

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

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.

CIVIL ACTION
CASE NO.
3-96-405

JUDGE
Michael J. Davis

**AGREED ORDER OF PERMANENT INJUNCTION AND
OTHER EQUITABLE RELIEF AGAINST STEPHEN D. GELLAS**

Plaintiff Securities and Exchange Commission ("Commission") has filed a Complaint seeking permanent injunctions and other equitable relief ("Complaint") in this matter and Defendant Stephen D. Gellas (Gellas) 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 Gellas 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 _____
FRANCIS E. DOSAL, CLERK
JUDGMENT ENTERED _____
DEPUTY CLERK'S INITIALS _____

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant Gellas, 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 Gellas, 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 Gellas, 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 Gellas, his officers, 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 hereby are permanently restrained and enjoined from, directly or indirectly, for the purpose of purchasing or carrying United States securities, or purchasing or carrying within the United States any other securities, obtaining, receiving, or enjoying the beneficial use of a loan or other extension of credit from any lender which is prohibited under Section 7(f) of the Exchange Act or the rules and regulations prescribed thereunder, by willfully causing any lender to extend credit in contravention of regulations

promulgated by the Board of Governors of the Federal Reserve System, in violation of Section 7(f) of the Exchange Act [15 U.S.C. § 78g(f)] and Section 3(b) of Regulation X promulgated thereunder by the Board of Governors of the Federal Reserve System [12 C.F.R. § 224.3(b)].

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Gellas is ordered to pay disgorgement in the amount of \$190,937, plus prejudgment interest thereon. Based upon Gellas's sworn representations in his Statement of Financial Condition dated April 7, 1997, and submitted to the Commission, payment of disgorgement and prejudgment interest thereon is waived contingent upon the accuracy and completeness of Gellas's Statmenet of Financial Condition.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Gellas 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.

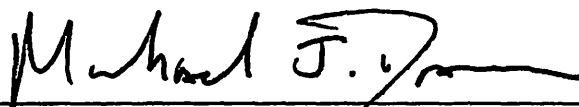
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction of this matter for all purposes, including, among other things, implementing and enforcing this Order and entertaining any suitable applications for additional relief within the jurisdiction of this Court.

VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the attached Consent and Stipulation of Defendant Gellas be, and hereby is, incorporated herein with the same force and effect as if fully set forth herein.

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.



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

DATED: 9-19, 1997.