

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF VERMONT

Oct 10 11 00 AM '96

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff

v.

GEORGE A. ROTELLI,

Defendant.

Civil Action No.

2:96-cv-340

BY *lu*

FINAL JUDGMENT OF PERMANENT INJUNCTION
AND OTHER RELIEF AGAINST GEORGE A. ROTELLI

Plaintiff, Securities and Exchange Commission ("Commission"), having filed a Complaint for Permanent Injunction and Other Relief ("Complaint"), and Defendant George A. Rotelli ("Rotelli"), in the attached Consent of George A. Rotelli ("Consent"), having entered a general appearance herein; having admitted to the jurisdiction of this Court over him and over the subject matter of this action; having waived the filing of an answer to the Complaint; having waived the entry of findings of fact and conclusions of law under Rule 52 of the Federal Rules of Civil Procedure with respect to this Final Judgment of Permanent Injunction and Other Relief against George A. Rotelli (the "Final Judgment"); and without admitting or denying the allegations of the Complaint, except as to jurisdiction, which he admits; having consented to the entry of this Final Judgment permanently restraining and enjoining Defendant Rotelli from, directly or indirectly, violating Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §77q(a)], Section 10(b) of the Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5],

and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §80b-6(1) and §80b-6(2)], and ordering Defendant Rotelli to disgorge certain funds totalling \$116,988, plus prejudgment interest thereon, in the amount of \$21,385; and it further appearing that the Court has jurisdiction over Defendant Rotelli and the subject matter of this action, and the Court being fully advised in the premises:

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant Rotelli, his officers, agents, servants, employees, attorneys-in-fact, successors and assigns, and each of them, and all persons in active concert or participation with him, and each of them who receive actual notice of this Final Judgment by personal service or otherwise, including facsimile transmission, be and hereby are permanently restrained and enjoined from violating Section 17(a) of the Securities Act [15 U.S.C. §77q(a)], by, directly or indirectly, in the offer or sale of any securities or by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails:

- (1) employing any device, scheme or artifice to defraud;
- (2) obtaining 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; or
- (3) engaging in any transaction, practice, or course of

business which operates or would operate as a fraud or deceit upon the purchaser.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Rotelli, his officers, agents, servants, employees, attorneys-in-fact, successors and assigns, and each of them, and all persons in active concert or participation with him, and each of them who receive actual notice of this Final Judgment by personal service or otherwise, including facsimile transmission, 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 promulgated thereunder [17 C.F.R. §240.10b-5] by, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, or 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 connection with the purchase or sale of the securities of any issuer.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Rotelli, his officers, agents, servants, employees, attorneys-in-fact, successors or assigns, and each of them, and all persons in active concert or participation with him, and each of them who receive actual notice of this Final Judgment by personal service or otherwise, including facsimile transmission, be and hereby are permanently restrained and enjoined from violating Sections 206(1) of the Advisers Act [15 U.S.C. §80b-6(1)], by directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce, intentionally, knowingly or recklessly employing any device, scheme, or artifice to defraud any client or prospective client.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Rotelli, his officers, agents, servants, employees, attorneys-in-fact, successors or assigns, and each of them, and all persons in active concert or participation with him, and each of them who receive actual notice of this Final Judgment by personal service or otherwise, including facsimile transmission, be and hereby are permanently restrained and enjoined from violating Section 206(2) of the Advisers Act [15 U.S.C. §80b-6(2)], by directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce, intentionally, knowingly or recklessly engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective

client.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Rotelli be and hereby is ordered to pay the sum of \$138,373 to the registry of the Court as provided by Rule 67 of the Federal Rules of Civil Procedure, representing disgorgement of all losses caused by Defendant Rotelli's fraudulent scheme (\$116,988) plus prejudgment interest (\$21,385). In no event shall the monies paid to the registry of the Court be returned to Defendant Rotelli. Defendant Rotelli shall be entitled to offset against such Disgorgement Amount any sum actually paid by or on behalf of Defendant Rotelli to the Department of Justice, United States Probation Office, United States Attorney's Office, or American Express Financial Advisors, Inc. for repayment of losses caused by Defendant Rotelli's fraudulent scheme.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the annexed Consent be, and hereby is, incorporated by reference herein with the same force and effect as if fully set forth herein.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction of this matter for all purposes, including the implementation and enforcement of this Final Judgment.

VIII.

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

DONE AND ORDERED at Burlington, Vermont, this 17th day of October, 1996.

UNITED STATES DISTRICT JUDGE

The effective post-judgment interest rate is: 5.64 percent.