

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 10 2000	
NANCY DOHERTY, CLERK	
By _____	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

**FINAL JUDGMENT AS TO DEFENDANT
FRANK L. PEITZ**

On August 24, 1999, this Court entered an Order Granting Judgment By Default, Granting Permanent Injunction, Setting Disgorgement Amount and Granting Other Relief As To Defendant Frank L. Peitz. The Commission has, by application, with notice to Frank L. Peitz ("Peitz"), requested that the Court order a civil penalty against Peitz and direct entry of this Final Judgment in accordance with Federal Rules of Civil Procedure 54 and 58.

For good cause shown, the Commission's application is hereby granted, and the Clerk of this Court is directed to enter this Final Judgment.

*FINAL JUDGMENT AS TO DEFENDANT
FRANK L. PEITZ*

297

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This Court makes the following findings of fact and conclusions of law:

1. The Commission filed its Complaint against Peitz on June 22, 1998.
2. On September 16, 1998, defendant Peitz, through counsel, filed his answer.
3. During the course of the litigation, Peitz willfully failed to comply with discovery requests propounded under Federal Rules of Civil Procedure 30, 33 and 34.
4. On May 6, 1999, the Commission filed a Motion For An Order (1) Striking Answer, (2) Entering Default Judgment And (3) Awarding Monetary Sanctions With Respect To Defendant Frank L. Peitz. In its supporting papers, the Commission outlined Peitz's failure to provide discovery over the course of nearly one year, including his repeated failure to appear for his deposition. The supporting papers also set forth the appropriate calculation of disgorgement with respect to Peitz.
5. On July 15, 1999, this Court entered an Order Denying Plaintiff's Motion For Order Striking Answer And Entering Default Judgment But Granting Plaintiff's Motion For Monetary Sanctions ("July 15 Order"). In the July 15 Order, the Court explicitly ordered Peitz to appear for his deposition in this matter on August 16, 1999, at 9:00 a.m. The July 15 Order concluded with the warning that "Peitz is cautioned that failure to comply with this order could result in further sanctions including, but not limited to, striking his answer and entering default judgment against him."
6. Although Peitz's counsel informed him of the contents of the July 15 Order, Peitz failed to appear for the Court-ordered deposition on August 16, 1999.
7. Based on Peitz's willful failure to comply with discovery obligations and the explicit order of this Court, the Court entered an order striking the answer of Peitz on August 18, 1999, and, on August 24, 1999, entered an Order Granting Judgment By

Default, Granting Permanent Injunction, Setting Disgorgement Amount And Granting Other Relief As To Defendant Frank L. Peitz.

8. The Court has personal jurisdiction over Peitz, and subject matter jurisdiction over this action. Venue is proper in this district.

9. The Commission is entitled to entry of a Final Judgment enjoining Peitz from engaging in transactions, acts, practices and courses of business which constitute and would constitute violations, or would cause violations, of Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

10. The Commission is entitled to a Final Judgment that directs Peitz to pay disgorgement in the amount of \$11,109,880.00, plus prejudgment interest thereon of \$2,819,406.00, said disgorgement amount representing the amount of money received by Peitz directly and indirectly as a result of his activities in violation of the federal securities laws, as alleged in the Commission's Complaint.

11. The Commission is entitled to entry of a Final Judgment imposing a civil penalty of \$100,000.00 on Peitz 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 described in the Commission's Complaint, (a) involved fraud, deceit and a deliberate or reckless disregard of regulatory requirements, and (b) directly or indirectly resulted in substantial losses to investors and created a significant risk of substantial losses to investors.

IT IS THEREFORE ORDERED THAT:

I.

Peitz, any of his officers, agents, servants, employees, attorneys, 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 enjoined from violating section 17(a) of the Securities Act of 1933, 15 U.S.C. §77q(a), by, directly or indirectly, in any way in connection with the purchase or sale of any security, by the use of any means or instrument of transportation or communication in interstate commerce, or by the use of the mails, directly or indirectly --

(a) employing any device, scheme or artifice to defraud, or

(b) obtaining money or property by means of any untrue statement of material fact or any omission to state a material fact necessary in order to make the statement(s) 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 the purchaser, including, but not limited to, the offer and/or sale of an investment in a "prime bank" trading program and/or the unfounded promise or representation that repayment of monies previously invested in a "prime bank" trading program is likely to be made.

II.

Peitz, any of his officers, agents, servants, employees, attorneys, 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 enjoined from

violating section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. §78j(b) and Rule 10b-5 thereunder, by, directly or indirectly, by the use of any means or instrumentality of interstate commerce, of the mails or of any facility of any national securities exchange--

- (1) employing any device, scheme or artifice to defraud,
- (2) making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement(s) made, in the light of the circumstances under which were made, not misleading, or
- (3) engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person, including, but not limited to, the offer and/or sale of an investment in a "prime bank" trading program and/or the unfounded promise or representation that repayment of monies previously invested in a "prime bank" trading program is likely to be made.

III.

Peitz shall disgorge into the registry of the Court \$11,109,880.00, plus prejudgment interest thereon of \$2,819,406.00, said disgorgement amount representing the amount of money received by Peitz directly and indirectly as a result of his activities in violation of the federal securities laws, as alleged in the Commission's Complaint. Interest shall accrue on the unpaid balance of such disgorgement amount from the date of entry of this Final Judgment, in accordance with 28 U.S.C. § 1961.

IV.

Peitz shall pay a civil money penalty to the United States Treasury, in the amount of \$100,000.00.

V.

This Court shall retain jurisdiction over this matter and over Peitz for purposes of enforcing the terms of this Final Judgment and for all other purposes.

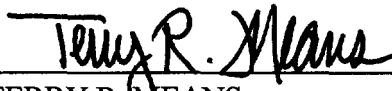
VI.

This Final Judgment may be served upon Peitz in person or by mail either by the United States Marshal, by the Clerk of the Court, by the Temporary Receiver or persons employed by him, or by any member of the staff of the Commission.

VII.

The Court having concluded that there is no just reason for delay, the clerk is directed, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter this Final Judgment immediately and without further notice.

SIGNED this 7th day of January, 2000



TERRY R. MEANS
UNITED STATES DISTRICT JUDGE