

and over the subject matter of this action, and have acknowledged service of the Summons and Complaint; and

It further appearing that there is no just reason for delay and there is sufficient basis herein for the entry of this Order;

IT IS HEREBY ORDERED THAT:

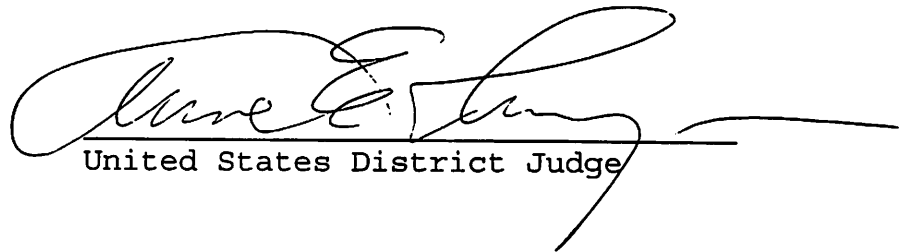
I. Defendants Arlett and Arlett and Associates shall pay disgorgement in the amount of \$3,113,087, together with prejudgment interest. Based upon the schedules and other documents, including all amendments thereto, filed by Arlett and Arlett and Associates in the United States Bankruptcy Court for the District of New Jersey, Case Nos. 01-51724 (RTL) and 01-51718 (RTL), payment of the disgorgement and prejudgment interest thereon is waived. In addition, the Court is not ordering the defendants to pay civil penalties pursuant to Section 20(d) of the Securities Act of 1933, Section 21(d) of the Securities Exchange Act of 1934, or Section 209(e) of the Investment Advisers Act of 1940. The determination not to impose a civil penalty and to waive payment of the disgorgement and prejudgment interest thereon is contingent upon the material accuracy and completeness of defendants' sworn representations, in the schedules and other documents filed in the above-mentioned bankruptcy actions, concerning their assets, income, liabilities, and net worth. The term "liabilities" as used in this Order

shall not include amounts owed to investment advisory clients of Arlett and Associates.

II. If at any time following the entry of this Order, the Commission obtains information indicating that defendants' representations concerning their assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, the Commission may petition the Court to set aside the Order and address the issue of whether Arlett and Arlett and Associates should be required to pay disgorgement of \$3,113,087, prejudgment and postjudgment interest thereon, and the maximum civil penalty allowable under the law.

III. This Court shall retain jurisdiction of this action for purposes of implementing and enforcing the terms and conditions of this Order.

12-20-02
Date


United States District Judge