

**ORIGINAL**

JS44

(Rev. 07/89)

**CIVIL COVER SHEET**

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE SECOND PAGE OF THIS FORM)

**I (a) PLAINTIFFS**  
**SECURITIES AND EXCHANGE COMMISSION**

**DEFENDANTS**  
**FIDELITY PETROLEUM CORPORATION and**  
**ROBERT R. McCLANAHAN**

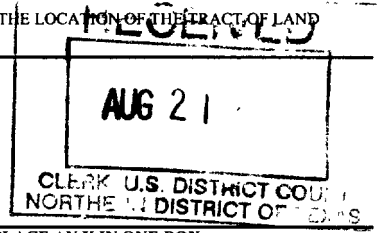
**(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF**  
 (EXCEPT IN U.S. PLAINTIFF CASES)

**COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT**  
 (IN U.S. PLAINTIFF CASES ONLY) **COLLIN COUNTY**

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED

**(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)**  
**Marc J. Blau 323-965-3998**  
**Securities and Exchange Commission**  
**5670 Wilshire Blvd., 11th Floor**  
**Los Angeles, California 90036-3648**

**ATTORNEYS (IF KNOWN)**



**II. BASIS OF JURISDICTION (PLACE AN X IN ONE BOX ONLY)**

1 U.S. Government Plaintiff       3 Federal Question (U.S. Government Not a Party)

2 U.S. Government Defendant       4 Diversity (Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN X IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)**

	PT	DEF		PT	DEF
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

**IV. CAUSE OF ACTION (CITE THE US CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE. DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY).**  
**The Complaint alleges violations of the federal securities laws.**  
**15 U.S.C. §§ 77e(a) & (c), 15 U.S.C. § 77q(a), 15 U.S.C. § 78j(b).**

**V. NATURE OF SUIT (PLACE AN X IN ONE BOX ONLY)**

CONTRACT	TORTS		FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance	<input type="checkbox"/> 310 Airplane	<input type="checkbox"/> 362 Personal Injury-Medical Malpractice	<input type="checkbox"/> 610 Agriculture	<input type="checkbox"/> 422 Appeal 28 USC 158	<input type="checkbox"/> 400 State Reappointment
<input type="checkbox"/> 120 Marine	<input type="checkbox"/> 315 Airplane Product Liability	<input type="checkbox"/> 365 Personal Injury - Product Liability	<input type="checkbox"/> 620 Other Food & Drug	<input type="checkbox"/> 423 Withdrawal 28 USC 157	<input type="checkbox"/> 410 Antitrust
<input type="checkbox"/> 130 Miller Act	<input type="checkbox"/> 320 Assault, Libel & Slander	<input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881	<b>PROPERTY RIGHTS</b>	<input type="checkbox"/> 430 Banks and Banking
<input type="checkbox"/> 140 Negotiable Instrument	<input type="checkbox"/> 330 Federal Employers' Liability	<input type="checkbox"/> 370 Other Fraud	<input type="checkbox"/> 630 Liquor Laws	<input type="checkbox"/> 820 Copyrights	<input type="checkbox"/> 450 Commerce/ICC Rates/etc
<input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment	<input type="checkbox"/> 340 Marine	<input type="checkbox"/> 371 Truth in Lending	<input type="checkbox"/> 640 RR & Truck	<input type="checkbox"/> 830 Patent	<input type="checkbox"/> 460 Deportation
<input type="checkbox"/> 151 Medicare Act	<input type="checkbox"/> 345 Marine Product Liability	<input type="checkbox"/> 380 Other Personal Property Damage	<input type="checkbox"/> 650 Airline Regs	<input type="checkbox"/> 840 Trademark	<input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations
<input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans)	<input type="checkbox"/> 350 Motor Vehicle	<input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 660 Occupational Safety/Health	<b>SOCIAL SECURITY</b>	<input type="checkbox"/> 480 Deportation
<input type="checkbox"/> 153 Recovery of Overpayment of Veterans Benefits	<input type="checkbox"/> 355 Motor Vehicle Product Liability	<input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus	<input type="checkbox"/> 680 Other	<input type="checkbox"/> 861 HIA (13958)	<input type="checkbox"/> 490 Deportation
<input type="checkbox"/> 160 Stockholders Suits	<input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 530 General	<b>LABOR</b>	<input type="checkbox"/> 862 Black Lung (923)	<input checked="" type="checkbox"/> 810 Selective Service
<input type="checkbox"/> 190 Other Contract		<input type="checkbox"/> 535 Death Penalty	<input type="checkbox"/> 710 Fair Labor Standards Act	<input type="checkbox"/> 863 DIWCDIWW (405(g))	<input type="checkbox"/> 850 Securities/Commodities Exchange
<input type="checkbox"/> 195 Contract Product Liability		<input type="checkbox"/> 540 Mandamus & Other	<input type="checkbox"/> 720 Labor/Mgmt Relations	<input type="checkbox"/> 864 SSID Title XVI	<input type="checkbox"/> 875 Customer Challenge 12 USC
<b>REAL PROPERTY</b>	<b>CIVIL RIGHTS</b>	<b>PRISONER PETITIONS</b>	<input type="checkbox"/> 730 Labor/Mgmt Reporting & Disclosure Act	<input type="checkbox"/> 865 RSI (405(e))	<input type="checkbox"/> 891 Agricultural Acts
<input type="checkbox"/> 210 Land Condemnation	<input type="checkbox"/> 441 Voting	<input type="checkbox"/> 550 Civil Rights	<input type="checkbox"/> 740 Railway Labor Act	<b>FEDERAL TAX SUITS</b>	<input type="checkbox"/> 892 Economic Stabilization Act
<input type="checkbox"/> 220 Foreclosure	<input type="checkbox"/> 442 Employment	<input type="checkbox"/> 555 Prisoner Conditions	<input type="checkbox"/> 790 Other Labor Litigation	<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)	<input type="checkbox"/> 893 Environmental Matters
<input type="checkbox"/> 230 Rent Lease & Ejectment	<input type="checkbox"/> 443 Housing/Accommodations		<input type="checkbox"/> 791 Empl. Ret. Inc Security Act	<input type="checkbox"/> 871 IRS - Third Party 26 USC 7609	<input type="checkbox"/> 894 Energy Allocation Act
<input type="checkbox"/> 240 Tort to Land	<input type="checkbox"/> 444 Welfare				<input type="checkbox"/> 895 Freedom of Information Act
<input type="checkbox"/> 245 Tort Product Liability	<input type="checkbox"/> 440 Other Civil Rights				<input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice
<input type="checkbox"/> 290 All Other Real Property					<input type="checkbox"/> 950 Constitutionality of State
					<input type="checkbox"/> 890 Other Statutory Actions

**VI. ORIGIN (PLACE AN X IN ONE BOX ONLY)**

1 Original Proceeding     2 Removal from State Court     3 Remanded from Appellate Court     4 Reinstated or Reopened     5 Transferred from another district (specify)     6 Multidistrict Litigation     7 Appeal to District Judge from Magistrate Judgment

**VII. REQUESTED IN COMPLAINT:**       CHECK IF THIS IS A CLASS ACTION UNDER f r c p. 23      **DEMAND \$**      Check YES only if demanded in complaint: **JURY DEMAND:**  YES  NO

**VIII. RELATED CASE(S) IF ANY (See Instructions):**      **JUDGE**      **Docket Number**

**DATE** 8/20/02      **SIGNATURE OF ATTORNEY OF RECORD** *M. J. Blau*

**ORIGINAL**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

vs.

FIDELITY PETROLEUM CORP. and  
ROBERT R. McCLANAHAN,

Defendants.

Civil Action No. 02-10000

FILED  
AUG 21 2002  
CLERK, U.S. DISTRICT COURT  
By \_\_\_\_\_  
Deputy

**COMPLAINT**

Plaintiff Securities and Exchange Commission ("Commission") alleges as follows:

**JURISDICTION**

1. This Court has jurisdiction over this action pursuant to Sections 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77t(d)(1) & 77v(a), Sections 21(d)(3)(A), 21(e) and 27 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d)(3)(A), 78u(e) & 78aa.
2. Venue is proper in this district pursuant to Section 22 of the Securities Act, 15 U.S.C. § 77v, and Section 27 of the Exchange Act, 15 U.S.C. § 78aa, because certain of the transactions, acts, practices and courses of conduct constituting violations of the laws alleged herein occurred within the Northern District of Texas and because certain of the defendants reside therein.

**SUMMARY**

3. This case involves the fraudulent offer and sale to nearly 300 investors of over \$4 million in securities, specifically interests in oil and gas wells, by Fidelity Petroleum Corporation ("Fidelity" or the "Company") and its president and founder, Robert R. McClanahan ("McClanahan"). From January 2000 through

August 2001, the defendants offered and sold interests in several oil and gas wells operated by Fidelity to the general public through cold call telemarketing. Using information supplied by McClanahan, Fidelity's sales representatives told investors in these calls that they would recoup their initial investment within the first five to fifteen months. Furthermore, the defendants falsely represented that an investment in Fidelity wells would yield a yearly return of between 65% and 113% of the original investment. The defendants had no reasonable basis for these projections at the time they made them. Furthermore, contrary to the defendants' representations, the yield from an investment in Fidelity's commercially productive wells never exceeded 20% and was, on some wells, below six percent. In addition, Fidelity's written offering materials contained additional misrepresentations, including among other things that investor funds for each well would be segregated.

4. Fidelity, by engaging in the above conduct, violated Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77e(a), 77e(c) and 77q(a) and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

5. McClanahan, by engaging in the above conduct, violated Sections 5(a), 5(c) and 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c) and 77q(a) and Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

### **THE DEFENDANTS**

6. Robert R. McClanahan, age 65, resides in McKinney, Texas. McClanahan founded Fidelity in November 1994, and served as its President until it ceased operations in August 2001. McClanahan controlled Fidelity. He assembled the well offering documents and directed the sales efforts.

7. Fidelity Petroleum Corporation was incorporated in Texas on May 22, 1995. Its offices were located in Plano, Texas. Fidelity was in the business of acquiring, developing, and producing oil and natural gas wells. In August 2001, Fidelity ceased operations. Fidelity has never filed a registration statement with the Commission with respect to any of the offers and/or sales of its securities.

### **GENERAL ALLEGATIONS**

#### **A. The Offerings**

8. Beginning in 1995, Fidelity offered for sale interests in several oil and gas wells it owned and operated throughout Texas. According to the offering documents, Fidelity offered investors the opportunity to purchase units, or fractions thereof, in the wells. Each unit represented a working interest in the well. During this period, Fidelity sold interests in seven wells: the Texas Belles #1, 2 and 3 and the Phoenix #1, 2, 3 and 4. Often, the Company would offer interests in more than one well simultaneously.

9. Interested investors were sent offering documents for each well, except for the Phoenix #2 and #3, which were offered to Phoenix #1 investors without offering documents. McClanahan assembled the offering documents for each of the wells. The offering documents began with a ten to fifteen page summary of the specific well written by McClanahan and Fidelity's geologists, and a generic "legal section" that McClanahan copied from offering documents used by one of his prior employers.

10. For each of the five wells, the respective offering document was virtually the same. Each offering document stated that an investor would retain a working interest in the well.

11. Although the legal section of the offering document describes the interests as a joint venture, the offering document makes clear that Fidelity was in charge of making all operational decisions concerning the wells. The offering

documents also touted Fidelity's expertise in the field, and its management's "65 years of experience in the oil and gas industry."

**B. The Proposed Defendants' Sales Efforts**

12. Led by McClanahan, Fidelity salespersons offered and sold interests in Fidelity's wells nationally through cold calling. McClanahan purchased investor leads on behalf of Fidelity from a third party.

13. McClanahan headed the sales force with one supervisor reporting directly to him. Acting with McClanahan's approval, the supervisors hired and trained the salespeople.

14. Each salesperson's training consisted of reviewing the well offering documents and listening in on a few sales calls before the new salesperson began making cold calls to potential investors. The sales force's sole job was to sell oil and gas well interests. These salespeople made between 50 and 100 cold calls per day. Many of the potential investors the salespeople contacted had never before invested in oil or gas wells.

15. Upon being hired, salespeople were given a copy of the offering document for the oil well they were to sell and a sales script. The sales script from which the salespeople read contained the basis for the oral representations made to potential investors. McClanahan wrote the script.

16. The same script was used from well to well. The sales script misrepresented the rates of return available on the well, the time it would take for an investor to recoup his or her original investment, and the success of the well.

17. One sales script instructed the salesperson to begin by offering to send the customer a copy of a "prospectus on our proven project." The caller would then summarize the well offering by explaining that an \$18,200 investment would buy a 3.00% working interest in the well. According to the script, the caller would conclude by stating: "So if you would like a 3 to 7 times return & a payout of 9

months on your initial investment, I would like to send you the prospectus on this PROVEN PROJECT."

18. Only the numbers, such as unit price, working interest percentage, amount of return and time of payout, changed between scripts. McClanahan provided all of these numbers directly to the salespeople. The numbers used in a well's script for the rate of return and time of payout were changed to conform to the number used in that well's offering document.

19. At the end of the initial call, interested investors were sent copies of the well's offering documents, which contained projections created by McClanahan. The offering document was the only written material that potential investors received from Fidelity. The offering document was largely the same from well to well. Each contained an "if/then" revenue scenario chart purporting to show potential returns on investments based upon certain hypotheticals. McClanahan supplied these potential returns.

20. Fidelity's oral solicitations differed from its offering documents in one key respect. Whereas the rates of return presented in the offering documents were specifically characterized as "projections," Fidelity's salespeople promised potential investors that they would receive the returns stated in the offering document. Investors were not given the same disclaimers over the phone as were contained in "if/then" charts printed in the offering document. In fact, McClanahan discouraged salespersons from highlighting to potential investors that the rates of return contained in the offering documents were only projections.

### **C. Misrepresentations and Omissions**

#### **1. The Defendants Misrepresented the Wells' Rates of Return**

21. From January 2000 through August 2001, the proposed defendants represented to investors, both orally and in the offering documents, that their wells could deliver a "three to seven times" return on an investment, and a steady income

stream over the next ten to fifteen years. McClanahan provided these numbers directly to the salespeople. McClanahan conservatively projected that investors could expect: (1) returns of between 72% and 228% per year; (2) a return on their initial investment within 5 to 15 months; and (3) a "95% probability of success."

22. These projections were unreasonable when originally made because, based on the Company's track record, neither Fidelity nor McClanahan had any basis to expect such a performance.

23. McClanahan knew, or was reckless in not knowing, that the projections were unrealistic and unattainable based upon his prior experience in the oil and gas industry and his experience with Fidelity's other wells. As president of the Company, McClanahan had direct access to Fidelity's books and records, and knew, or was reckless in not knowing, how the wells were performing.

24. From 1995 to 2000, Fidelity had never operated an oil well that produced returns of the magnitude represented by the salespeople to potential investors. The majority of wells Fidelity had established up to that point had either been plugged and abandoned or sold off due to low production and high maintenance costs. Only 24% of the wells Fidelity drilled were commercially productive, i.e. produced enough barrels of oil per day ("BOPD") to pay for the costs of drilling. Moreover, projecting and subsequently attaining returns in excess of 200% per year would have been nearly impossible for any oil company to attain.

25. Contrary to Fidelity's representations, returns from the wells Fidelity drilled and operated in 2000 and 2001 were not near McClanahan's projections.

26. Despite being told that they could expect to recoup their initial investment on the Texas Belle #1 within five to twelve months on production of 350 BOPD, investors received a cumulative return of 5.9% of their initial investment, attributable to the initial first few days of production. According to McClanahan, the Texas Belle #1 is now a non-producing well.

27. Investors fared only slightly better on the Texas Belle #2, which has yielded a cumulative 19.4% return on an initial investment, well short of the 145% return projected by the Company.

28. In total, between 2000 and 2001, Fidelity raised \$4,188,914.25 and made payments to investors of \$407,809 from the sale of the oil Fidelity's wells produced, a cumulative return of just over 10% on the initial investments.

**2. The Defendants Misrepresented their Segregation of Customer Funds**

29. Each offering document also assures prospective investors that each well is a separate project, and that funds invested for the well will be segregated and used only for that project. Each offering document also states that "[a]ll subscription funds received by FPC will be deposited in a special, non-interest bearing account at the Bank, and will be released to the Operator only if the Offering is completed and closed...."

30. Contrary to these representations, money invested with Fidelity was commingled into the same general bank account McClanahan opened in February 1998. McClanahan was the sole signatory on the account. Investor money was used to fund Fidelity's operations, regardless of the well it was originally intended for.

31. McClanahan told six investors during a face-to-face meeting in June 2001 that their money had been deposited into a segregated bank account, when in fact it had not been.

**3. The Defendants Falsely Stated That the Texas Belle #1 Had Been a Success**

32. In late June 2000, Fidelity began soliciting investors in the Texas Belle #2 oil well. Fidelity claimed in the Texas Belle #2 offering document that it was moving "150 [feet] away from the Texas Belle #1 to drill the Texas Belle #2,"



and that the #2 "should produce oil in the 100-200 barrels of oil per day range . . . ." The Texas Belle #2 offering document portrays the Texas Belle #1 as a successful well because the #1 "will pay out in less than six months with many years of production a virtual certainty."

33. This statement, written by McClanahan, was false when published. The actual location of the Texas Belle #2 is in another county, 150 miles from the site of the Texas Belle #1, rather than 150 feet away.

34. As of the date the offering document was sent to investors, the defendants knew the Texas Belle #1 would never be a commercially producing well. In June 2000, at the same time the Company was soliciting investors in the Texas Belle #2, McClanahan informed Fidelity employees that the Texas Belle #1 would never be a commercially productive well.

### **FIRST CLAIM FOR RELIEF**

#### **UNREGISTERED OFFER AND SALE OF SECURITIES**

##### **Violations of Section 5(a) and 5(c) of the Securities Act**

(Against Fidelity and McClanahan)

35. Paragraphs 1 through 34 are realleged and incorporated herein by reference.

36. Defendants Fidelity and McClanahan, by engaging in the conduct described above, directly or indirectly:

- a. made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell securities in the form of oil and gas interests through the use or medium of a prospectus or otherwise;
- b. carried or caused to be carried through the mails or in interstate commerce, by means or instruments of transportation, such securities for the purpose of sale or for delivery after sale; and

- c. made use of 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, such securities.

37. No registration statement has been filed with the Commission or has been in effect with respect to the above securities.

38. By reason of the foregoing, Fidelity and McClanahan violated, and unless restrained and enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) & 77e(c).

### **SECOND CLAIM FOR RELIEF**

### **FRAUD IN THE OFFER OR SALE OF SECURITIES**

#### **Violations of Section 17(a) of the Securities Act**

#### **(Against Fidelity and McClanahan)**

39. Paragraphs 1 through 34 are realleged and incorporated herein by reference.

40. Defendants Fidelity and McClanahan, by engaging in the conduct described above, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or by the use of the mails:

- a. with scienter, employed devices, schemes or artifices to defraud;
- b. obtained money or property by means of untrue statements of material fact or by omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- c. engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon the

purchasers of such securities.

41. By reason of the foregoing, Defendants Fidelity and McClanahan violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

**THIRD CLAIM FOR RELIEF**  
**FRAUD IN CONNECTION WITH THE**  
**PURCHASE OR SALE OF SECURITIES**  
**Violations of Section 10(b) of the Exchange Act**  
**and Rule 10b-5 thereunder**  
**(Against Fidelity and McClanahan)**

42. Paragraphs 1 through 34 are realleged and incorporated herein by reference.

43. Defendants Fidelity and McClanahan, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, or of the mails, or of a facility of a national securities exchange, with scienter:

- a. employed devices, schemes or artifices to defraud;
- b. made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- c. engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon other persons.

44. By reason of the foregoing, Defendants Fidelity and McClanahan violated and, unless permanently enjoined, will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b) and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that this Court:

**I.**

Issue findings of fact and conclusions of law that Defendants Fidelity and McClanahan engaged in the alleged violations.

**II.**

Issue orders permanently enjoining Defendants Fidelity and McClanahan, and their officers, agents, servants, employees, and attorneys-in-fact, and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating, directly or indirectly, Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

**III.**

Enter an order that Defendant Fidelity disgorge all profits gained directly or indirectly from the illegal conduct, together with prejudgment interest thereon.

**IV.**

Enter an order that Defendant McClanahan pay civil penalties pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act.

**V.**

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

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VI.

Grant such other and further relief as this Court may determine to be just and necessary.

DATED: August 20, 2002



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MARC J. BLAU  
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