

United States District Court
For the Northern District of Illinois
Eastern Division

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JUDGE ZAGEL JAN 31 2000

Securities and Exchange Commission
Plaintiff,
v.
Thomas V. Conwell and
Lake Forest Financial Group, Ltd.
Defendants.

MICHAEL W. DOBBINS
Case No. U.S. DISTRICT COURT

00C 0619

MAGISTRATE JUDGE BOBRICK

FINAL JUDGMENT AND ORDER OF PERMANENT INJUNCTION,
CIVIL PENALTIES, AND OTHER EQUITABLE RELIEF
AGAINST THOMAS V. CONWELL AND LAKE FOREST FINANCIAL GROUP, LTD.

Plaintiff Securities and Exchange Commission ("Plaintiff Commission"), having filed a Complaint for Permanent Injunction, Civil Penalties, and Other Equitable Relief ("Complaint") in this matter and Defendants Thomas V. Conwell ("Defendant Conwell") and Lake Forest Financial Group, Ltd. ("Defendant LFFG"), each having in their Consent and Stipulation (copies attached as Exhibits 1 and 2, respectively, and incorporated herein), acknowledged receipt of the Complaint and admitted the jurisdiction of this Court over them and the subject matter jurisdiction, and Plaintiff Commission and Defendants Conwell and LFFG, each having waived the entry of Findings of Fact and Conclusions of Law in this matter, and Defendants Conwell and LFFG without admitting or

denying the allegations of the Complaint except as to jurisdiction, and without trial, argument or adjudication of any fact or law herein, having consented to the entry of this Final Judgment and Order of Permanent Injunction, Civil Penalties and Other Equitable Relief ("Final Judgment"), and it further appearing that the Court has jurisdiction over Defendants Conwell and LFFG and the subject matter hereof, and the Court being fully advised in the premises:

I.

IT IS ORDERED, ADJUDGED AND DECREED that Defendants Conwell and LFFG, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, and each of them, be and are hereby permanently restrained and enjoined from, in the offer or sale of any securities by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly and indirectly, employing any device, scheme or artifice to defraud, in violation of Section 17(a)(1) of the Securities Act of 1933, as amended ("Securities Act") [15 U.S.C. §77q(a)(1)].

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants Conwell and LFFG, their officers, agents, servants, employees,

attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, and each of them, be and are hereby permanently restrained and enjoined from in the offer or sale of 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 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 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 Sections 17(a) (2) and (3) of the Securities Act [15 U.S.C. §§77q(a) (2) and (3)].

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Conwell and LFFG, their officers, agents, servants, employees, attorneys and those persons in active concert or participation with any of the foregoing who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from, 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 of any facility of any national securities exchange:

- A. employing any device, scheme, or artifice to defraud;
- B. making any untrue statement of 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
- C. engaging in an 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 [17 C.F.R. § 240.10b-5] thereunder.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Conwell and LFFG, jointly and severally, shall pay disgorgement in the amount of \$781,612.71, plus prejudgment interest of \$38,430.82, for a total of \$820,043.53, representing the ill-gotten gains from the conduct alleged in the Complaint. Of this amount, Defendants Conwell and LFFG shall be credited for the amounts paid to investors prior to the entry of the Final Judgment as reflected in their Consents. Defendants Conwell and LFFG shall pay, jointly and severally, \$162,843.43 thirty days after entry of the Final Judgment, \$162,843.43 sixty days after the entry of the Final Judgment, and \$162,843.44 ninety days after the entry of the Final Judgment. These funds will be distributed to the extent feasible, on a pro rata basis, to the

investors listed in Schedule B attached to the Consents and Stipulations of Defendants Conwell and LFFG (Exhibits 1 and 2).

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that pursuant to Section 21A of the Exchange Act [15 U.S.C. §78uA], within ninety (90) days of the entry of Final Judgment Defendant Conwell shall pay to the U.S. Treasury a civil money penalty in the amount of \$80,000. Such payment shall be: (A) made by United States Postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Thomas V. Conwell as a defendant in this matter and the case number of this matter. A copy of that cover letter and money order or check shall be sent to Lacey S. Calhoun, Division of Enforcement, Securities and Exchange Commission, Suite 1400, 500 W. Madison Street, Chicago, IL 60661.

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED THAT the attached Consents and Stipulations of Defendant Conwell and LFFG (Exhibits 1 and 2) and Schedules A and B attached thereto be, and

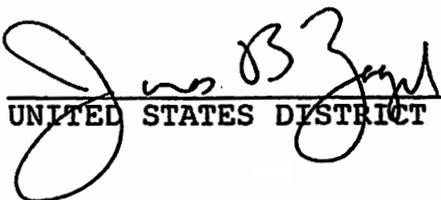
hereby are, incorporated herein with the same force and effect as if fully set forth herein.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for all purposes including, among other things: the implementation and enforcement of the terms and conditions of all orders and decrees that may be entered by this court, and the defendants' Consents and Stipulations attached hereto and incorporated herein, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that there being no just cause for delay, the Clerk of the Court is hereby directed to enter this Order.


UNITED STATES DISTRICT JUDGE

DATED: 31 Jan 2000