

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
FEB 25 2002

**ORDER OF PERMANENT INJUNCTION AGAINST
STEVEN SHANE NICHOLS, SAFEHARBOR ADVISORS, INC.,
BELLWETHER HOLDINGS, LLC, SOUTHWESTERN
HOLDINGS, LLC, AND TITLE HOLDINGS, LLC**

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 ("Complaint"), and Defendants Steven Shane Nichols ("Nichols"), Safeharbor Advisors, Inc. ("Safeharbor"), Bellwether Holdings, LLC ("Bellwether"), Defendant Southwestern Holdings, LLC ("Southwestern") and Defendant Title Holdings, LLC ("Title Holdings") (collectively, the "Nichols Defendants"), in their Consent and Stipulation filed with the Court and incorporated herein by reference ("Consent"), having acknowledged receipt of the Complaint and admitted the personal jurisdiction of this Court over them, and the Commission and the Nichols Defendants 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 the Nichols Defendants, without admitting or denying the allegations of the

Complaint except as to jurisdiction, and without trial, argument, or adjudication of any issue of fact or law, except for the Court's denial of the Nichols Defendants' Motion to Dismiss on August 2, 2000, having consented to the entry of this Order of Permanent Injunction, and the Court, being fully advised in the premises, hereby states:

I.

IT IS HEREBY ORDERED that Defendants Nichols, Safeharbor, Bellwether, Southwestern and Title Holdings, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order of Permanent Injunction by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from, directly or indirectly, in the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails:

- (1) employing any device, scheme or artifice to defraud;
- (2) obtaining money or property by means of 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
- (3) engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon any purchasers or prospective purchasers of any security,

in violation of Sections 17(a)(1), 17(a)(2) or 17(a)(3) of the Securities Act of 1933 [15 U.S.C. §§77q(a)(1), (2) or (3)].

II.

IT IS FURTHER ORDERED that Defendants Nichols, Safeharbor, Bellwether, Southwestern and Title Holdings, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order of Permanent Injunction by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from, directly or indirectly, in connection with the purchase or sale of securities, by the use of any means or instrumentality of interstate commerce or 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 statements made, in the light of the circumstances under which they 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,

in violation of Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. §78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. 240.10b-5].

III.

IT IS FURTHER ORDERED that Defendants Nichols and Safeharbor, their officers, agents, servants, employees, attorneys and those persons in active concert or participation with them who receive actual notice of this Order of Permanent Injunction by personal service or otherwise, and each of them, be and hereby are, permanently restrained and enjoined from, directly or indirectly, making use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security (other than commercial paper, bankers' acceptances, or commercial bills) unless they are registered in accordance with Section 15(b) of the Exchange Act [15 U.S.C. §78o(b)].

IV.

IT IS FURTHER ORDERED that Defendants Nichols and Safeharbor, their officers, agents, servants, employees, attorneys and those persons in active concert or participation with them who receive actual notice of this Order of Permanent Injunction by personal service or otherwise, and each of them, be and hereby are, permanently restrained and enjoined from, directly or indirectly, making use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security (other than commercial paper, bankers' acceptances, or commercial bills) otherwise than on a national securities exchange of which they are a member by means of any act, practice or course of business which operates or would operate as a fraud or deceit upon any person, or by means of any untrue statement of a material fact or any omission to state a

material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading, which statement or omission is made with knowledge or reasonable grounds to believe that it is untrue or misleading, in violation of Section 15(c)(1) of the Exchange Act [15 U.S.C. §78o(c)] and Rule 15c1-2 [17 C.F.R. §240.15c1-2] promulgated thereunder.

V.

IT IS FURTHER ORDERED that the Court's (1) Order Preserving Funds and Other Assets and Identifying Assets dated October 15, 1999, (2) Order Prohibiting the Alteration and Destruction of Documents dated October 15, 1999, (3) Order to Financial Institutions Freezing Accounts of Defendants dated October 18, 1999, and (4) any ancillary relief ordered as part of Judge Edelstein's Temporary Restraining Orders dated October 15 and 18, 1999, are adopted by this Court and remain in full effect unless modified by this Court.

VI.

IT IS FURTHER ORDERED that Defendants Nichols, Safeharbor, Bellwether, Southwestern, and Title Holdings disgorge all ill-gotten gains received by them as a result of the conduct alleged in the Commission's Complaint, plus prejudgment interest on those amounts. This Court will set the specific amount of disgorgement, and will determine whether to impose civil penalties on Nichols and Safeharbor, and in what amount, in a separate hearing upon due notice and motion by the Commission. At that hearing, the issues will be limited to determining (i) the amount of disgorgement to be ordered and (ii) whether civil penalties should be imposed on Nichols and Safeharbor, and the amount of any such penalties. At that

hearing, Nichols, Safeharbor, Bellwether, Southwestern and Title Holdings will be precluded from arguing that they did not violate the federal securities laws in the manner set out in the Commission's Complaint. Nothing herein shall be construed to prevent and/or otherwise bar Nichols, Safeharbor, Bellwether, Southwestern and Title Holdings from challenging the amount of disgorgement, or to prevent and/or otherwise bar Nichols and Safeharbor from challenging whether civil penalties should be imposed against them. Nothing in this Order affects Nichols's, Safeharbor's, Bellwether's, Southwestern's or Title Holdings': (i) testimonial obligations; or (ii) right to take legal positions in litigation in which the Commission is not a party.

VII.

IT IS FURTHER ORDERED that the Commission is expressly authorized to engage in continued discovery regarding any unresolved issue in the case with respect to the Nichols Defendants or any other defendant, which shall include, but not be limited to, discovery for purposes of determining the amount of ill-gotten gain and civil penalties, if any.

VIII.


IT IS FURTHER ORDERED that the attached Consent and Stipulation of Nichols, Safeharbor, Bellwether, Southwestern and Title Holdings be, and hereby is, incorporated herein with the same force and effect as if fully set out.

IX.

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

X.

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


RONALD A. GUZMAN
UNITED STATES DISTRICT JUDGE

Dated: February 22, 2002.