

UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

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SECURITIES & EXCHANGE COMMISSION,

Plaintiff,

v.

STEVEN MCMICHAEL, ROBERT J. MAIETTA,  
EDWARD CHRISTIAN FARNI, ARTHUR J. PETRIE,  
DOUGLAS C. SELANDER, DALE E. BARLAGE,  
and STEPHEN D. GELLAS,

Defendants.

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CIVIL ACTION  
CASE NO.  
3-96-405

JUDGE  
Michael J. Davis

**AGREED ORDER OF PERMANENT INJUNCTION AND  
OTHER EQUITABLE RELIEF AGAINST EDWARD CHRISTIAN FARNI**

Plaintiff Securities and Exchange Commission ("Commission") has filed a Complaint seeking permanent injunctions and other equitable relief ("Complaint") in this matter and Defendant Edward Christian Farni (Farni) has, in his Consent and Stipulation attached hereto and incorporated herein, acknowledged receipt of the Complaint, admitted the jurisdiction of this Court over him, 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 Agreed Order of Permanent Injunction and Other Equitable Relief (Order). The Commission and Defendant Farni have waived the entry of findings of fact and conclusions of law. The Court having jurisdiction over the parties and the subject matter hereof, and being fully advised in the premises:

FILED SEP 08 1997  
FRANCIS E. DOSAL, CLERK  
JUDGMENT ENTERED \_\_\_\_\_  
DEPUTY CLERK'S INITIALS \_\_\_\_\_

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant Farni, his agents, servants, employees, attorneys, and those persons in active concert or participation with him 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, directly or indirectly, in connection with the purchase or sale of securities of any issuer, 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 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
- C. engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Farni, his agents, servants, employees, attorneys, and those persons in active concert or participation with him 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, directly or indirectly, in the offer or sale of securities of any issuer, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, employing any device, scheme or artifice to defraud.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Farni, his agents, servants, employees, attorneys, and those persons in active concert or participation with him 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, directly or indirectly, in the offer or sale of securities of any issuer, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon purchasers or prospective purchasers of such securities, or obtaining money or property by means of 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.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Farni is ordered to pay disgorgement in the amount of \$4,375, plus prejudgment interest thereon. Based upon Farni's sworn representations in his Statement of Financial Condition dated January 17, 1997, and submitted to the Commission, payment of disgorgement and prejudgment interest thereon is waived contingent upon the accuracy and completeness of Farni's Statement of Financial Condition.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Court is not imposing a civil penalty pursuant to Section 20(d) of the Securities Act and Section 21(d)(3)

of the Exchange Act or requiring payment of disgorgement and pre-judgment interest thereon based upon Farni's sworn Statement of Financial Condition dated January 17, 1997, and submitted to the Commission. The determination not to impose a civil penalty and to waive payment of disgorgement is contingent upon the accuracy and completeness of Farni's Statement of Financial Condition. If at any time following the entry of this Order the Commission obtains information indicating that Farni's representations to the Commission concerning his 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, at its sole discretion, petition the Court for an Order requiring Defendant Farni to pay disgorgement in the amount of \$4,374, pre-judgment interest and post-judgment interest thereon, and a civil penalty. In connection with any such petition, the only issue shall be whether the financial information provided by Defendant Farni was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of civil penalty to be imposed. In any such petition, the Commission may move the Court to consider all available remedies, including, but not limited to, ordering Defendant Farni to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Order and the Commission may also request additional discovery. Defendant Farni may not, by way of defense to such petition, challenge the validity of the Consent or this Order, contest the allegations in the Complaint filed by the Commission, the amount of disgorgement and interest, or assert that disgorgement or the payment of a civil penalty should not be ordered.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Farni shall remain subject to the jurisdiction of this Court for the purpose of discovery regarding any unresolved issues in the case with respect to himself or any other Defendant.

VII.

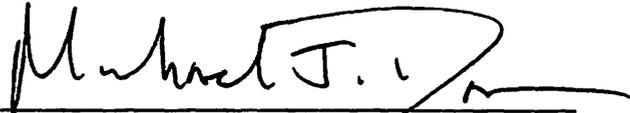
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction of this matter for all purposes, including, among other things, implementing and enforcing this Order and entertaining any suitable applications for additional relief within the jurisdiction of this Court.

VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the attached Consent and Stipulation of Defendant Farni be, and hereby is, incorporated herein with the same force and effect as if fully set forth herein. In litigation in which the Commission is not a party, nothing in the Consent or Stipulation or in this Order shall be construed or deemed to be an admission or denial of liability by Defendant Farni, and the Consent and Stipulation and this Order shall not be admissible in any other proceeding or action as an admission or denial of any allegation of the Complaint by Farni.

IX.

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.

A handwritten signature in black ink, appearing to read "Michael J. Davis", written over a horizontal line.

HONORABLE MICHAEL J. DAVIS  
UNITED STATES DISTRICT COURT JUDGE  
DISTRICT OF MINNESOTA

DATED: 9-8, 1997.