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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

OCT 28 2002

OCT 30 2002

LUTHER D. THOMAS, Clerk

LUTHER D. THOMAS, Clerk

By:

[Signature]

Deputy Clerk

[Signature]
Deputy Clerk

SECURITIES AND EXCHANGE COMMISSION,

Civil Action File No.
1:01-CV-1344-CC

Plaintiff,

RICHARD P. SMYTH,
ARNOLD E. JOHNS, JR.,
MICHAEL J. BECKER, and
ALAN T. DAVIS,

Defendants.

**ORDER OF PERMANENT INJUNCTION
AND OTHER RELIEF AGAINST ARNOLD E. JOHNS, JR.**

Plaintiff Securities and Exchange Commission ("Commission"), having filed its Amended Complaint herein, and defendant Arnold E. Johns, Jr. ("Johns"), having entered a general appearance, having admitted the in personam jurisdiction of this Court over him and the jurisdiction of this Court over the subject matter of the action, having waived entry of findings of fact and conclusions of law under Rules 52 and 65 of the Federal Rules of Civil Procedure, without admitting or denying the allegations of the Commission's Amended Complaint, except as to jurisdiction and venue which he admits, and having consented to the entry of this Order of Permanent Injunction and Other Relief and the Court being fully advised in the premises;

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that defendant Johns and his agents, servants, employees and attorneys, and those persons in active concert or participation with him who receive actual notice of this Order of Permanent

Injunction, by personal service or otherwise, and each of them, be and hereby are permanently enjoined and restrained from violating, directly or indirectly, Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. 77q(a)], by, through the use of any means or instruments of transportation or communication in interstate commerce or the use of the mails:

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 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
 3. engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser,
- in the offer or sale of any security.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Johns, and his agents, servants, employees and attorneys, and those persons in active concert or participation with him who receive actual notice of this Order of Permanent Injunction, by personal service or otherwise, and each of them, be and hereby are permanently enjoined and restrained from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5], by, through the use of any means or instrumentality of interstate commerce or of the mails or of any facility of any national securities exchange:

1. employing any device, scheme or artifice to defraud;
 2. making any untrue statement of a material fact or omitting 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
 3. engaging 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 Johns, and his agents, servants, employees, and attorneys, and those persons in active concert or participation with him who receive actual notice of this Order of Permanent Injunction, by personal service or otherwise, and each of them, be and hereby are permanently enjoined and restrained from violating, directly or indirectly, Section 13(a) of the Exchange Act [15 U.S.C. 78m(a)] and Rules 12b-20, 13a-11 and 13a-13 thereunder [17 C.F.R. 240.12b-20, 240.13a-11 and 240.13a-13], by:

1. filing any materially untrue, incorrect, false or misleading annual report of any issuer with a security registered pursuant to Section 12 of the Exchange Act [15 U.S.C. 78l] or any issuer which is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. 78o(d)];
2. filing any materially untrue, incorrect, false or misleading current report of any issuer with a security registered pursuant to Section 12 of the Exchange Act [15 U.S.C. 78l] or any issuer which is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. 78o(d)];

3. filing any materially untrue, incorrect, false or misleading quarterly report of any issuer with a security registered pursuant to Section 12 of the Exchange Act [15 U.S.C. 78l] or any issuer which is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. 78o(d)];
4. failing, in addition to information expressly required to be included in statements or reports filed with the Commission, to add such further material information, if any, as may be necessary to make required statements, in the light of the circumstances under which they are made, not misleading.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Johns, and his agents, servants, employees, and attorneys, and those persons in active concert or participation with him who receive actual notice of this Order of Permanent Injunction, by personal service or otherwise, and each of them, be and hereby are permanently enjoined and restrained from violating, directly or indirectly, Sections 13(b)(2)(A), 13(b)(2)(B) and 13(b)(5) of the Exchange Act [15 U.S.C. 78m(b)(2)(A), 78m(b)(2)(B) and 78m(b)(5)] and Rule 13b2-1 thereunder [17 C.F.R. 240.13b2-1] by:

1. failing to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of any issuer which has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. 78l] or any issuer which is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. 78o(d)]; or

2. failing to devise and maintain a system of internal accounting controls, of any issuer which has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. 781] or any issuer which is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. 78o(d)], sufficient to provide reasonable assurances that:
 - (a) transactions are executed in accordance with management's general or specific authorization;
 - (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;
 - (c) access to assets is permitted only in accordance with management's general or specific authorization; and
 - (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;
3. knowingly circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book, record, or account of any issuer which has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. 781] or any company which is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. 78o(d)];

4. falsifying or causing to be falsified, directly or indirectly, any book, record or account of any company which has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. 78l] or any company which is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. 78o(d)].

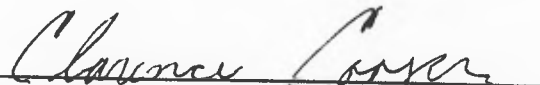
V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Johns shall pay disgorgement and pre-judgment interest in amounts to be resolved upon motion of the Commission at a later date. For purposes of any such motion for disgorgement and pre-judgment interest only, the allegations of the Commission's complaint, except any allegations that the amount of losses avoided is \$421,563 as alleged by the Commission in paragraphs 406 and 421 of the First Amended Complaint, shall be deemed to be true, and Johns may not by way of defense contend that disgorgement and pre-judgment interest should not be imposed. In the event that Johns, pursuant to sworn financial statements, is incapable of payment, disgorgement and pre-judgment interest may be waived or partially waived by the Commission, in its discretion.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this matter for all purposes, including implementing and enforcing the terms of this Order, and may order other and further relief that this Court deems appropriate under the circumstances.

SO ORDERED, this 29th day of October, 2002.



CLARENCE COOPER, JUDGE
UNITED STATES DISTRICT COURT