

Plaintiff Securities and Exchange Commission (“Commission”), having filed a Complaint alleging that defendant Richard M. Johnson violated Sections 5(a) and 5(c) and 17(b) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77e(a) and (c) and 77q(b)], 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], and Johnson, in his attached Consent and Undertakings (“Consent”), having entered a general appearance and 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entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, having withdrawn his Answer to the Complaint to the extent it denies any allegation in the Complaint and, solely for the purpose of this action, without admitting or denying any of the allegations of the Complaint except as to jurisdiction, which he admits, and having consented to the entry of this Final Judgment of Permanent Injunction and Other Relief as to Richard M. Johnson (“Final Judgment”) permanently enjoining Johnson from violating Sections 5(a), 5(c) and 17(b) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and it appearing to the Court that this Court has jurisdiction over Johnson and over the subject matter of this action,

I

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Johnson, his agents, employees, servants, attorneys, and all those persons in active concert or participation with Johnson who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and

enjoined from violating Section 5 (a) and 5(c) of the Securities Act [15 U.S.C. § 77e(a) and (c)] by, directly or indirectly, in the absence of any applicable exemption:

- A. making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell the securities of any issuer, through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect as to such securities;
- B. carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, the securities of any issuer, unless and until a registration statement is in effect as to such securities;
- 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 any securities of any issuer, unless and until a registration statement has been filed with the Commission as to such securities, or while a registration statement 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 [15 U.S.C. § 77h].

II

AND IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Johnson, and Johnson's agents, servants, employees and attorneys, and those persons in active concert or participation with them who receive actual notice of this Judgment, are

permanently restrained and enjoined from violating Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5] by, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- 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.

III

AND IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Johnson, and Johnson's, agents, servants, employees and attorneys, and those persons in active concert or participation with them who receive actual notice of this Judgment, are permanently restrained and enjoined from violating Section 17(b) of the Securities Act of 1933 [15 U.S.C. § 77q(b)], directly or indirectly, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, to publish, give publicity to, or circulate any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, describes such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

IV

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Johnson pay disgorgement in the amount of \$575,925.00, as a result of the conduct alleged in the Complaint, together with pre-judgment interest in the amount of \$294,013.37. Based upon Johnson's sworn representations in his Chapter 7 Bankruptcy Schedules, payment of all of the disgorgement and pre-judgment interest thereon is waived, contingent upon the accuracy and completeness of his Chapter 7 Bankruptcy Schedules.

V

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that based on Johnson's sworn representations in his Chapter 7 Bankruptcy Schedules, the Court is not ordering him to pay a civil penalty. The determination not to impose a civil penalty and to waive payment of all of the disgorgement and pre-judgment interest thereon is contingent upon the accuracy and completeness of his Chapter 7 Bankruptcy Schedules.

VI

IT IS FURTHER ORDERED ADJUDGED AND DECREED that if at any time following the entry of this Final Judgment the Commission obtains information indicating that Johnson's representations in his Chapter 7 Bankruptcy Schedules concerning his assets, income, liabilities, 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 and without prior notice to Johnson, petition the Court for an order requiring Johnson to pay the unpaid portion of the disgorgement, pre-judgment and post-judgment interest thereon, and the maximum civil

penalty allowable under the law. In connection with any such petition, the only issue shall be whether the financial information provided by Johnson was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Johnson to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment. The Commission may also request additional discovery. Johnson may not, by way of defense to such petition: (1) challenge the validity of his Consent or this Final Judgment; (2) contest the allegations in the Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-judgment and post-judgment interest or a civil penalty should not be ordered; (4) contest the amount of disgorgement and pre-judgment and post-judgment interest; (5) contest the imposition of the maximum civil penalty allowable under the law; or (6) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

VII


IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Johnson shall comply with the annexed Consent, which is incorporated herein by reference with the same force as if fully set forth in this Final Judgment.

VIII

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

IX

There being no just reason for delay, the clerk of the court is hereby directed, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter this Final Judgment forthwith.


UNITED STATES DISTRICT JUDGE

DATED: 5-31, 2002