

IN THE UNITED STATES DISTRICT COURT ~~OF~~ **UNITED STATES COURTS**  
SOUTHERN DISTRICT OF TEXAS **SOUTHERN DISTRICT OF TEXAS**  
HOUSTON DIVISION **ENTERED**

MAY 30 2000

\_\_\_\_\_  
SECURITIES AND EXCHANGE COMMISSION, :  
 :  
Plaintiff, :  
vs. :  
C. WILLIAM COX, :  
 :  
Defendant. :

MICHAEL N. MILBY, CLERK OF COURT

No.

**H-00-1705**

**FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER  
EQUITABLE RELIEF AGAINST C. WILLIAM COX**

Plaintiff Securities and Exchange Commission ("Commission"), having filed its Complaint in this matter and defendant C. William Cox ("Cox"), through his Stipulation and Consent ("Consent"), having admitted service of the Complaint and waived service of the summons, having admitted the jurisdiction of this Court over him, having waived the entry of findings of facts and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, having entered into his Consent voluntarily, no threats, promises of immunity or assurances having been made by the Commission or by any of its members, officers, agents or representatives to induce Cox to enter into his Consent, having consented, without admitting or denying any of the allegations in the Commission's Complaint, except as to jurisdiction as set forth above, to entry without further notice of this Final Judgment of Permanent Injunction and Other Equitable Relief ("Final Judgment") enjoining defendant Cox from engaging in transactions, acts, practices and courses of business which constitute and would constitute violations of Sections 10(b), 13(a),

4

13(b)(2)(A) and 13(b)(5) of the Securities Exchange Act of 1934 (the "Exchange Act"), [15 U.S.C. §§78j(b), 78m(a), 78m(b)(2)(A) and 78m(b)(5)], and Rules 10b-5, 13a-1, 13a-13, 12b-20, 13b2-1 and 13b2-2 [17 C.F.R. §§240.10b-5, 240.13a-1, 240.13a-13, 240.12b-20, 240.13b2-1 and 240.13b2-2] promulgated thereunder; and it further appearing that this Court has jurisdiction over defendant Cox and over the subject matter of this action and that no further notice of hearing for the entry of this Final Judgment need be given; and the Court being fully advised in the premises:

I.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that defendant Cox and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him 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 Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5], promulgated thereunder, directly or indirectly, in connection with the purchase or sale of securities, in the form of common stock or any other security, from making use of any means or instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange:

- (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 the 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.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant Cox and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of this order by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 13a-1, 13a-13, and 12b-20 [17 C.F.R. §§ 240.13a-1, 240.13a-13, and 240.12b-20] promulgated thereunder by directly or indirectly, or by aiding and abetting:

a. filing or causing to be filed with the SEC any annual or quarterly report on behalf of any issuer, required to be filed with the SEC pursuant to Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and the rules and regulations promulgated thereunder, which contains any untrue statement of material fact, which omits to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or which omits to disclose any information required to be disclosed; or

b. failing to add such further material information to any annual or quarterly report filed on behalf of any issuer, as may be necessary, to make the required statements, in the light of the circumstances under which they are made not misleading.

## III.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant Cox and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of this order by personal service or

otherwise, and each of them, be and hereby are permanently restrained and enjoined from violations of Sections 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)], and Rule 13b2-1 [17 C.F.R. §240.13b2-1] promulgated thereunder, by directly or indirectly failing to circumvent or knowingly fail to implement a system of internal accounting controls or knowingly falsify any book, record, or account described in Section 13(b)(2) of the Exchange Act [15 U.S.C. § 78m(b)(2)].

#### IV.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant Cox and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of this order by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from violations of Sections 13(b)(2)(A) [15 U.S.C. §78m(b)(2)(A)], and Rule 13b2-1 [17 C.F.R. §240.13b2-1 promulgated thereunder, by directly or indirectly, or by aiding and abetting:

a) failing to:

(i) make and keep accurate books, records and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer; or

(ii) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: transactions are executed in accordance with management's general or specific authorization; transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for

assets; access to assets is permitted only in accordance with management's general or specific authorization; and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

V.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant Cox and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of this order by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from violations of Section 13(b)(2) of the Exchange Act [15 U.S.C. §§78m(b)(2)], and Rule 13b2-2 [17 C.F.R. § 240.13b2-2] promulgated thereunder, by directly or indirectly:

- a) making or causing to be made a materially false or misleading statement, or
- b) omitting to state, or causing another to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which they were made, not misleading to an accountant in connection with (1) any audit or examination of the financial statements of the issuer required to be made pursuant to Section 13(a) of the Exchange Act or (2) the preparation or filing of any document or report required to be filed with the Commission pursuant to Section 13 of the Exchange Act or otherwise.

## VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, based upon defendant Cox's sworn representations in his Sworn Statement of Financial Condition dated the 10<sup>th</sup> day of February, 2000, and submitted to the Commission, the Court is not ordering him to pay a civil money penalty pursuant to the provisions of Section 20(d) of Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)]. The determination not to impose a civil penalty is contingent upon the accuracy and completeness of defendant Cox's Sworn Statement of Financial Condition. If at any time following the entry of this Final Judgment the Commission obtains information indicating that defendant Cox'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 Cox, petition this Court for an order requiring Cox to pay a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by defendant Cox was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of civil penalty to be imposed. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering defendant Cox to turn over funds and assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment, and the Commission may also request additional discovery. Defendant Cox may not, by way of defense to such petition, challenge the validity of his Consent or this Final Judgment, contest the allegations in the Complaint filed by the Commission or contend that the payment of a civil penalty should not be ordered.

## VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Cox, his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him, and each of them, be and they hereby are permanently enjoined and restrained from acting as a director or officer of any issuer having a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 781] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

## VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Consent filed herein be, and the same is hereby, incorporated in this Final Judgment with the same force and effect as if fully set forth herein.

## IX.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction of 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 in this action.


## X.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Final Judgment may be served upon defendant Cox in person or by mail either by the United States marshal, by the Clerk of the Court or by any member of the staff of the Commission.

## IX.

There being no just reason for delay, the Clerk of this Court is hereby directed to enter this Final Judgment pursuant to Rule 54 of the Federal Rules of Civil Procedure.

DATED and SIGNED this 26<sup>TH</sup> day of May, 2000.

  
UNITED STATES DISTRICT JUDGE