

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION**

SECURITIES AND EXCHANGE COMMISSION,)
)
PLAINTIFF,)
)
v.)
)
PATRICK BALLINGER, et al.)
)
DEFENDANTS.)
)

) **Civil Action No. 1:03-CV-1659**

) **Chief Judge Larry J. McKinney**

) **Magistrate Judge William T.**

) **Lawrence**

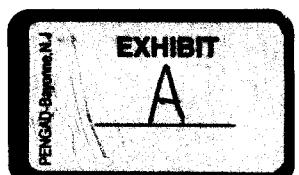
**FINAL JUDGMENT AS TO DEFENDANTS LEE E. LARSCHEID
and OZARK TICKET AND TRAVEL, INC.**

The Securities and Exchange Commission having filed a Complaint and Defendants Lee E. Larscheid ("Larscheid") and Ozark Ticket and Travel, Inc. ("OT&T") (collectively, "Defendants") having entered a general appearance; consented to the Court's jurisdiction over Defendants and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

**[PERMANENT INJUNCTION PROHIBITING VIOLATIONS
OF SECTION 10(b) OF EXCHANGE ACT AND RULE 10b-5 THEREUNDER]**

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants and Defendants' agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or



instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (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.

II.

[PERMANENT INJUNCTION PROHIBITING VIOLATIONS OF SECTION 17(a) OF SECURITIES ACT]

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants and Defendants' agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise 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 by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

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

III.

**[PERMANENT INJUNCTION PROHIBITING VIOLATIONS
OF SECTION 5 OF SECURITIES ACT]**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that

Defendants and Defendants' agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or
- (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the

registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding of examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

IV.

[ORDER REQUIRING DISGORGEMENT AND PREJUDGMENT INTEREST]

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that

Defendants are liable jointly and severally, for disgorgement of **\$1,792,369.50** representing investor funds that Defendants wrongly received, together with prejudgment interest thereon in the amount of **\$22,550**.

V.

[ORDER REQUIRING PAYMENT OF CIVIL PENALTIES]

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that civil penalties

pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act are appropriate against Defendants and shall be imposed separately against Larscheid and OT&T in the amount of \$120,000.00, apiece.

VI.

[METHOD OF PAYING DISGORGMENT AND PRE-JUDGMENT INTEREST]

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants shall pay the disgorgement and prejudgment interest ordered herein within thirty (30) days of the entry of this Order. Payment of the disgorgement and prejudgment interest shall be made to the Receiver previously appointed in this action, made payable to "Resort Hotels et al. Receivership," by cashier's check, certified check or United States postal money order and delivered to Stephen Bedell, Esq., Gardner, Carton & Douglas, 191 N. Wacker Drive, Suite 3700

Chicago, Illinois 60606-1698. Each payment shall be submitted under a cover letter that identifies the Defendant(s) as a defendant in this matter and the case number of this matter. A copy of such cover letter and money order or check shall be sent to Christopher C. Veatch, Securities and Exchange Commission, 175 W. Jackson Blvd., Ste. 900, Chicago, Illinois 60604. The Receiver shall deposit this payment or payments into an interest-bearing account and shall deduct from the account only such fees and expenses as are authorized pursuant to the First Supplemental Receiver Order.

VII.

[METHOD OF PAYING CIVIL PENALTIES]

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that each of Defendants Larscheid and OT&T shall pay their separate civil penalty amounts ordered herein, separately from any disgorgement and interest payments, within thirty (30) days of entry of this Order. Payment of the civil penalty amount shall be made to the "Resort Hotels et al Receivership," by cashier's check, certified check or United States postal money order and delivered to Stephen Bedell, Esq., Gardner, Carton & Douglas, 191 N. Wacker Drive, Suite 3700, Chicago, Illinois 60606-1698. This payment shall be submitted under a cover letter that identifies the Defendant as a defendant in this matter and the case number of this matter, a copy of which cover letter and money order or check shall be sent to Christopher C. Veatch, Securities and Exchange Commission, 175 W. Jackson Blvd., Ste. 900, Chicago, Illinois 60604. The Receiver shall deposit this payment or payments into a segregated interest-bearing account, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, 15 U.S.C. § 7246, which provides that civil penalties may be distributed to injured investors, rather than paid to the U.S. Treasury, in accordance with a Court-approved plan of distribution of investor funds. No portion of this civil penalty amount may be used for

any purpose other than for disgorgement to injured investors, to the extent that the total amount of disgorgement and interest ultimately paid by all defendants in this action remains insufficient to make whole all investors injured in connection with this lawsuit. To the extent that the disgorgement and interest payments received from Larscheid, OT&T and the other defendants in this action are sufficient to make whole all injured investors without resort to using the entire portion of the civil penalty amount, then the Receiver shall: (1) pay any such remaining civil penalty by cashier's check, certified check or United States postal money order to the United States Treasury; (2) delivered or mailed to the Comptroller, United States Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312; and (4) submitted under a cover letter that identifies the reason for this payment in this matter and the case number of this matter, a copy of which cover letter and money order or check shall be sent to Christopher C. Veatch, Securities and Exchange Commission, 175 W. Jackson Blvd., Ste. 900, Chicago, Illinois 60604.

VIII.

[MODIFICATION OF RECEIVER ORDER]

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the order appointing Stephen P. Bedell, Esq. over OT&T and other entity defendants in this Action will be modified by separate Order, entitled First Supplemental Receiver Order, in order to enable the Receiver to: (a) manage, marshal and liquidate the assets of Larscheid, Ozark Ticket, and all other business entities in which Larscheid has a beneficial ownership interest, including, without limitation: Cutting Edge Technologies, Destination Adventures, LLC, Branson Nights, LLC and Gray Line Travel Services; (b) prepare and recommend a plan of distribution of those assets to injured investors, and (c) distribute those assets to injured investors. The Receiver and SEC shall

prepare and file with the Court a proposed First Supplemental Receiver Order within 30 days of entry of this Order.

With respect to the enforcement of the monetary provisions of this Order, the Receiver shall first attempt to satisfy the disgorgement portion of the judgment through the liquidation of Larscheid's business assets, and that the Receiver will not seek to liquidate Larscheid's personal assets to satisfy the disgorgement and prejudgment interest portions of the judgment for a period of six months after entry of the Final Judgment. If the Receiver has been unable to obtain full disgorgement and payment of prejudgment (and any postjudgment interest accruing thereon) within this six-month period, then the Receiver shall be permitted to marshal and liquidate Larscheid's personal assets to satisfy such disgorgement and interest amounts.

IX.

**[CONTINUATION OF ASSET FREEZE, SUBJECT TO PARTIAL MODIFICATIONS
TO PERMIT IMMEDIATE TRANSFER OF \$250,000 TO RECEIVER AND
CONTINUATION OF REASONABLE LIVING EXPENSES]**

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the asset freeze will remain in effect until the monetary portions of this Final Judgment are satisfied or all assets are liquidated; except, however, that the asset freeze is hereby modified to provide Defendant Larscheid with the ability to spend up to \$3,000 per month from any income that he legitimately and lawfully earn during this period. To the extent that Defendant Larscheid earns any income in addition to the carve-out for reasonable living expenses, such additional income shall be deposited into an escrow account maintained by the Receiver. Larscheid is required to send a written report to the SEC and the Receiver every two months, from the date of entry of this order until such time as the asset freeze is lifted, setting forth the source of all income received by them during the preceding two month period, briefly describing the basis for the income and

providing a contact person who can verify the payment(s) of the income and the reason(s) for which the payment(s) was made, and identifying the account(s) into which such payments were deposited. The amounts deposited in the escrow account shall be paid as follows: (i) to the extent that any portion of the disgorgement, prejudgment interest, postjudgment interest amounts owed pursuant to the Final Judgment remain unpaid six months after entry of the Final Judgment, any such escrowed income shall first be applied toward satisfaction of any and all such unpaid amounts; (ii) to the extent that all disgorgement, prejudgment interest and postjudgment interest amounts owed pursuant to the Final Judgment have been paid, any funds remaining in the escrow account shall next be used to satisfy any portion of the civil penalty amount entered against Defendant Larscheid, and any postjudgment interest accruing thereon; and (iii) to the extent that Defendant Larscheid has satisfied all of his monetary obligations as set forth in the Final Judgment, any remaining escrowed income shall be returned to Defendant Larscheid.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that OTT and Larscheid shall be deemed to have permanently transferred and assigned all interest either of them have or may have in the \$250,000.00 previously remitted to an escrow account maintained by the Receiver appointed in the First Choice lawsuit, pursuant to this Court's order styled as "Third Order Modifying Asset Freeze as to Defendant Lee E. Larscheid and Related Entities," entered on December 16, 2003. The \$250,000 shall be deemed a payment to the Receiver in partial satisfaction of Defendants' disgorgement obligations pursuant to this Final Judgment, and shall be allocated between the First Choice Receiver and the Receiver in this lawsuit in accordance with Section XI of this Final Judgment, and distributed to injured investors in the two lawsuits pursuant to such allocation.

X.

**[BASIS FOR DISGORGEMENT DETERMINATION;
PROVISION FOR ADDITIONAL MONETARY RELIEF]**

In the Consent of Defendants Larscheid and OT&T to this Final Judgment, Defendants acknowledged and agreed that the Final Judgment is intended to require them to disgorge all investor funds that either of them received in connection with any of the investment programs that are the subject of either this lawsuit or the lawsuit styled as SEC v. First Choice Management Services, Inc., Case No. 3:01CV0446RM (N.D. IN.) (the “First Choice Lawsuit”), less any investor funds that either Defendant has previously returned to investors. Such investment programs include, without limitation, any programs involving any of the defendants named in either this or the First Choice lawsuit. The disgorgement amount set in this case is based, in part, on the representations made by Defendant Larscheid contained in Defendant Larscheid’s Declaration Concerning Source and Use of Investor Funds, submitted to the SEC in connection with this judgment.

THEREFORE, IT IS FURTHER ORDERED, ADJUDGED AND DECREED that to the extent that the Receiver, through its independent forensic discovery efforts, discovers additional sums that either Defendant has received in connection with any programs that are the subject of this Final Judgment, the Receiver and/or the SEC may seek additional disgorgement amounts in this action, and may also seek sanctions, if appropriate, against Larscheid for any false statements contained in his declaration.

XI.

[SHARING OF DISGORGEMENT AMONG INVESTORS IN TWO LAWSUITS]

The Court understands that some of the funds invested by investors in an investment

program that is the subject of the First Choice Lawsuit were applied to one or more of the investment programs that are the subject of this lawsuit. The Court understands that some of the amounts paid in connection with this lawsuit may be used to pay investors whose claims arise in the First Choice lawsuit. The Court does not make any ruling at this time concerning the allocation of assets collected pursuant to this Final Judgment, and understands that the Receivers for the two actions and the SEC are working together to determine the appropriate allocation percentages. In the event that the Receivers and the SEC are unable to agree upon the appropriate allocation of assets collected pursuant to this Final Judgment, any of them may move this Court for appropriate relief.

XII.

[INCORPORATION OF CONSENTS OF LARSCHEID AND OT&T]

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Consent of Defendants Larscheid and OT&T, filed in connection with the SEC's motion for entry of this Final Judgment, are incorporated in this Final Judgment with the same force and effect as if fully set forth herein, and that Defendants shall comply with all of the undertakings and agreements set forth therein.

[continued on next page]

XIII.

[RETENTION OF JURISDICTION]

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

XIV.

[RULE 54(b) CERTIFICATION]

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

SO ORDERED:


LARRY J. McKINNEY, CHIEF JUDGE
United States District Court
Southern District of Indiana

Dated: March 23, 2004