT-TERM FUND are registered under Section 8 of the Investment Company Act of 1940 [15 U.S.C. § 80a-8], by use of the mails or any means or

instrument of interstate commerce, directly or indirectly: (1) offering for sale or selling securities or interests in securities; (2) controlling an investment company that offers for sale or sells securities or interests in securities; (3) engaging in business in interstate commerce as an investment company; or (4) controlling a company that is engaged in business in interstate commerce as an investment company, in violation of Section 7(a) of the Investment Company Act of 1940 [15 U.S.C. § 80a-7(a)].

**v.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that JAMES REUBEN BURTON, JR. and LINVILLE GROUP, LLC, their officers, agents, servants, employees, attorneys, successors-in-interest, and those persons in active concert or participation with either of them who receive actual notice of this FINAL JUDGMENT by personal service or otherwise, and each of them, shall be and hereby are enjoined from, unless they are registered as a broker or dealer in accordance with Section 15(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78o(b)], making use of the mails or any means or instrument of interstate commerce, to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial

bills), in violation of Section 15(a)(1) of the Securities Exchange Act of 1934 [15 U.S.C. § 78o(a)(1)].

**VI.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that JAMES REUBEN BURTON, JR., his officers, agents, servants, employees, attorneys, successors-in-interest, and those 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, shall be and hereby are enjoined from, by use of the mails or any means or instrument of interstate commerce, and while engaged in the business of advising others for compensation as to the advisability of investing in, purchasing or selling securities, directly or indirectly: (1) employing any device, scheme, or artifice to defraud; and/or (2) engaging in any act, practice or course of business which would operate as a fraud or deceit upon any client or prospective client, in violation of Section 206(1) or (2) of the Investment Advisers Act of 1940 [15 U.S.C. § 80b-6(1) & (2)].

**VII.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that the CONSENTING DEFENDANTS shall be jointly and severally liable to pay (1) disgorgement in the amount of \$3,097,359, plus (2) prejudgment interest in the amount of \$306,131, plus (3)

postjudgment interest at the rate prescribed by 28 U.S.C. § 1961(a). The COMMISSION retains the right to enforce the FINAL JUDGMENT for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after thirty days following entry of the FINAL JUDGMENT. In response to any such civil contempt motion by the COMMISSION, the CONSENTING DEFENDANTS retain the right to assert any legally permissible defense, including a demonstration that compliance with the FINAL JUDGMENT is impossible as a consequence of the CONSENTING DEFENDANTS' financial condition and that such condition was not self-created as a means of avoiding compliance with the FINAL JUDGMENT. The COMMISSION retains the right to take discovery concerning the CONSENTING DEFENDANTS' financial condition at any time if the CONSENTING DEFENDANTS fail to make all payments required by this FINAL JUDGMENT, including postjudgment interest.

#### VIII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that JAMES REUBEN BURTON, JR. shall pay a civil penalty of \$120,000 pursuant to Section 20(d)(2) of the Securities Act of 1933, Section 21(e)(3) of the Securities Exchange Act of 1934, and Section 209(e) of the Investment Advisers Act of 1940 [15 U.S.C. §§ 77t(d)(2), 78u(e)(3), 80b-9(e)], together with postjudgment interest at the rate prescribed by 28 U.S.C. § 1961(a).

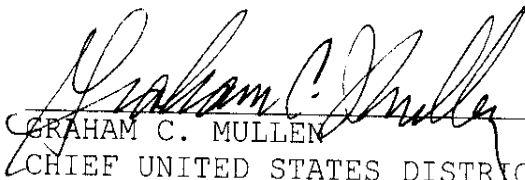
**IX.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that the annexed CONSENTS AND UNDERTAKINGS ("CONSENTS") of each of the CONSENTING DEFENDANTS be, and the same hereby are, incorporated with the same force and effect as if fully set forth herein. The CONSENTING DEFENDANTS shall comply with their respective undertakings as set forth in the annexed CONSENTS.

**X.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that there being no just reason for delay, the Clerk of the Court is hereby directed, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter this FINAL JUDGMENT forthwith and without further notice.

Dated: 4 Mar February , 2003

  
GRAHAM C. MULLEN  
CHIEF UNITED STATES DISTRICT JUDGE

JUDGMENT ENTERED:



United States District Court  
for the  
Western District of North Carolina  
March 6, 2003

clc

\* \* MAILING CERTIFICATE OF CLERK \* \*

Re: 3:01-cv-00332

True and correct copies of the attached were mailed by the clerk to the following:

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cc:  
Judge ( )  
Magistrate Judge ( )  
U.S. Marshal ( )  
Probation ( )  
U.S. Attorney ( )  
Atty. for Deft. ( )  
Defendant ( )  
Warden ( )  
Bureau of Prisons ( )  
Court Reporter ( )  
Courtroom Deputy ( )  
Orig-Security ( )  
Bankruptcy Clerk's Ofc. ( )  
Other Jerry Fetzer (✓)

Date: 3/6/03

Frank G. Johns, Clerk

By: [Signature]  
Deputy Clerk