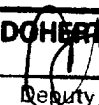


DEC 22 1998

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

U.S. DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
**FILED**  
DEC 21 1998  
NANCY DOHERTY, CLERK  
BY  Deputy

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

REMINGTON-HALL CAPITAL CORP. and  
DOUGLAS T. FONTENO,

Defendants.

CIVIL ACTION NO.  
**3:98CV-2470-G**

ENTERED ON DOCKET  
DEC 22 1998 PURSUANT  
TO RULES  
58 AND 79a

**FINAL JUDGMENT BY DEFAULT AS TO DOUGLAS T. FONTENO**

This matter came before this Court on the motion of plaintiff, Securities and Exchange Commission, seeking entry of a final judgment by default, providing it with the relief requested in its Complaint against defendant Douglas T. Fonteno, by reason of his failure to answer the Commission's Complaint, or otherwise appear in or defend this civil action.

This Court having considered the pleadings and declarations on file herein, makes the following findings of fact and conclusions of law:

1. The Commission's Complaint commencing this civil action against the defendants was filed on October 20, 1998, and Mr. Fonteno was served with the Commission's Complaint and this Court's Summons and Order on that day.

2. Mr. Fonteno has not filed an answer to the Commission's Complaint, has not responded to correspondence addressed to his current place of incarceration, and has not otherwise appeared before this Court to defend herein this cause. Mr. Fonteno has

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provided the Commission with a declaration stating he will not respond to the Commission's requests for discovery, in reliance on his Fifth Amendment privilege against self-incrimination; a copy of this declaration was provided to this Court as part of the Commission's preliminary injunction filing, and was provided as an exhibit to the Commission's motion papers.

3. Mr. Fonteno is neither an infant, nor incompetent. He is not eligible for relief under the Soldiers' and Sailors' Civil Relief Act of 1940 [50 U.S.C. Appendix, § 501 et seq.].

4. The Court has personal jurisdiction over Mr. Fonteno, and subject matter jurisdiction over this action. Venue is proper in this district.

5. The Commission is entitled to entry of an order that permanently restrains and enjoins Mr. Fonteno from engaging in transactions, acts, practices and courses of business which constitute and would constitute violations, of Section 17(a) of the Securities Act of 1933 ("Securities Act"), as amended [15 U.S.C. § 77q(a)], and from engaging in violations of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), as amended, [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder.

6. The Commission is entitled to entry of an order that directs Mr. Fonteno to pay disgorgement in the amount of \$126,329.98, representing the amount paid or attributable to him from the proceeds of unlawful securities transactions set out in the Commission's Complaint, and prejudgment interest accrued at the rate permitted by law, from the date the funds were received through the date of its motion, in the amount of \$6,252.18. As established in the declaration of Fred Sission, which was provided as an

exhibit to the Commission's motion papers, the appropriate disgorgement amount is a readily calculable sum, taken from bank records and other financial information obtained by the Commission in its investigation; the disgorgement calculation provided by the Commission in its moving papers represents an appropriate computation of the proceeds paid to or attributable to Mr. Fonteno from the unlawful activities described in the Commission's Complaint.

7. The Commission is entitled to recover a civil penalty from Mr. Fonteno, pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act, 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 or, at least, created a significant risk of substantial losses to investors. The Commission has requested that this Court consider the costs and expenses it incurred in investigating and commencing civil prosecution of this matter, to avoid any possible application of the Double Jeopardy Clause of the 5th Amendment, see, U.S. v. Halper, 490 U.S. 435, 109 S.Ct. 1892 (1989); U.S. v. Furllett, 974 F.2d 839 (7th Cir. 1992); SEC v. Bilzarian, 814 F.Supp. 116 (D.D.C. 1993), and has provided the Court with a declaration setting out the number of hours spent investigating and prosecuting this matter by its staff, with hourly rates. The Court has considered such information in assessing the civil money penalty hereby ordered.

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

I.

Mr. Fonteno, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, are hereby restrained and enjoined from, 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 instrumentality of interstate commerce or of the mails:

- (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 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.

Mr. Fonteno, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, are hereby restrained and enjoined in the offer or sale of securities, in the form of investment contracts, or any other type of security, from making use of any means or instruments of transportation or communication in interstate

commerce, or 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 light of the circumstances under which they were made, not misleading; or
- (c) to engage in any transactions, practices or courses of business which operate or would operate as a fraud or deceit upon any person.

III.

Mr. Fonteno shall pay disgorgement in the amount of \$126,329.98, representing the proceeds paid or attributable to him from the conduct described in the Commission's Complaint, plus prejudgment interest thereon in the amount of \$6,252.18. Within 30 days from entry of this judgment, Mr. Fonteno shall pay to the Registry of this Court by cashier's check or certified check payable to "Clerk, United States District Court" the full amount of disgorgement and prejudgment interest specified above, and post-judgment interest calculated pursuant to 28 U.S.C. 1961. Upon such payment, the Court shall, by further order upon application of the Commission, direct payment of such funds to Remington-Hall Capital Corporation, or its assigns.

IV.

The transfer agent for Remington-Hall Capital Corporation shall cancel any of the company's shares held in the name of Mr. Fonteno, or in the name of his known nominees, specifically including, shares held in the name of Bryson Investments, Camden Venture

Properties III, Inc., Hopkins, Johnson and Delancy, Pietch and Henderson Partners, Thompson, Collins and Co., and Tichner Capital Investments.

V.

A civil penalty shall be imposed upon Mr. Fonteno pursuant to the provisions of 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)]. Within 90 days of the entry of this Final Judgment, Mr. Fonteno shall pay a civil money penalty in the amount of \$ 12,567<sup>00</sup> to the United States Treasury. The payment shall be in the form of a cashiers check, certified check or postal money order made payable to the "Securities and Exchange Commission." The check or money order shall be hand-delivered or mailed to the Comptroller, Securities and Exchange Commission, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and submitted under cover of a letter that identifies Mr. Fonteno, the caption and case number of this action, and the name of the Court. A copy of the cover letter and check shall be sent to Harold F. Degenhardt, District Administrator, Securities and Exchange Commission, Fort Worth district Office, 801 Cherry Street, 19th Floor, Fort Worth, TX 76102. At such time as said monies are paid to the Commission, Mr. Fonteno relinquishes all legal and equitable right, title, and interest in those funds and no part of such monies shall be returned to Mr. Fonteno or his affiliates, heirs, successors, or assigns.

VI.

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.

VII.

This Order may be served upon Mr. Fonteno 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.

VIII

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. Rules Civ. Proc., 28 U.S.C.A.

SIGNED this 21 day of December, 1998.

  
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UNITED STATES DISTRICT JUDGE