

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA

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U.S. DISTRICT COURT
W. DIST. OF N.C.

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

5.

LINVILLE GROUP, LLC
THE LINVILLE LONG-TERM GROWTH FUND,
THE LINVILLE SHORT-TERM FUND,
JAMES REUBEN BURTON, JR., and
CLIFFORD RAY BURTON I,

Defendants.

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: Civil Action No.
: 3:01 CV 332-MU

FINAL JUDGMENT AS TO CLIFFORD RAY BURTON I

Plaintiff SECURITIES AND EXCHANGE COMMISSION (the "COMMISSION") having commenced this action on June 14, 2001 by filing a COMPLAINT, having filed and served an AMENDED COMPLAINT (the COMPLAINT and the AMENDED COMPLAINT are collectively referred to herein as the "COMPLAINT"), and Defendant CLIFFORD RAY BURTON I having entered a general appearance; consented to entry of this FINAL JUDGMENT (the "FINAL JUDGMENT") without admitting or denying the allegations of the COMPLAINT (except as to jurisdiction), waived findings of fact and conclusions of law; and waived any right to appeal from this FINAL JUDGMENT:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that CLIFFORD RAY BURTON I, his officers, agents, servants, employees, attorneys, successors-in-interest, and those persons in active concert or participation with him who receive actual notice of this FINAL JUDGMENT by personal service or otherwise, and each of them, shall be and hereby are enjoined from, unless a registration statement is in effect as to a security, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly: (1) selling such security through the use or medium of any prospectus or otherwise; (2) carrying or causing to be carried through the mails or in interstate commerce any such security for the purpose of sale or for delivery after sale; or (3) offering to sell or offering to buy through the use or medium of any prospectus or otherwise any such security, in violation of Section 5(a) or (c) of the Securities Act of 1933 [15 U.S.C. § 77e(a) & (c)].

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that CLIFFORD RAY BURTON I, his officers, agents, servants, employees, attorneys, successors-in-interest, and those persons in active concert or participation with him who receive actual notice of

this FINAL JUDGMENT by personal service or otherwise, and each of them, shall be and hereby are enjoined from, unless they are registered as a broker or dealer in accordance with Section 15(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78o(b)], making use of the mails or any means or instrumentality of interstate commerce, to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills), in violation of Section 15(a)(1) of the Securities Exchange Act of 1934 [15 U.S.C. § 78o(a)(1)].

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that CLIFFORD RAY BURTON I, his officers, agents, servants, employees, attorneys, successors-in-interest, and those persons in active concert or participation with him who receive actual notice of this FINAL JUDGMENT by personal service or otherwise, and each of them, shall be and hereby are enjoined from, by use of the mails or any means or instrumentality of interstate commerce, and in connection with the offer or sale of any security, directly or indirectly: (1) employing any device, scheme, or artifice to defraud; (2) obtaining money or property by means of any untrue

statement of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or (3) engaging in any transaction, practice, or course of business which would operate as a fraud or deceit upon the offerees of any such security, in violation of Section 17(a)(1), (2) and (3) of the Securities Act of 1933 [15 U.S.C. § 77q(a)(1), (2) and (3)].

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that CLIFFORD RAY BURTON I, his officers, agents, servants, employees, attorneys, successors-in-interest, and those persons in active concert or participation with him who receive actual notice of this FINAL JUDGMENT by personal service or otherwise, and each of them, shall be and hereby are enjoined from, by use of the mails or any means or instrumentality of interstate commerce, and in connection with the purchase or sale of any security, directly or indirectly: (1) employing any device, scheme, or artifice to defraud; (2) making any untrue statement of material fact or omitting to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or (3) engaging in any act, practice or course of business which 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 [17 C.F.R. § 240.10b-5].

v.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that based on CLIFFORD RAY BURTON I's sworn representations in his Statement of Financial Condition dated September 20, 2003, and on other documents and information submitted to the COMMISSION, the Court is not ordering CLIFFORD RAY BURTON I to pay a civil penalty, and payment of disgorgement and prejudgment interest is hereby waived, with the exception of the approximately \$300,000-worth of assets seized by the Federal Bureau of Investigation in the parallel criminal case. The determination not to impose a civil penalty and to waive payment of disgorgement and prejudgment interest except as provided above is contingent on the accuracy and completeness of CLIFFORD RAY BURTON I's Statement of Financial Condition. If at any time following the entry of this FINAL JUDGMENT the COMMISSION obtains information indicating that CLIFFORD RAY BURTON I's representations to the COMMISSION concerning his assets, income, liabilities or net worth were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were

made, the COMMISSION may, at its sole discretion and without prior notice to CLIFFORD RAY BURTON I, petition the Court for an order requiring CLIFFORD RAY BURTON I to pay the unpaid portion of the disgorgement, prejudgment and postjudgment interest thereon, and the maximum civil penalty allowable under the law. In connection with any such petition, the only issue shall be whether the financial information provided by CLIFFORD RAY BURTON I was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such information was provided. In its petition, the COMMISSION may move this Court to consider all available remedies including, but not limited to, ordering CLIFFORD RAY BURTON I to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this FINAL JUDGMENT. The COMMISSION may also request additional discovery. CLIFFORD RAY BURTON I may not, by way of defense to such petition: (1) challenge the validity of his CONSENT or the FINAL JUDGMENT; (2) contest the allegations in the COMPLAINT; (3) assert that payment of disgorgement, prejudgment interest and postjudgment interest or a civil penalty should not be ordered; (4) contest the amount of disgorgement and prejudgment and postjudgment interest; (5) contest the imposition of the maximum civil penalty allowable under the law; or (6) assert any defense

to liability or remedy including, but not limited to, any statute of limitations defense.

VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that the annexed CONSENT AND UNDERTAKING OF CLIFFORD RAY BURTON I (the "CONSENT") is incorporated herein with the same force and effect as if fully set forth herein, and that CLIFFORD RAY BURTON I shall comply with all of the undertakings and agreements set forth therein.

VII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that nothing in this Final Judgment shall abrogate or diminish the COMMISSION's right to pursue claims against persons who received loans or other payments from any of the defendants.


VIII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that CLIFFORD RAY BURTON I and the COMMISSION shall bear their own costs, attorneys' fees and expenses incurred in connection with this civil action.

IX.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that the Court retains jurisdiction of this case for all purposes, including implementation and enforcement of this FINAL JUDGMENT.

Dated: February *H*, 2004



GRAHAM C. MULLEN
CHIEF UNITED STATES DISTRICT JUDGE

JUDGMENT ENTERED:

United States District Court
for the
Western District of North Carolina
February 11, 2004

* * MAILING CERTIFICATE OF CLERK * *

Re: 3:01-cv-00332

True and correct copies of the attached were mailed by the clerk to the following:

Richard E. Simpson, Esq.
Securities and Exchange Commission
450 Fifth Street NW
Washington, DC 20549-0808

William R. Baker III, Esq.
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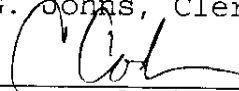
Mary E. Gardner, Esq.
Securities and Exchange Commission
450 Fifth Street NW
Washington, DC 20549-0808

Clifford Ray Burton I
124 Prescott Drive
Durham, NC 27712

cc:
Judge ()
Magistrate Judge ()
U.S. Marshal ()
Probation ()
U.S. Attorney ()
Atty. for Deft. ()
Defendant ()
Warden ()
Bureau of Prisons ()
Court Reporter ()
Courtroom Deputy ()
Orig-Security ()
Bankruptcy Clerk's Ofc. ()
Other _____ ()

Date: 2/11/04

Frank G. Johns, Clerk

By: 
Deputy Clerk