

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FEB 13 1998

SECURITIES AND EXCHANGE COMMISSION,	:	
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Plaintiff,	:	
	:	CIVIL ACTION
	:	FILE NO. 96C 7987
v.	:	
	:	JUDGE GETTLEMAN
THETA GROUP, L.L.C.,	:	MAGISTRATE JUDGE
SHADOWSTONE PARTNERS I, L.L.C.,	:	DENLOW
SCOTT S. BELL and	:	
R. SCOT RUBEL,	:	
	:	
Defendants.	:	
	:	
	:	

FINAL JUDGMENT AND ORDER OF PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF AGAINST
SCOTT S. BELL

Plaintiff Securities and Exchange Commission (Commission) having filed a Complaint for a Permanent Injunction and Other Equitable Relief (Complaint) in this matter and Defendant Scott S. Bell (Bell) having, in his Consent and Stipulation attached hereto as Exhibit 1 and incorporated herein, acknowledged receipt of the Complaint and admitted the jurisdiction of this Court over him, and the Commission and Defendant Bell having waived the entry of findings of fact and conclusions of law with regard to this Final Judgment and Order of Permanent Injunction and Other Equitable Relief (Order), and Bell, without admitting or denying the allegations of the Complaint, except as stated above, and without trial, argument or adjudication of any facts or law herein, having consented to the entry of this Order, and it further appearing that the Court has jurisdiction over Defendant

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Bell and over the subject matter hereof, and the Court being fully advised in the premises:

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant Bell, 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 are hereby permanently restrained and enjoined from, directly or indirectly, as principals or aiders and abettors, in the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce, or by the use of the mails:

- A. employing any device, scheme or artifice to defraud;
- B. 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; or
- C. engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon any purchaser, in violation of Section 17(a) (1), (2) or (3) of the Securities Act of 1933 [15 U.S.C. §§ 77q(a) (1), (2) and (3)].

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Bell, 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, as principals or aiders and abettors, in connection with the purchase or sale of any securities, 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, 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.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Bell shall pay the amount of \$1.2 million in disgorgement

(disgorgement amount), plus prejudgment interest, but that payment of these funds, shall be waived, except for the following assets, totalling approximately \$144,000, which shall be liquidated immediately or, in the case of Defendant Bell's BMW, sold pursuant to Defendant Bell's best efforts within fifteen days of the date of the Final Judgment, and the proceeds transferred into Theta Group, LLC's account 182 FUM UM at First Options of Chicago, Inc., an account currently frozen by prior order of this Court. The remaining \$9600 of the legal retainer held by Richard Spears Kibbe & Orb, which is set forth below, may be utilized by the firm to pay legal expenses which were incurred by Defendant Bell.

AMOUNT (ALL AMOUNTS ARE APPROXIMATE)	LOCATION
\$100,000	Bear Stearns Brokerage Acct # 220-47749
\$ 12,000	Life Insurance Policy
\$ 5,000	Sale of BMW
\$ 4,000	Fidelity IRA Acct #147420140
\$ 10,400	Portion of \$20,000 legal retainer held by law firm of Richard Spears Kibbe & Orb
\$ 12,500	Charles Schwab Acct #14771348
=====	
\$143,900	

Waiver of the remaining disgorgement amount and prejudgment interest, including the difference, if any, between proceeds obtained from the sale and liquidation of the above-noted assets and their approximated values, is based upon Bell's

demonstrated inability to pay, as reflected in Bell's Statement of Financial Condition dated January, 1997, which is attached hereto as Exhibit 2 (Statement of Financial Condition). In addition, based upon Defendant Bell's sworn representations concerning his financial condition contained in the Statement of Financial Condition attached hereto, the Court is not ordering Defendant Bell to pay a civil penalty pursuant to Section 20(d) of the Securities Act of 1933 [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Securities Exchange Act of 1934 [15 U.S.C. §78u(d)(3)].

The determination not to impose a civil penalty and to waive payment of the remaining disgorgement amount and pre-judgment interest thereon is contingent upon the accuracy and completeness of Defendant Bell's Statement of Financial Condition. If at any time following the entry of this Order the Commission obtains information indicating that Defendant Bell's representations to the Commission concerning his assets, income, liabilities, expenses 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 this Court for an order requiring him to pay the disgorgement amount, pre-judgment and post-judgment interest thereon, and a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by Defendant Bell 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 its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendant Bell 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 Bell 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, interest or penalties, or assert that the payment of the disgorgement amount, civil penalty or the payment of pre-judgment or post-judgment interest on the disgorgement amount should not be ordered. However, nothing in this Final Judgment shall prevent Defendant Bell from contesting any allegations by the Commission that the financial information provided by Defendant Bell to the Commission was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made.

IV.

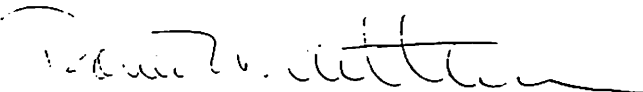
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the attached Consent and Stipulation of Defendant Bell be, and hereby is, incorporated herein with the same force and effect as if fully set out herein.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Court shall retain jurisdiction of this matter for all purposes.

VI.

This Court makes an express determination that there is no just reason for delay and the Clerk of the Court is hereby directed to enter this Final Judgment and Order of Permanent Injunction.



HONORABLE JUDGE ROBERT W. GETTLEMAN
UNITED STATES DISTRICT COURT JUDGE

DATED:

February 11, 1988