

ORIGINAL

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

U.S. DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
**FILED**  
DEC 6 1996  
NANCY DOHERTY, CLERK  
BY \_\_\_\_\_ Deputy

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

GEOFFREY PAUL ADAMS,  
MICHAEL DONALD MCGAHEE,  
GPA GROWTH FUND, an unincorporated  
association,

Defendants.

CIVIL ACTION NO.  
3:96-CV0300-H

ENTERED ON DOCKET  
12-9-96 PURSUANT  
TO F. R. C. P. RULES  
58 AND 79a

**FINAL JUDGMENT OF PERMANENT INJUNCTION  
AND OTHER EQUITABLE RELIEF AS TO  
DEFENDANT MICHAEL DONALD MCGAHEE**

Plaintiff, Securities and Exchange Commission ("Commission"), having filed its Complaint for Permanent Injunction and other Equitable Relief in this matter, and defendant Michael Donald McGahee ("McGahee"), having waived the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure; and, without admitting or denying any of the allegations of the Complaint, having consented to the entry without further notice of this Final Judgment of Permanent Injunction and Other Equitable Relief ("Final Judgment"), enjoining McGahee from engaging in transactions, acts, practices and courses of business which constitute and would constitute violations of Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 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]. It further appearing that this

*[Handwritten mark]*

Court has jurisdiction over McGahee and the subject matter of this action; and it appearing 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 that defendant McGahee, his respective officers, agents, servants, employees, attorneys, and all 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 enjoined, directly or indirectly, in connection with the purchase or sale of securities, from making use of any means or instrumentalities of interstate commerce, or of the mails or of any facility of a national securities exchange:

(a) to employ any device, scheme or artifice to defraud;  
or

(b) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person; or

(c) 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.

II.

IT IS FURTHER ORDERED that defendant McGahee, and his respective officers, agents, servants, employees, attorneys, and all persons in active concert or participation with him, who

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receive actual notice of this Order by personal service or otherwise, and each of them, be and hereby are enjoined, in the offer or sale of securities, from making use of any means or instruments of transportation or communication in interstate commerce, or of the mails, directly or indirectly:

- (a) to employ any device, scheme or artifice to defraud;
- (b) to engage in any transactions, practices or courses of business which operate or would operate as a fraud or deceit;  
or
- (c) 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 the light of the circumstances under which they were made, not misleading.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that McGahee pay disgorgement in the amount of \$35,659.00, representing his gains from the conduct alleged in the Complaint, plus pre-judgment interest thereon in the amount of \$3,522.00. Based on McGahee's sworn representations in his Statement of Financial Condition dated August 13, 1996, and submitted to the Commission, payment of all but \$8,400.00 of the disgorgement and pre-judgment interest thereon is waived, contingent upon the accuracy and completeness of McGahee's Statement of Financial Condition.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that based upon McGahee's sworn representations in his Statement of Financial Condition dated August 13, 1996, and submitted to the Commission, the Court is not ordering him to pay a civil money penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21 of the Exchange Act [15 U.S.C. § 78u]. The determination not to impose a civil penalty and to waive payment of all but \$8,400.00 of the disgorgement and pre-judgment interest thereon is contingent upon the accuracy and completeness of his Statement of Financial Condition.

If at any time following the entry of this Final Judgment the Commission obtains information indicating that McGahee'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 McGahee, petition this Court for an order requiring McGahee to pay the disgorgement, pre-judgment and post-judgment interest thereon, and a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by McGahee 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 McGahee to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment, and the Commission may also request additional discovery. McGahee may not, by way of defense to such petition, challenge the validity of this Consent or the Final Judgment, contest the allegations in the Complaint filed by the Commission, the amount of disgorgement and interest, or assert that disgorgement or the payment of a civil penalty should not be ordered.

VII.

IT IS FURTHER ORDERED that the Consent of defendant McGahee 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.

VIII.


IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this matter and over defendant McGahee for purposes of enforcing the terms of this Final Judgment and for all other purposes.

IX.

IT IS FURTHER ORDERED that this Final Judgment of Permanent Injunction and Other Equitable Relief may be served upon defendant McGahee 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.


ENTERED on this 6 day of DEC., 1996.

  
\_\_\_\_\_  
Barefoot Sanders  
UNITED STATES DISTRICT JUDGE

**Agreed as to Form and Content:**

  
\_\_\_\_\_  
Michael Donald McGahee

**Approved as to Form:**

  
\_\_\_\_\_  
Brian S. Hellberg, Esq.  
Attorney for Defendant  
Michael Donald McGahee

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Michael Donald McGahee