

UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION :

Plaintiff, :

v. :

MARIA IACOVELLI, et al. :

Defendants. :

CIVIL ACTION
NO. 1:01CV00344(GK)

FILED

DEC 12 2001

NANCY MAYER WHITTINGTON, CLERK
U.S. DISTRICT COURT

FINAL JUDGMENT AS TO RICHARD MORRISEY

Plaintiff Securities and Exchange Commission ("Commission"), having commenced this action by filing its Complaint for injunctive and other relief (the "Complaint") and subsequently filing an Amended Complaint on June 6, 2001 (the "Amended Complaint"), and defendant Richard Morrissey, individually, as custodian for Chelsea Adair Morrissey, as custodian for Eric Ryan Morrissey, and as custodian for Andrew Jason Morrissey ("Morrissey"), in his Consent and Undertakings ("Consent"), filed herewith, having waived service of original process pursuant to Fed. R. Civ. P. 4(d), having answered the Amended Complaint, having admitted to the jurisdiction of the Court over him and 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, and, solely for the purpose of this action, without admitting or denying the allegations of the Amended Complaint (except as to personal and subject matter jurisdiction, which he admits), having consented to the entry of this Final Judgment as to Richard Morrissey ("Final Judgment"), having waived any right to appeal from this Final Judgment, and it further appearing

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that this Court has jurisdiction over Morrisey and the subject matter hereof, and the Court being fully advised in the premises, **IT IS HEREBY:**

I.

ORDERED, ADJUDGED AND DECREED that Morrisey and his agents, servants, employees, attorneys-in-fact, or nominees in active concert or participation with Morrisey, who receive actual notice of this Final Judgment by personal service or otherwise, be and hereby are permanently restrained and enjoined from violating Sections 5(a) and 5(c) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. §§ 77e(a) and 77e(c)] by,

(a) Unless a registration statement is in effect as to a security, directly or indirectly --

(1) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise; or

(2) carrying or causing to be carried through the mails or interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale [as prohibited by Section 5(a)]; or

(b) Directly or indirectly, 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 security, unless a registration statement has been filed as to such security, or while a registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act. [as prohibited by Section 5(c)].

II.

ORDERED, ADJUDGED AND DECREED that Morrisey and his agents, servants, employees, attorneys-in-fact, or nominees in active concert or participation with Morrisey, who receive actual notice of this Final Judgment by personal service or otherwise, be and hereby are permanently restrained and enjoined from violating Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 CFR 240.10b-5] thereunder 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,

(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 connection with the purchase or sale of any security.

III.

FURTHER ORDERED, ADJUDGED AND DECREED that Morrisey shall disgorge \$404,722, representing \$272,182 in profits that he derived from the conduct alleged in the Amended Complaint, plus prejudgment interest thereon of \$132,540; provided, however, that based upon Morrisey's sworn Statement of Financial Condition as of June 13, 2001 and certain sworn supplemental statements, all of which were submitted to the Commission (collectively, the "Statement of Financial Condition"), his disgorgement obligation is waived but for the payment

of \$35,100 (representing transfers Morrisey made to three custodial accounts while he was insolvent) plus prejudgment interest of \$14,083, and the surrender and assignment of 200 shares of Texas Instruments stock, contingent upon the accuracy and completeness of the Statement of Financial Condition. However, if it shall appear that such financial statement was false or incomplete in any material respect when made, Defendant shall, on application by the SEC, be ordered to pay the full amount of disgorgement specified above.

IV.

FURTHER ORDERED, ADJUDGED AND DECREED that Morrisey shall deliver to the Court-appointed Receiver payments and securities (pursuant to Paragraph III of this Final Judgment) on the following schedule and in the following amounts: (i) within fifteen (15) days of the entry of the Final Judgment, surrender and assignment of 200 shares of Texas Instruments stock and (ii) within fifteen (15) days of the entry of the Final Judgment, payment of \$49,183, or at such later time as directed by the Commission or by the Court-appointed Receiver. Morrisey shall contemporaneously notify the Commission of each transfer, assignment or delivery by sending a copy of any check, money order, wire transfer or other document evidencing the transfer or assignment to: (a) Cheryl J. Scarboro, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 450 Fifth Street, N.W., Mail Stop 7-6, Washington, D.C. 20549-0706 and (b) Sherry A. Stephen, Office of the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Mail Stop 6-9, Washington, D.C. 20549-0609. The receiver shall thereafter liquidate those securities and distribute the proceeds pursuant to a plan for distribution of disgorgement funds, to be filed by the Commission or the Court-appointed Receiver with the Court, but in no event shall any of the funds, securities, or other things of

value paid, transferred, assigned, or delivered to the Court-Appointed Receiver be returned, directly or indirectly, to Morrisey, or to his nominees.

V.

FURTHER ORDERED, ADJUDGED AND DECREED that Morrisey and his agents, servants, employees, attorneys-in-fact, or nominees in active concert or participation with Morrisey, who receive actual notice of this Final Judgment by personal service or otherwise, are permanently enjoined for a period of three years from the date of this Final Judgment from destroying, mutilating, concealing, altering, or disposing of any items, including, but not limited to, any books, records, documents, contracts, agreements, assignments, obligations, tape recordings, computer media or other property, relating to the activities described in the Amended Complaint.

VI.

FURTHER ORDERED, ADJUDGED AND DECREED that Morrisey has waived any rights he or his nominees may have to make any claim against any disgorgement fund established to compensate victims of the SOE fraud, including monies held by the Court-appointed Receiver or in the registry of the Court.

VII.

FURTHER ORDERED, ADJUDGED AND DECREED that Morrisey shall comply with the annexed Consent which is incorporated herein with the same force as if fully set forth in this Final Judgment. Based on Defendant's demonstrated inability to pay, as shown by his sworn Statement of Financial Condition furnished to the SEC, the Court is not directing Defendant to pay a civil penalty pursuant to Section 20(d) of the Securities Act of 1933 (15 U.S.C. §77t(d)), Section 21(d)(3) of the Securities Exchange Act of 1934 (15 U.S.C. §78u(d)(3)), or Section 21A

of the Securities Exchange Act of 1934 (15 U.S.C. §78u-1). However, if it shall appear that such financial statement was false or incomplete in any material respect when made, Defendant shall, on application by the SEC, be ordered to pay a penalty in an amount to be set by the Court.

VIII.

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.

SO ORDERED


UNITED STATES DISTRICT JUDGE

Dated: Dec. 11, 2001
Washington, D.C.