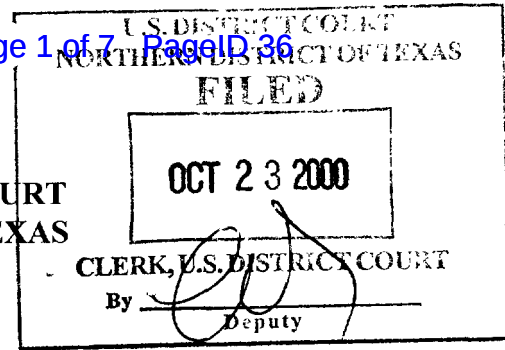


ORIGINAL

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



SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

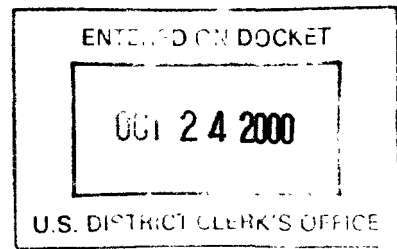
GENE IRVING GARLAND, JR.

individually and doing business as
ASSOCIATION FOR RETIRED PERSONS
FINANCIAL SERVICES; and

SHARLA DAWN HOLLAND,

Defendants.

Civil Action No.
3-00CV1149-X



FINAL JUDGMENT BY DEFAULT AS TO GENE IRVING GARLAND, JR.

This matter came before this Court on the motion of plaintiff, Securities and Exchange Commission, seeking entry of a final judgment by default, providing it with the relief requested in its Complaint against defendant Gene Irving Garland, Jr., by reason of his failure to answer the Commission's Complaint, or otherwise appear in or defend this civil action.

This Court having considered the pleadings and declarations on file herein, makes the following findings of fact and conclusions of law:

1. The Commission's Complaint commencing this civil action against the defendants was filed on May 31, 2000, and Mr. Garland was served with the Commission's Complaint and this Court's Summons and Order on that day.

2. Mr. Garland has not filed an answer to the Commission's Complaint, has not provided the accounting ordered by this Court, has not filed papers in opposition to the

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Commission's Motion for Preliminary Injunction, failed to appear at his noticed deposition, has not answered the Commission's request for admissions, has not responded to correspondence addressed to him and has not otherwise appeared before this Court to defend in this cause.

3. Mr. Garland is neither an infant, nor incompetent. He is not eligible for relief under the Soldiers' and Sailors' Civil Relief Act of 1940 [50 U.S.C. Appendix, § 501 et seq.].

4. The Court has personal jurisdiction over Mr. Garland, and subject matter jurisdiction over this action. Venue is proper in this district.

5. The Commission is entitled to entry of an order that permanently restrains and enjoins Mr. Garland from engaging in transactions, acts, practices and courses of business which constitute and would constitute violations, of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933, as amended ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)], and from engaging in violations of Section 10(b) of the Securities Exchange Act of 1934, as amended ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5].

6. The Commission is entitled to entry of an order that directs Mr. Garland to pay disgorgement in the amount of \$1,710,674.07, representing the amount paid or attributable to him from the proceeds of unlawful securities transactions set out in the Commission's Complaint, and prejudgment interest accrued at the rate permitted by law, from the date the funds were received through the date of its motion, in the amount of \$319,807.87. As established in the declaration of Keith Hunter, which was provided as an exhibit to the Commission's motion papers, the appropriate disgorgement amount is a readily calculable sum, taken from bank records and other financial information obtained by the Commission in its investigation; the disgorgement calculation provided by the Commission in its moving papers represents an appropriate computation of the

proceeds paid to or attributable to Mr. Garland from the unlawful activities described in the Commission's Complaint.

7. The Commission is entitled to recover a civil penalty from Mr. Garland, pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act, because his violations of the federal securities laws, as described in the Commission's Complaint, (a) involved fraud, deceit and a deliberate or reckless disregard of regulatory requirements, and (b) directly or indirectly resulted in substantial losses to investors or, at least, created a significant risk of substantial losses to investors. The Commission has requested that this Court consider the costs and expenses it incurred in investigating and commencing civil prosecution of this matter, to avoid any possible application of the Double Jeopardy Clause of the 5th Amendment, see, U.S. v. Halper, 490 U.S. 435, 109 S.Ct. 1892 (1989); U.S. v. Furlett, 974 F.2d 839 (7th Cir. 1992); SEC v. Bilzarian, 814 F.Supp. 116 (D.D.C. 1993), and has provided the Court with a declaration setting out the number of hours spent investigating and prosecuting this matter by its staff, with hourly rates. The Court has considered such information in assessing the civil money penalty hereby ordered.

On the basis of the foregoing findings of fact and conclusions of law, it is therefore ORDERED:

I.

Mr. Garland, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, are hereby restrained and enjoined from, directly or indirectly, in connection with the purchase or sale of securities, in the form of investment contracts, or any other security, making use of any means or instrumentality of interstate commerce or of the mails:

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- (a) to employ any device, scheme or artifice to defraud;
- (b) to make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

II.

Mr. Garland, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, are hereby restrained and enjoined in the offer or sale of securities, in the form of investment contracts, or any other type of security, from making use of any means or instruments of transportation or communication in interstate commerce, or the mails, directly or indirectly:

- (a) to employ any device, scheme or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) to engage in any transactions, practices or courses of business which operate or would operate as a fraud or deceit upon any person.

III.

Mr. Garland, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, are hereby restrained and enjoined in the offer or sale of securities, in the form of

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investment contracts, or any other type of security, from making use of any means or instruments of transportation or communication in interstate commerce, or the mails, directly or indirectly, in the absence of any applicable exemption;

(i) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell the securities of any issuer, through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect as to such securities;

(ii) carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, the securities of any issuer, unless and until a registration statement is in effect as to such securities; or

(iii) 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 the securities of any issuer, unless and until a registration statement has been filed with the Commission as to such securities, or while a registration statement as to such securities has been the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding of examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

IV.

Mr. Garland shall pay disgorgement in the amount of \$1,710,674.07, representing the proceeds paid or attributable to him from the conduct described in the Commission's Complaint, plus prejudgment interest thereon in the amount of \$319,807.87. Within 30 days from entry of this

judgment, Mr. Garland shall pay to the Registry of this Court by cashier's check or certified check payable to "Clerk, United States District Court" the full amount of disgorgement and prejudgment interest specified above, and post-judgment interest calculated pursuant to 28 U.S.C. 1961. Upon such payment, the Court shall, by further order upon application of the Commission, direct payment of such funds to the investors.

V.

A civil penalty shall be imposed upon Mr. Garland pursuant to the provisions of Section 20(d) of the Securities Act of 1933,[15 U.S.C. §77t(d)], and Section 21(d)(3) of the Securities Exchange Act of 1934,[15 U.S.C. §78u(d)(3)]. Within 90 days of the entry of this Final Judgment, Mr. Garland shall pay a civil money penalty in the amount of \$15,877 to the United States Treasury. The payment shall be in the form of a cashiers check, certified check or postal money order made payable to the "Securities and Exchange Commission." The check or money order shall be hand-delivered or mailed to the Comptroller, Securities and Exchange Commission, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and submitted under cover of a letter that identifies Mr. Garland, the caption and case number of this action, and the name of the Court. A copy of the cover letter and check shall be sent to Harold F. Degenhardt, District Administrator, Securities and Exchange Commission, Fort Worth District Office, 801 Cherry Street, 19th Floor, Fort Worth, TX 76102. At such time as said monies are paid to the Commission, Mr. Garland relinquishes all legal and equitable right, title, and interest in those funds and no part of such monies shall be returned to Mr. Garland or his affiliates, heirs, successors, or assigns.

VI.

This Court shall retain jurisdiction over this action for all purposes, including for purposes of entertaining any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court, including but not limited to the relief requested by the Commission in its Complaint.

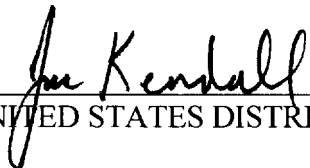
VII.

This Order may be served upon Mr. Garland in person or by mail either by the United States Marshal, the Clerk of the Court, or any member of the staff of the Securities and Exchange Commission.

VIII.

There being no just reason for delay, the Clerk of this Court is hereby directed to enter this Order pursuant to rules 58 and 79, FED. R. CIV. P., 28 U.S.C.A.

SIGNED this 20th day of October, 2000.



UNITED STATES DISTRICT JUDGE