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UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
Tampa Division

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

MORGAN FINANCIAL SERVICES, INC. and  
CHARLES F. MORGAN,

Defendants,

) CASE NO.  
) 8:01 CV 1667-T-23  
) TGW

**FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF**

Plaintiff Securities and Exchange Commission (“SEC” or “Commission”) commenced this action by filing its Complaint against Defendants Morgan Financial Services, Inc., a Florida corporation (“MFS”) and Charles F. Morgan (“Morgan”) (collectively, “Defendants”). In its Complaint, the Commission sought a permanent injunction to enjoin violations by Defendants of Sections 5(a), 5(c), 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder. The Commission also sought other relief against Defendants in the form of disgorgement with prejudgment interest and civil money penalties.

Defendants, by the Consent annexed hereto, without admitting or denying any of the allegations in the Complaint filed by the Commission, except that they are admitting the allegations as to the jurisdiction of this Court over them and over the subject matter of this action, and as to venue, have agreed to the entry of this Final Judgment of Permanent Injunction And Other Relief (“Judgment”). This Court having accepted such Consent and having

jurisdiction over Defendants and the subject matter hereof, and the Court being fully advised in the premises:

**I.**

**VIOLATION OF SECTIONS 5(a) AND 5(c)  
OF THE SECURITIES ACT OF 1933**

**IT IS HEREBY ORDERED, ADJUDGED AND DECREED** that Defendants Morgan and MFS, their officers, agents, servants, employees, representatives, and all persons in active concert or participation with them, and each of them, be and they hereby are, permanently restrained and enjoined from, directly or indirectly, singly or in concert, as aiders and abettors or otherwise from:

a) making use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities through the use or medium of a prospectus or otherwise;

b) carrying securities or causing such securities to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; and

b) making use of the 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;

without a registration statement having been filed or being in effect with the Commission as to such securities or transactions in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

**II**

**VIOLATION OF SECTIONS 17(a)(1), 17(a)(2)  
AND 17(a)(3) OF THE SECURITIES ACT OF 1933**

**IT IS HEREBY ORDERED, ADJUDGED AND DECREED** that Defendants Morgan and MFS, their officers, agents, servants, employees, representatives, and all persons in active concert or participation with them, and each of them, be and they hereby are, permanently restrained and enjoined from, directly or indirectly, singly or in concert, as aiders and abettors or otherwise, in the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails:

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

(b) obtaining money or property by means of any untrue statement of 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) engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon purchasers or prospective purchasers of any such securities;

in violation of Sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1), 77q(a)(2) and 77q(a)(3).

**III.**

**VIOLATION OF SECTION 10(b) OF  
THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10b-5 THEREUNDER**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED** that Defendants Morgan and MFS, their officers, agents, servants, employees, representatives, and all

persons in active concert or participation with them, and each of them, be and they hereby are, permanently restrained and enjoined from, directly or indirectly, singly or in concert, as aiders and abettors or otherwise, in connection with the purchase or sale of any security by use of any means or instrumentality of interstate commerce or of the mails, or by use of any facility of any national securities exchange:

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

(b) making any untrue statement of a material fact or omitting 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) engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person;

in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

#### IV.

#### DISGORGEMENT

**IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED** that Morgan and MFS shall pay disgorgement, jointly and severally, in the amount of \$1,736,699, representing their ill-gotten gains from the conduct alleged in the Complaint, and shall further pay prejudgment interest thereon. Based upon Morgan and MFS' sworn representations in their respective Statements of Financial Condition dated January 22, 2001, supplemented on March 29, 2001, and submitted to the Commission, payment of all of the disgorgement and prejudgment interest thereon

is waived, contingent upon the accuracy and completeness of the Statements of Financial Condition. If at any time following the entry of this Final Judgment the Commission obtains information indicating that either Defendant's representations to the Commission concerning his or its 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 Defendant, petition this Court for an order requiring Morgan and/or MFS to pay the disgorgement, prejudgment and postjudgment interest thereon. In connection with any such petition, the only issue shall be whether the financial information provided by Morgan and/or MFS was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Morgan and/or MFS 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. Morgan and/or MFS may not, by way of defense to such petition, challenge the validity of his or its Consent or the Judgment, contest the allegations in the Complaint filed by the Commission, contest the amount of disgorgement and interest, or assert that disgorgement should not be ordered.

V.

**PENALTIES**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED** that based upon Morgan and MFS' sworn representations in their Statements of Financial Condition dated January 22, 2001, supplemented on March 29, 2001, and submitted to the Commission, the Court is not ordering either of them to pay a civil penalty pursuant to the Securities Enforcement Remedies and Penny Stock Reform Act of 1990. The determination not to impose a civil penalty is contingent upon the accuracy and completeness of the Statements of Financial Condition. If at any time following the entry of this Judgment the Commission obtains information indicating that either Defendant's representations to the Commission concerning his or its 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 Defendant, petition this Court for an order requiring Morgan and/or MFS to pay a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by Morgan and/or MFS 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 Morgan and/or MFS to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Judgment, and the Commission may also request additional discovery. Morgan and/or MFS may not, by way of defense to such petition, challenge the validity of his or its Consent or the Judgment, contest the

allegations in the Complaint filed by the Commission, or assert that payment of a civil penalty should not be ordered.

**VI.**

**INCORPORATION OF CONSENT**

**IT IS HEREBY FURTHER ORDERED** that Defendants shall comply with the provisions of the Consent attached hereto, and that such Consent is incorporated herein by reference as if fully set forth herein.

**VII.**

**NOTICES**

**IT IS HEREBY FURTHER ORDERED** that, in the event any Defendant is no longer represented by counsel in this action, such Defendant shall provide the Commission, at all times during the pendency of this action, with its current address for purposes of service of filings and other communications. Such notice shall be provided in writing to: Miriam Lefkowitz, Senior Counsel, Securities and Exchange Commission, 1401 Brickell Avenue, Suite 200, Miami, Florida 33131. Should such Defendant fail to provide such notice, service by mail at the Defendant's last known address shall be deemed proper service.

**VIII.**

**RETENTION OF JURISDICTION**

**IT IS HEREBY FURTHER ORDERED** that this Court shall retain jurisdiction over this matter and Defendants in order to implement and carry out the terms of all Orders and Decrees that may be entered and/or to entertain any suitable application or motion for additional

relief within the jurisdiction of this Court, and will order other relief that this Court deems appropriate under the circumstances.

DONE AND ORDERED at 10:52 o'clock, a m. this 12<sup>th</sup> day of September 2001, at Tampa, Florida.

Stuart Murray  
UNITED STATES DISTRICT JUDGE

Copies to:

Miriam Lefkowitz, Esq.  
Teresa J. Verges, Esq.  
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*Counsel for Defendants Charles F. Morgan and Morgan Financial Services, Inc.*



Date Printed: 09/13/2001

Notice sent to:



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