

ORIGINAL

MAY 07 1996
gt

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

MAY 06 1996
U. S. DISTRICT COURT
NORTHERN DISTRICT OF TEXAS

FILED
MAY - 3 1996

NANCY DOHERTY, CLERK

By TS
Deputy

CIVIL ACTION NO.
3:96-CV-0908-X

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

MELVIN H. COX and
FAIRFIELD INVESTMENT CO., INC.,
Defendants,

and

AMERICAN AFFORDABLE HOUSING, INC.,
VERSATILE INDUSTRIES, INC.,
NATIONAL BUYERS GROUP, INC.,
KRESTAR, INC.,
THE SETSER COMPANY, INC.,
MARK FORCE TEAM SPORTS,
PINNACLE FURNITURE, INC.,
TOTAL MORTGAGE CONCEPTS, INC.,
NATIONAL MORTGAGE COMPANY OF ARKANSAS,
KRESTMONT INTERNATIONAL, INC.,
CEILINGS, FLOORS AND MORE, INC. and
FAIRFIELD MORTGAGE ASSOC., INC.,

Defendants Solely for Purpose of
Equitable Relief.

**ORDER OF PERMANENT INJUNCTION AND OTHER
EQUITABLE RELIEF AGAINST MELVIN H. COX**

Plaintiff, Securities and Exchange Commission ("Commission"),
having filed its Complaint in this matter, and Defendant Melvin H.
Cox ("Cox"), in his Stipulation and Consent ("Consent"), having
admitted service of the Summons and Complaint; having admitted the
jurisdiction of this Court over him and over the subject matter of
this action; having waived the entry of findings of fact and
conclusions of law pursuant to Rule 52 of the Federal Rules of
Civil Procedure; having entered into his Consent voluntarily, and

52

no threats, promises of immunity, or assurances having been made by the Commission, or any of its members, officers, agents or representatives to induce him to enter into his Consent; and having consented, without admitting or denying any of the allegations in the Commission's Complaint, except as to jurisdiction as set forth above, and without admitting that the Commission is entitled to the relief of disgorgement or penalties in any amount against Cox, to entry without further notice of this Order of Permanent Injunction and Other Equitable Relief ("Order"), enjoining Cox from engaging in transactions, acts, practices and courses of business which constitute and would constitute violations of Section 10(b) of the Securities Exchange Act of 1934, as amended ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], and violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, as amended ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)], and it further appearing that this Court has jurisdiction over Cox and the subject matter of this action; it appearing that no further notice of hearing for the entry of this Order need be given; and the Court being fully advised in the premises:

I.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that Defendant Cox, and his agents, servants, employees, attorneys-in-fact and all 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, directly or indirectly, in connection with the purchase or sale of securities in the form of investment contracts, or any other security, from making use of any means or instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange:

- (a) to employ any device, scheme or artifice to defraud;
- (b) 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
- (c) to engage 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 Cox, and his agents, servants, employees, attorneys-in-fact and all 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, in the offer or sale of securities in the form of investment contracts, or any other security, from making use of any means or instruments of transportation or communication in interstate commerce, or of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a 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

(c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon any purchaser.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Cox, and his agents, servants, employees, attorneys-in-fact, and all 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:

(a) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell any securities in the form of investment contracts, or any other security, through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect with the Commission as to such securities;

(b) carrying securities in the form of investment contracts, or any other security, or causing them to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale, unless and until a registration statement is in effect with the Commission as to such securities; or

(c) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, through the use or medium of any prospectus or otherwise, securities in the form of investment contracts, or any other security, unless a registration statement has been filed with the Commission as to such securities, or while a registration statement filed with the Commission as to such securities is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding of examination under Section 8 of the Securities Act of 1933, as amended [15 U.S.C. § 77h];

provided, however, that nothing in this Part III shall apply to any security or transaction which is exempt from the provisions of Section 5 of the Securities Act of 1933, as amended [15 U.S.C. § 77e].

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that if any disgorgement plus prejudgment interest or civil penalties are to be ordered against Defendant Cox, they shall be in amounts agreed to with Plaintiff Commission or, in the absence of such agreement, in amounts set by the Court after notice and hearing.

V.

In connection with any hearing held to determine the amounts of disgorgement and/or civil penalties to be paid, Defendant Cox may not, by way of defense, challenge the validity of his Consent

or this Order, or contest the liability allegations in the Complaint filed by the Commission.

VI.

Defendant Cox agrees to be restrained and enjoined from, directly or indirectly, assigning, transferring, conveying, dissipating, selling, encumbering, disbursing or concealing any assets, monies, choses in action, or other property owned by or in the actual or constructive possession of any one or more of the Defendants, except for \$3,500 per month for normal living expenses which Cox may withdraw from his personal account at the Cedar Creek Bank.

VII.

Defendant Cox agrees to be restrained and enjoined from destroying, removing, mutilating, altering, concealing or disposing of, in any manner, any of the books and records of any one or more of the Defendants until further order of this Court.

VIII.

Defendant Cox, while preserving his right to exercise his rights under the Constitution of the United States, agrees to file with this Court and serve upon Plaintiff Commission within 20 days, an accounting, under oath, of his financial condition and of all assets, proceeds, monies and benefits he received, directly or indirectly, as a result of the activities alleged in the Commission's Complaint.

IX.

IT IS FURTHER ORDERED that the Consent of Defendant Cox filed herein be, and the same is hereby, incorporated in this Order with the same force and effect as if fully set forth herein.


X.

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this action for all purposes, including for purposes of entertaining any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court, including but not limited to the relief requested by the Commission in its Complaint in this action.

XI.

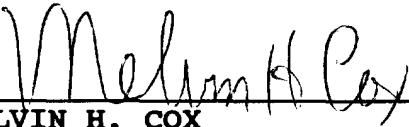
IT IS FURTHER ORDERED that this Order of Permanent Injunction and Other Equitable Relief may be served upon Defendant Cox in person or by mail by the United States Marshal, the Clerk of the Court, or any member of the staff of the Securities and Exchange Commission.

DATED and SIGNED this 3rd day of May, 1996.



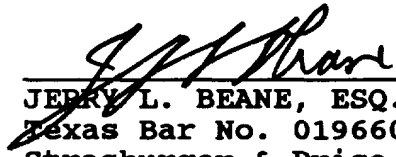
JOE KENDALL
UNITED STATES DISTRICT JUDGE

AGREED AS TO FORM AND SUBSTANCE:



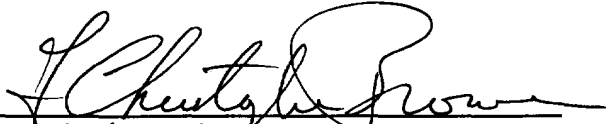
MELVIN H. COX

APPROVED AS TO FORM ONLY:



JERRY L. BEANE, ESQ.
Texas Bar No. 01966000
Strasburger & Price, L.L.P.
901 Main Street, Suite 4300
Dallas, TX 75202
(Counsel for Cox)

APPROVED AS TO FORM ONLY:

A handwritten signature in cursive script, appearing to read "T. Christopher Browne", written over a horizontal line.

T. Christopher Browne
Counsel for Plaintiff
Securities and Exchange Commission

Stipulation and Consent of
Melvin H. Cox