

ORIGINAL

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

U.S. DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FILED
JAN 11 1999
NANCY DOHERTY, CLERK
By _____ Deputy

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

FUNDING RESOURCE GROUP,
et al,

Defendants.

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Case No. 3:98-CV-2689-X

ORDER

ENTERED ON DOCKET
JAN 12 1999
U.S. DISTRICT CLERK'S OFFICE

Before the Court is the SEC's Motion for Preliminary Injunction, filed November 13, 1998, Relief Defendant Howe Financial Trust's Response, filed November 25, 1998, Defendants Quentin Hix's and Gene Coulter's Responses, filed November 30, 1998, and the SEC's Supplementary Memorandum, filed November 30, 1998. The Court heard testimony and argument in a hearing on Monday, November 30, 1998 and hereby GRANTS the SEC's Motion as to the following:

1. The Defendants, individually and jointly, and their agents, employees, servants, attorneys and all persons in active concert or participation with him who receives actual notice of this Order, by personal service or otherwise, are hereby enjoined and restrained from any of the following:

- a. violating section 17(a) of the Securities Act of 1933, 15 U.S.C. § 77q(a), by, directly or indirectly, in any way in connection with the offer or sale of any

security by the use of any means or instrument of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly --

- (1) employing any device, scheme or artifice to defraud, or
 - (2) 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 statement(s) made, in the light of the circumstances under which 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, including, but not limited to, the offer and/or sale of an investment in a "prime bank" trading program and/or the unfounded promise or representation that repayment of monies previously invested in a "prime bank" trading program is likely to be made;
- b. (1) violating section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. § 78j(b), by, directly or indirectly, by the use of any means or instrumentality of interstate commerce, of the mails or of any facility of any national securities exchange, using or employing in connection with the purchase or sale of any security registered on a national securities exchange or any security not so registered any manipulative or deceptive device or contrivance in contravention of a rule or regulation prescribed by the Securities and Exchange Commission and/or

- (2) violating Rule 10b-5 of the Securities and Exchange Commission, 17 C.F.R. § 240.10b-5, directly or indirectly, by the use of any means or instrumentality of interstate commerce, 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 statement(s) made, in the light of the circumstances under which 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 on any person, including but not limited to, the offer and/or sale of an investment in a "prime bank" trading program and/or the unfounded promise or representation that repayment of monies previously invested in a "prime bank" trading program is likely to be made; and
- c. violating sections 5(a) and (c) of the Securities Act of 1933, 15 U.S.C. § 77e(a) & (c) by, directly or indirectly,
 - (1) making any use of any means or instrument of transportation or communication in interstate commerce or of the mails to sell a security through the use or medium of any prospectus or otherwise, or
 - (2) carrying or causing to be carried though the mails or in interstate commerce, by any means or instrument of transportation, a security for the purpose of sale or for delivery after a sale unless a registration

statement is in effect as to that security; or by, directly or indirectly, making use of any means or instrument 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 any security unless a registration statement has been filed with the Securities and Exchange Commission as to that security or while the registration statement is the subject of a refusal order or a stop order or (prior to the effective date of the registration statement) any public proceeding or examination under section 8 of the Securities Act of 1933, 15 U.S.C. § 77h.

2. Defendants and the Relief Defendants, individually and jointly, and their agents, employees, servants, attorneys and all persons in active concert or participation with him who receives actual notice of this Order, by personal service or otherwise, are hereby restrained and enjoined from, directly or indirectly, making any payment or expenditure of funds, effecting any sale, gift, hypothecation or other disposition of any asset, without permission of the Receiver, pending a showing to this Court that he, she or it has sufficient funds or assets to satisfy all claims arising from the violations of the federal securities laws alleged in the SEC's Complaint and Amended Complaint, or the posting of a bond or surety sufficient to assure payment of any such claim.

3. Any bank, savings and loan association, trust company, broker-dealer or other financial or depository institution which holds an account in the name of or for or on behalf of the Defendants or Relief Defendants is hereby restrained and enjoined from engaging in any

transaction in securities (excepting liquidating transactions) or any disbursement of funds or securities without the permission of the Receiver pending further Order of this Court.

4. The Defendants and Relief Defendants, individually and jointly, and their agents, employees, servants, attorneys and all persons in active concert or participation with him who receive actual notice of this Order, by personal service or otherwise, are hereby restrained and enjoined from destroying, removing, mutilating, altering, concealing and/or disposing of, in any manner, any books and records (including computer files) pending further Order of this Court.

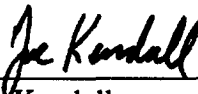
5. The Defendants and Relief Defendants are hereby required to make an interim accounting, under oath, within 10 days of the issuance of this Order detailing (1) all investor monies and other benefits which he, she or it received, directly and indirectly, as a result of the sale of "prime bank" securities or of investments in "trading programs," (2) all of his current assets wherever they may be located and by whomever they are being held and (3) all accounts with any financial or brokerage institution maintained in his name or for his benefit at any point during the period from March 1, 1995, through the date of the accounting.

6. Temporary Receiver Michael J. Quilling, is hereby appointed the Receiver for the Defendants and Relief Defendants, extending in all respects the Orders Appointing Temporary Receiver filed November 13 and November 19, 1998.

7. The Receiver shall be entitled to notice and conduct depositions upon oral examination subject to minimum notice of 72 hours. Any and all parties shall produce for inspection and copying all documents and things requested by the Receiver within 72 hours of service of a written request for production of those documents and things. Any and all parties

shall serve answers to interrogatories by the Receiver within 72 hours after service of the interrogatories.

SO ORDERED this 11th day of January, 1999.



Joe Kendall
U.S. District Judge