

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

CHARLES RICHARD HOMA, et al.

Defendants,

and

LINDY L. GAUSE, LINDA L. NICHOLS AND
NICHOLS AND ASSOCIATES,

Relief Defendants.

99 CV 6895
Hon. Ronald A.
Guzman

DOCKETED
JUL 23 2002

ORDER OF DISGORGMENT AND CIVIL PENALTY AGAINST MICHAEL E. GAUSE

Plaintiff United States Securities and Exchange Commission ("Commission"), having filed an Amended Complaint for Temporary Restraining Order, Preliminary and Permanent Injunction, and Other Equitable Relief ("Amended Complaint"), and Defendant Michael Gause ("Gause"), having acknowledged receipt of the Amended Complaint, admitted the personal jurisdiction of this Court over him and consented to the entry of the Order of Permanent Injunction against him that the Court entered on January 14, 2000 ("Injunction Order"), and Gause having executed the Consent and Stipulation filed with the Court and incorporated herein by reference ("Consent"), and the Commission and Gause having waived the entry of Findings of Fact and Conclusions of Law as provided by Rule 52 of the Federal Rules of Civil Procedure, and Gause, without trial, argument, or adjudication of any issue of fact or law having consented to the entry of this Order of Disgorgement and Civil Penalty Against Michael E. Gause ("Disgorgement Order"), and the Court, being fully advised in the premises, hereby states:

I.

IT IS ORDERED that the Injunction Order remains in effect.

II.

IT IS FURTHER ORDERED that Gause shall pay disgorgement in the amount of \$157,993,830.25, representing his gains from the conduct alleged in the Commission's Amended Complaint in this matter, plus prejudgment interest of \$35,248,523.55.

III.

IT IS FURTHER ORDERED that Gause pay a third-tier civil penalty imposed pursuant to Section 20(d) of the Securities Act of 1933 [15 U.S.C. § 77t(d)] and Section 21(d) of the Securities Exchange Act of 1934 [15 U.S.C. § 78u(d)(3)] in the amount of \$110,000.

IV.

IT IS FURTHER ORDERED that Gause has forever disclaimed all rights, title and interest in all assets of every kind, including but not limited to real property, personal property and choses in action, previously transferred to the Receiver in the "Order Appointing Receiver for Defendant Michael Gause and Protected Entities" dated December 10, 1999, or otherwise transferred to the Receiver or which are currently being held by the Receiver or which are transferred to the Receiver in the future in order to satisfy his disgorgement obligation. No part of the receivership estate shall in any event be returned to Defendant Gause or his successors or assigns. Defendant Gause will continue to cooperate with the Receiver in the marshalling and liquidation of all such assets including the execution of

documents from time to time requested by the Receiver to evidence the transfer of such assets.

The Receiver shall have no obligation to file state or Federal Income Tax Returns for Defendant Gause or pay associated taxes. The Receiver may from time to time abandon assets determined to be of little value.

V.


IT IS FURTHER ORDERED that the attached Consent of Gause be, and hereby is, incorporated herein with the same force and effect as if fully set out.

VI.

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this action for all purposes, including enforcement of this Disgorgement Order.

VII.

IT IS FURTHER ORDERED that, there being no just reason for delay, the Clerk of the Court is hereby directed to enter this Disgorgement Order.


RONALD A. GUZMAN
UNITED STATES DISTRICT JUDGE

Dated: June 6, 2002.