

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ALEXIS A. ARLETT and
ARLETT AND ASSOCIATES, INC.,

Defendants,

and

MICHAEL H. KOCHMANN,

Relief Defendant.

CIVIL ACTION NO. 01-531 (NY)

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**ORDER OF PERMANENT INJUNCTION
(RESERVING THE ISSUES OF DISGORGEMENT AND CIVIL PENALTIES)**

Plaintiff Securities and Exchange Commission ("Commission"), having requested this Court to issue this Order of Permanent Injunction (Reserving the Issues of Disgorgement and Civil Penalties) ("Order"); and

It appearing to the Court that defendants Alexis A. Arlett ("Arlett") and Arlett and Associates, Inc. ("Arlett and Associates"), without admitting or denying the allegations in the Commission's Complaint, except as to jurisdiction, which they admit, have consented to the entry of this Order; and

It appearing that defendants Arlett and Arlett and Associates have admitted the jurisdiction of this Court over them and over the subject matter of this action, and have acknowledged service of the Summons and Complaint; and

It further appearing that there is no just reason for delay and there is sufficient basis herein for the entry of this Order;

IT IS HEREBY ORDERED THAT:

I. Defendants Arlett and Arlett and Associates, their agents, officers, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, and each of them, are permanently enjoined from, directly or indirectly, making use of any means or instruments of transportation or communication in interstate commerce, or any means or instrumentality of interstate commerce, or the mails, or any facility of any national securities exchange, in connection with the offer, purchase or sale of any security, to:

- (a) employ any devices, schemes or artifices to defraud;
- (b) obtain money or property by means of, or make, any untrue statement of a material fact or omit 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) engage in any act, transaction, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

in violation of Section 17(a) of the Securities Act of 1933, 15 U.S.C. 77q(a), Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. 78j(b), and Rule 10b-5, 17 C.F.R. 240.10b-5 thereunder.

II. Defendants Arlett and Arlett and Associates, their agents, officers, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, and each of them, are permanently enjoined from, directly or indirectly, or through aiding and abetting, making use of the mails or any means or instrumentality of interstate commerce, in connection with the conduct of business as an investment adviser, to:

- (a) employ any device, scheme, or artifice to defraud any client or prospective client;
- (b) engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon any client or prospective client;

in violation of Sections 206(1) and 206(2) of the Investment Advisers Act of 1940, 15 U.S.C. 80b-6(1) and 80b-6(2).

III. This Court shall reserve for later determination the issues of the amount of any disgorgement to be paid by defendants Arlett, Arlett and Associates, and relief defendant Michael H. Kochmann, as well as the amount of any civil penalties to be paid by defendants Arlett and Arlett and Associates.

IV. This Court shall retain jurisdiction of this action for purposes of implementing and enforcing the terms and conditions of this Order.

2/8/01
Date

Anne E. Thompson
United States District Judge