

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION - CLEVELAND**

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UNITED STATES SECURITIES)	
AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	CIVIL ACTION
v.)	FILE NO. 1:05CV2363
)	
GREGORY APPEGATE,)	JUDGE POLSTER
)	
Defendant.)	
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FINAL JUDGMENT AGAINST GREGORY APPEGATE

Plaintiff, U.S. Securities and Exchange Commission (“SEC”) filed a complaint in this matter, and Defendant Gregory A. Applegate (“the Defendant Applegate”) has, in his Consent hereto and incorporated herein, acknowledged receipt of the complaint and admitted the personal jurisdiction of the Court over him and over the subject matter thereof, and without admitting or denying the allegations of the complaint, except as to jurisdiction, and without trial, argument or adjudication of any facts or law herein, consented to the entry of this Final Judgment Against Gregory Applegate (“Final Judgment”). The SEC and Defendant Applegate have waived the entry of findings of fact and conclusions of law, as provided by Rule 52 of the Federal Rules of Civil Procedure and Defendant Applegate has waived any right to appeal from this Final Judgment. The Court having jurisdiction over the parties and the subject matter hereof, and being fully advised in the premises, hereby states:

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant Applegate, his officers, agents, servants, employees, attorneys, assigns, and all 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 are permanently restrained and enjoined from, the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly, employing any device, scheme or artifice to defraud, in violation of Section 17(a)(1) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §77q(a)(1)].

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Applegate, his officers, agents, servants, employees, attorneys, assigns, and all 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 are permanently restrained and enjoined from, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly, obtaining 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 light of the circumstances under which they were made, not misleading, or engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser, in violation of Section 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§77q(a)(2) and 77q(a)(3)].

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Applegate, his officers, agents, servants, employees, attorneys, assigns, and all 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 are permanently restrained and enjoined from, directly or indirectly, in connection with the purchase or sale of any security, by the use of any means or instrumentality of interstate commerce, or of the mails, or any facility of any national securities exchange:

- (a) employing any device, scheme or artifice to defraud; or
- (b) making any untrue statement of material fact or omitting 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) engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person, in violation of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. §240.10b-5].

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the SEC dismisses its claims for disgorgement and pre-judgment thereon in this matter based upon the criminal restitution order entered on January 26, 2006, Defendant Applegate’s 5-year term of imprisonment beginning June 7, 2006, Defendant’s sworn representations in his Presentence Report submitted to the Probation Department for the Northern District of

Ohio, and Defendant Applegate's Chapter 7 bankruptcy proceeding, initiated October 11, 2006. The SEC's dismissal of its claims for the payment of disgorgement and pre-judgment interest thereon is contingent upon the accuracy and completeness of Defendant Applegate's Presentence Report.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that based upon the criminal restitution order entered on January 26, 2006, Defendant Applegate's 5-year term of imprisonment beginning June 7, 2006, Defendant's sworn representations in his Presentence Report submitted to the Probation Department for the Northern District of Ohio, and Defendant Applegate's Chapter 7 bankruptcy proceeding, the SEC is dismissing its claim for the imposition of a civil penalty. The SEC's dismissal of its claims for the imposition of a civil penalty is also contingent upon the accuracy and completeness of Defendant Applegate's Presentence Report.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the asset freeze provisions, paragraphs A, B, and C of Section IV, of this Court's Order of Preliminary Injunction and Asset Freeze entered October 25, 2005 shall expire ninety days following the enter of this Final Judgment.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Applegate's Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant Applegate shall comply with all of the undertakings and agreements set forth herein.

VIII.

IT IS HEREBY FURTHER ORDERED that notice of this Order may be accomplished by delivery of a copy of the Order by first class mail, overnight delivery, facsimile, or personally by agents or employees of the Commission, upon the Defendant, and upon any bank, savings and loan institution, credit union, financial institution, transfer agent, broker-dealer, investment company, title company, commodity trading company, storage company, or any other person, partnership, corporation, or legal entity that may subject to any provision of this Order.

IX.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Court shall retain jurisdiction of this matter for all purposes, including, but not limited to, enforcement of the Final Judgment.

X.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is hereby directed to enter this Final Judgment.

SO ORDERED:

/s/Dan Aaron Polster

**DAN A. POLSTER
U.S. DISTRICT COURT JUDGE
Northern District of Ohio**

Dated: October 17, 2006