

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
TYLER DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

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Plaintiff,

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v.

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**JACK A. BROWN, JULES B. FLEDER,  
BERNARD WARE, ROGER SHERMAN,  
TYLER REAL ESTATE, LLC,  
MODEL PROPERTIES, INC.,  
SMITH MOUNTAIN LAKE, LLC,  
COUNTRY LAKE ESTATES, INC.,  
PRAIRIE LAKE ESTATES, L.P., and  
BIG PINE REAL ESTATE DEVELOPMENT, INC.,**

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Defendants,

Case No.: 6:04-CV-537

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**U S REAL ESTATE PARTNERS, INC.,  
KENSINGTON HOLDING CORPORATION,  
DEEP WATER HOLDINGS CORP.,  
GIBRALTAR ASSET PROTECTION, INC.,  
PREFERRED ASSETS, INC.,  
MODEL INVESTMENTS, INC.,  
J&P BROWN RESOURCES, LTD.,  
J P BROWN SERVICES COMPANY, LLC, and  
SUMMIT FINANCIAL SERVICES, INC.,**

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Defendant Solely for  
Purposes of Equitable Relief.

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**AGREED ORDER OF PERMANENT INJUNCTION  
AND ORDER OF DISGORGEMENT**

The Securities and Exchange Commission (“Commission”) having filed suit against Jack A. Brown (“Defendant”), and Brown, after service of process, making a general appearance herein, waiving findings of fact and conclusions of law and consenting to the entry of this Order

without admitting or denying the allegations in the Commission's Complaint, except as to personal and subject matter jurisdiction,

**IT IS THEREFORE ORDERED:**

**I.**

Defendant Jack A. Brown, his agents, servants, employees, attorneys, and all other persons in active concert or participation with him, is permanently enjoined from violating Section 17(a) of the Securities Act [15 U.S.C. §77q(a)], directly or indirectly, 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 the use of the mails, by --

- (A) employing any device, scheme, or artifice to defraud, or
- (B) obtaining money or property by means of any untrue statement of material fact or any omission to state a material fact necessary in order to make the statement(s) made, in the light of the circumstances under which they were made, not misleading, or
- (C) engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

**II.**

Defendant Jack A. Brown, his agents, servants, employees, attorneys, and all other persons in active concert or participation with him, is permanently enjoined from violating Section 10(b) of the Exchange Act or Rule 10b-5 [15 U.S.C. §78j(b) and 17 C.F. R. §240.10b-5], directly or indirectly, in connection with the purchase or sale of any security, by making use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

- (A) to use or employ any manipulative or deceptive device or contrivance in contravention of the rules and regulations promulgated by the Commission;
- (B) to employ any device, scheme, or artifice to defraud;
- (C) 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
- (D) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

### III.

IT IS FURTHER ORDERED that Defendant Jack A. Brown is liable for disgorgement of \$453,482, representing all of the benefits received as a result of the conduct alleged in the Complaint. Within ten (10) business days from the entry of this Order, Defendant Jack A. Brown shall pay, at least, the sum of \$200,000 to the Receiver appointed in this cause. Defendant shall on or before November 15, 2005, pay the balance owed under this Order to the Receiver appointed in this cause. The funds paid to the Receiver shall become a part of the Receivership Estate and any right, title or interest Defendant Jack A. Brown may have in the monies paid into the Receivership Estate are hereby terminated.

### IV.

IT IS FURTHER ORDERED that the Agreed Order Freezing Assets of J&P Brown Resources, Ltd. and Modifying Order Appointing Temporary Receiver entered on December 13, 2004 (the "Freeze Order"), is modified to allow the financial institution currently in possession of the \$200,000 placed into the interest bearing account pursuant to the Freeze Order to transfer all funds in the account, plus accrued interest, to the Receiver appointed in this cause and Defendant

Jack A. Brown and Relief Defendants J&P Brown Resources, Ltd. and J P Brown Services Company, LLC, are released from any further obligations under paragraph 2 of the Freeze Order. Further, paragraph 3 of the Freeze Order is vacated.

V.

IT IS FURTHER ORDERED that further proceedings in this case are STAYED as to Jack A. Brown in light of his plea of guilty in *U.S.A. v. Jack A. Brown*, 6:05-CR-35-MHS, United States District Court for the Eastern District of Texas, Tyler Division, and his pending sentencing hearing. At an appropriate time, after sentence is imposed in the criminal case, the Commission may make an additional application to the Court to determine whether prejudgment interest should be awarded on the amount of disgorgement ordered and whether a civil monetary penalty should be assessed against Defendant Jack A. Brown, and if so, in what amount.

Signed this 10 day of June, 2005

  
UNITED STATES DISTRICT JUDGE

APPROVED AS TO FORM:

By:                 /s/                  
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