

ORIGINAL

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

U.S. DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FILED
JAN 29 1999
NANCY DOHERTY, CLERK
By *[Signature]*
Deputy

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

LENNOX INVESTMENT GROUP, LTD., ACTIVE
INTERNATIONAL, INC., RANDALL W. LAW,
JAMES F. WARDELL, MONICA M. ILES, FRANK L.
PEITZ, and DANIEL B. BENSON

Defendants,

and

P.B.F. CAPITAL GROUP, INC., BENSON
FINANCIAL, INC., I.B.I., INC. ROBERT PALADINO,
PEOPLE'S, RESIDENTIAL MORTGAGE CORP.,
BENNY GRIFFIS, L E CONSULTANT COMPANY, and
J.W.H.I. ENTERPRISES, INC.

Defendants Solely for Purposes
of Equitable Relief.

CIVIL ACTION NO.
4:98CV536-Y

**ORDER GRANTING JUDGMENTS BY DEFAULT, SETTING DISGORGEMENT
AMOUNTS AND GRANTING OTHER RELIEF**

This matter came before the Court on the 29th day of January, 1999,
pursuant to the Court's Order dated November 24, 1998, to consider the Commission's motions
for default judgment against Defendants Active International, Inc ("Active") and Daniel B.
Benson ("Benson") and Relief Defendants P.B.F. Capital Group, Inc. ("PBF"), Benson Financial,
Inc. ("BFI") and I.B.I., Inc. ("IBI"). This Court, having considered the Commission's motions
for default and supporting papers and documentation submitted by the Commission, Defendants

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and Relief Defendants in response to the Court's Order Setting Schedule for Documentation of Plaintiff's Default Judgment, makes the following findings of fact and conclusions of law:

1. The Commission filed its Complaint against Active on June 22, 1998.

The Commission served the Summons and Complaint on Active on July 7, 1998 and the Return of Service verifying that process was served on Active was filed with this Court on July 20, 1998.

2. No answer or other pleading or motion responsive to the complaint has been filed by Active or served upon the attorneys for the plaintiff. No extensions of time to answer have been sought by or granted to Active, and the time for filing answers has expired.

3. Active is not an infant or an incompetent person, or a person on active duty in any branch of the United States Armed Forces.

4. On November 24, 1998, the Court entered an Order of Permanent Injunction by Default Against Active International, Inc.

5. The Commission filed its Complaint against Benson on June 22, 1998. The Commission served the Summons and Complaint on Benson on June 25, 1998 and the Return of Service verifying that process was served on Benson was filed with this Court on July 15, 1998.

6. ~~Until 1-14-99~~ No answer or other pleading or motion responsive to the complaint has been filed by Benson or served upon the attorneys for the plaintiff. No extensions of time to answer have been sought by or granted to Benson, and the time for filing answers has expired.

7. Defendant Benson is not an infant or an incompetent person, or a person on active duty in any branch of the United States Armed Forces.

8. On November 24, 1998, the Court entered an Order of Permanent Injunction by Default Against Daniel B. Benson.

9. The Commission filed its Complaint against PBF on June 22, 1998. The Commission served the Summons and Complaint on PBF on June 24, 1998 and the Return of Service verifying that process was served on PBF was filed with this Court on July 20, 1998.

10. No answer or other pleading or motion responsive to the complaint has been filed by PBF or served upon the attorneys for the plaintiff. No extensions of time to answer have been sought by or granted to PBF, and the time for filing answers has expired.

11. PBF is not an infant or an incompetent person, or a person on active duty in any branch of the United States Armed Forces.

12. The Commission filed its Complaint against BFI on June 22, 1998. The Commission served the Summons and Complaint on BFI on June 24, 1998 the Return of Service verifying that process was served on BFI was filed with this Court on July 20, 1998.

13. No answer or other pleading or motion responsive to the complaint has been filed by BFI or served upon the attorneys for the plaintiff. No extensions of time to answer have been sought by or granted to BFI, and the time for filing answers has expired.

14. Relief BFI is not an infant or an incompetent person, or a person on active duty in any branch of the United States Armed Forces.

15. The Commission filed its First Amended Complaint against IBI on July 2, 1998. The Commission served the Summons and Complaint on IBI on July 9, 1998 and the Return of Service verifying that process was served on IBI was filed with this Court on July 23, 1998.

16. No answer or other pleading or motion responsive to the complaint has been filed by IBI or served upon the attorneys for the plaintiff. No extensions of time to answer have been sought by or granted to IBI, and the time for filing answers has expired.

17. Relief Defendant IBI is not an infant or an incompetent person, or a person on active duty in any branch of the United States Armed Forces.

18. The Court has personal jurisdiction over Active, Benson, PBF, BFI and IBI, and subject matter jurisdiction over this action. Venue is proper in this district.

19. The Commission is entitled to default judgment against Active, Benson, PBF, BFI and IBI.

20. The Commission is entitled to an order that directs that Active and Benson shall jointly and severally disgorge into the registry of the Court the disgorgement amount of \$11,109,000, plus prejudgment interest thereon of \$2,500,000, said disgorgement amount representing the amount of money received by such Defendants directly and indirectly as a result of their activities in violation of the federal securities laws, as alleged in the Commission's Complaint.

21. The Commission is entitled to entry of an order imposing a civil penalty on Active pursuant to Section 20(d) of the Securities Act of 1933 and Section 21(d)(3) of the Securities Exchange Act of 1934, because its violations of the federal securities laws, as describe in the Commission's Complaint, (a) involve fraud, deceit and a deliberate or reckless disregard of regulatory requirements, and (b) directly or indirectly resulted in substantial losses to investors or, at least, created a significant risk of substantial losses to investors.

22. The Commission is entitled to entry of an order imposing a civil penalty on Benson pursuant to Section 20(d) of the Securities Act of 1933 and Section 21(d)(3) of the Securities Exchange Act of 1934, because his violations of the federal securities laws, as describe in the Commission's Complaint, (a) involve fraud, deceit and a deliberate or reckless disregard of regulatory requirements, and (b) directly or indirectly resulted in substantial losses to investors or, at least, created a significant risk of substantial losses to investors.

23. The Commission is entitled to an order that directs PBF shall disgorge into the registry of the Court the disgorgement amount of \$3,949,273, plus prejudgment interest thereon

of \$839,519, said disgorgement amount representing the amount of money and value of property received by PBF directly and indirectly from funds collected from investors as a result of Defendants' violations of the federal securities laws, as alleged in the Commission's Complaint.

24. The Commission is entitled to an order that directs BFI shall disgorge into the registry of the Court the disgorgement amount of \$2,053,586, plus prejudgment interest thereon of \$445,099, said disgorgement amount representing the amount of money and value of property received by BFI directly and indirectly from funds collected from investors as a result of Defendants' violations of the federal securities laws, as alleged in the Commission's Complaint.

25. The Commission is entitled to an order that directs IBI shall disgorge into the registry of the Court the disgorgement amount of \$ 335,000, plus prejudgment interest thereon of \$18,196, said disgorgement amount representing the amount of money and value of property received by IBI directly and indirectly from funds collected from investors as a result of Defendants' violations of the federal securities laws, as alleged in the Commission's First Amended Complaint.

On the basis of the foregoing findings of fact and conclusions of law, it is therefore ORDERED:

I.

The Commission's Motions for Entry of Default Judgment Against Active, Benson, PBF, BFI and IBI are granted.

II.

Defendants Active and Benson shall jointly and severally disgorge into the registry of the Court the disgorgement amount of \$11,109,000, plus prejudgment interest thereon of \$2,500,000, said disgorgement amount representing the amount of money received by such

Defendants directly and indirectly as a result of their activities in violation of the federal securities laws, as alleged in the Commission's Complaint.

III.

Relief Defendant PBF shall disgorge into the registry of the Court the disgorgement amount of \$3,949,273, plus prejudgment interest thereon of \$839,519, said disgorgement amount representing the amount of money and value of property received by PBF directly and indirectly from funds collected from investors as a result of Defendants' violations of the federal securities laws, as alleged in the Commission's Complaint.

IV.

Relief Defendant BFI shall disgorge into the registry of the Court the disgorgement amount of \$2,053,586, plus prejudgment interest thereon of \$445,099, said disgorgement amount representing the amount of money and value of property received by BFI directly and indirectly from funds collected from investors as a result of Defendants' violations of the federal securities laws, as alleged in the Commission's Complaint.

V.

Relief Defendant IBI shall disgorge into the registry of the Court the disgorgement amount of \$335,000, plus prejudgment interest thereon of \$18,196, said disgorgement amount representing the amount of money and value of property received by IBI directly and indirectly from funds collected from investors as a result of Defendants' violations of the federal securities laws, as alleged in the Commission's First Amended Complaint.

VI.

The Commission shall, within 90 days of the entry of this Order, and with notice to Active, submit to this Court an application setting out an appropriate civil money penalty against Active.

VII.

The Commission shall, within 90 days of the entry of this Order, and with notice to Benson, submit to this Court an application setting out an appropriate civil money penalty against Benson.

VIII.

This Court shall retain jurisdiction over 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.

IX.

This Order may be served upon Benson, Active, PBF, BFI and IBI in person or by mail either by the United States Marshal, the Clerk of the Court, or any member of the staff of the Securities and Exchange Commission.

X.

There being no just reason for delay, the Clerk of this Court is hereby directed to enter this Order pursuant to Rules 58 and 79, Fed. R. Civ. P., 28 U.S.C.A.

SIGNED this ~~29th~~ day of January, 1999


TERRY R. MEANS
UNITED STATES DISTRICT JUDGE