

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

UNITED STATES SECURITIES)
AND EXCHANGE COMMISSION,)

Plaintiff,)

and)

UNSECURED CREDITORS' COMMITTEE)
OF THE CHURCH EXTENSION OF THE)
CHURCH OF GOD, INC.,)

Intervening Plaintiffs,)

CASE NO. 1:02-cv-1118-DFH-VSS

v.)

CHURCH EXTENSION OF THE CHURCH)
OF GOD, INC., UNITED MANAGEMENT)
SERVICES, INC., JAMES PERRY)
GRUBBS, and SHEARON LOUIS)
JACKSON,)

Defendants.)

FIRST MODIFIED SEPARATE FINAL JUDGMENT
AGAINST DEFENDANT J. PERRY GRUBBS

This matter having been tried by a jury, and the jury having found against defendant J. Perry Grubbs, and the court having issued its entry on equitable and financial relief and a Separate Final Judgment Against Defendant J. Perry Grubbs on December 15, 2005;

The parties thereafter having subsequently engaged in settlement discussions and reached agreement as to the terms of a First Modified Separate Final Judgment to be entered against Defendant J. Perry Grubbs and having jointly moved the court, pursuant

to Fed. R. Civ. P. 60(b), to modify and replace the Separate Final Judgment Against J. Perry Grubbs with this First Modified Separate Final Judgment Against Defendant J. Perry Grubbs; and

The court being fully apprised in the premises and finding that this First Modified Separate Final Judgment Against Defendant J. Perry Grubbs furthers the interests of justice and judicial economy in this case;

The court hereby ORDERS, ADJUDGES, AND DECREES AS FOLLOWS:

1. Defendant J. Perry Grubbs is hereby PERMANENTLY ENJOINED from violating Section 17(a) of the Securities Act of 1933, as amended, Section 10(b) of the Securities Exchange Act of 1934, as amended, and SEC Rule 10b-5, and from future service as an officer or director of any issuer of securities registered pursuant to 15 U.S.C. § 78l or of any broker-dealer required to file reports pursuant to 15 U.S.C. § 78o(d).

3. Defendant J. Perry Grubbs is ordered to pay disgorgement of \$44,500, together with prejudgment interest thereon in the amount of \$10,578, and a third tier civil penalty in the amount of \$75,000 pursuant to the Securities Enforcement Remedies and Penny Stock Reform Act of 1990. 15 U.S.C. §§ 77t(d) and 78u(d)(3)(A). Defendant J. Perry Grubbs shall satisfy this obligation by paying \$130,078 within ten business days. The payment of this monetary judgment shall be made by cashier's check, certified check or postal money order made payable to "Jeff J. Marwil, Conservator/Receiver of CE and UMS," and delivered to the Conservator appointed by the court in this lawsuit, Jeff J. Marwil, Jenner & Block LLC, One IBM Plaza, Chicago, IL 60611-7603, under cover of a letter that identifies the defendant, the name and case number of the litigation and the

court. A copy of the cover letter shall be simultaneously sent to counsel for the Commission at its Chicago office, 175 West Jackson Boulevard, Suite 900, Chicago, IL 60604. To the extent that Defendant J. Perry Grubbs has previously paid any funds into an escrow account for the purpose of satisfying his monetary obligations under this First Modified Separate Final Judgment Against J. Perry Grubbs, the escrow agent is authorized immediately to transfer such funds to the Conservator as provided in this section. By making this payment, Defendant J. Perry Grubbs relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to him. Defendant J. Perry Grubbs shall pay post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961. The Conservator shall distribute this monetary judgment to injured noteholders of Defendant Church Extension of the Church of God, *pro rata*, pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002, and in accordance with the Plan of Noteholder Repayment approved by this Court by order entered January 31, 2003. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes.

3. This First Modified Separate Final Judgment Against J. Perry Grubbs modifies and replaces the Separate Final Judgment Against J. Perry Grubbs previously entered by the court. Apart from the Separate Final Judgment Against J. Perry Grubbs, which is hereby vacated and replaced by this order, all prior orders entered by this court remain in full force and effect.

4. The Consent of Defendant J. Perry Grubbs filed in connection with this First Modified Separate Final Judgment Against J. Perry Grubbs is incorporated with this judgment with the same force and effect as if fully set forth herein.

5. The court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this First Modified Separate Final Judgment Against J. Perry Grubbs.

Date: 2/1/2007



DAVID F. HAMILTON, JUDGE
United States District Court
Southern District of Indiana

Laura Briggs, Clerk

BY: Linda S. Carmichael
Deputy Clerk, U.S. District Court

Copies to:

David T.B. Audley
CHAPMAN AND CUTLER
audley@chapman.com

Terence G. Banich, II
JENNER & BLOCK, LLD
tbanich@jenner.com

Brian C. Bosma
KROGER GARDIS & REGAS, LLP
bcb@kgrlaw.com

Ronald W. Buchmeier
HOPPER & BLACKWELL
rbuchmeier@hopperblackwell.com

Curtis J. Butcher
CURTIS J. BUTCHER & ASSOCIATES
curtisbutcherlaw@msn.com

Donald R. Carmody
CARMODY MCDONALD P.C.
120 South Central Avenue
Suite 1800
St. Louis, MO 63105

Tina K. Diamantopoulous
U.S. SECURITIES AND EXCHANGE COMMISSION
diamantopoulosk@sec.gov

Brian D. Gwitt
ICE MILLER
brian.gwitt@icemiller.com

John E. Hilton
CARMODY MACDONALD P.C.
120 S. Central Avenue
Suite 1800
St. Louis, MO 63105-1726

Jay P. Kennedy
KROGER GARDIS & REGAS

jpk@kgrlaw.com

Thomas M. Knepper
KNEPPER & GLADNEY
tk@kg-legal.com

Kenneth A. Kroot
JENNER & BLOCK LLP
kkroot@jenner.com

Tricia A. Leminger
KROGER GARDIS & REGAS
tal@kgrlaw.com

Elliott D. Levin
RUBIN & LEVIN, PC
edl@rubin-levin.net

Steven Justin Levine
SECURITIES AND EXCHANGE COMMISSION
levines@sec.gov

Frederick V. Lochbihler
CHAPMAN & CUTLER
lochbihl@chapman.com

Jeff Jacob Marwil
JENNER & BLOCK LLC
jmarwil@jenner.com

Sue Figert Meyer
RUBIN & LEVIN
sue@rubin-levin.net

Susan K. Roberts
STUART & BRANIGIN LLP
skr@stuartlaw.com

Shelley Smith
JENNER & BLOCK LLC
ssmith@jenner.com

Brian I. Swett
JENNER & BLOCK, LLC
bswett@jenner.com

John Robert Weiss
KATTEN MUCHIN ROSENMAN LLP
john.weiss@kattenlaw.com

Thomas P. Yoder
BARRETT & MCNAGNY LLP
tpy@barrettlaw.com

Peter Jonathon Young
JENNER & BLOCK, LLC
pyoung@jenner.com