IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

vs.

RICHARD P. POIRIER, JR., JAMES E. EATON, and MICHAEL S. DEVEGTER,
Defendants.

Civil Action No.
1 97-CV 3478

COMPLAINT

Plaintiff, United States Securities and Exchange Commission, alleges:

SUMMARY

1. This case involves fraud and corruption in the municipal securities underwriting business. Defendants Richard P. Poirier, Jr., and James E. Eaton, senior representatives of the New York investment banking firm of Lazard Freres & Co., joined by a consultant, entered into an undisclosed arrangement with Michael S. deVegter, of Stephens Inc., a Little Rock-based investment banking firm then serving as co-financial advisor to Fulton County, Georgia, pursuant to which deVegter was paid to secure for Lazard Freres the position of senior managing underwriter for the $163,375,000 Fulton County, Georgia, Water & Sewerage Revenue Bonds, Refunding Series 1992 ("Fulton Water & Sewer Bonds"). This arrangement caused an undisclosed conflict of interest that breached fiduciary and similar duties that deVegter owed to his financial advisory

client, Fulton County. As a result of the arrangement, Lazard Freres gained an unfair advantage over its competitors that led to its being named senior managing underwriter (the most lucrative underwriting position) for the Fulton Water & Sewer Bonds. Following closing of the Fulton Water & Sewer Bonds, Poirier caused Lazard Freres to issue an $83,872 check to the consultant; the consultant paid over to deVegter $41,936, exactly one-half the amount of the $83,872 check, as deVegter's compensation pursuant to the arrangement. Neither the arrangement nor the payment was disclosed to the issuer or investors in the Fulton Water & Sewer Bonds.

2. In conduct that began shortly before he received the $41,936 payment and that continued thereafter, deVegter also assisted Poirier and Eaton with their successful effort to obtain for Lazard Freres municipal securities underwriting business from a related issuer, the Fulton-DeKalb Hospital Authority ("Grady Hospital Authority"). DeVegter served as a financial advisor both to Fulton County and to the Grady Hospital Authority on this transaction. The bond issue was the $336 million Fulton-DeKalb Hospital Authority (Georgia) Revenue Refunding Certificates, Series 1993 ("Grady Hospital Bonds"), in which Lazard Freres, with the help of deVegter's breach of his duties to his financial advisory clients, obtained a co-senior managing underwriter position. DeVegter's breach of duty and conflict of interest were not disclosed to the issuer or investors in the Grady Hospital Bonds.

3. In other fraudulent conduct, Poirier used and compensated the consultant on an undisclosed basis to assist Lazard Freres in its successful effort to be named senior managing underwriter of the $184,500,000 School District of Duval County, Florida, General Obligation Refunding Bonds, Series 1992 ("Duval School Bonds"). Poirier's failure to disclose his use and compensation of the consultant rendered materially misleading certain representations contained in a contract with the issuer, the Duval School Board, and required by Florida law.

4. Finally, in 1992 and 1993, Poirier arranged for the reimbursement by Lazard Freres of at least $62,500 in political contributions to gubernatorial campaigns in New Jersey and Puerto Rico, in furtherance of Poirier's municipal securities underwriting business development efforts for his firm in those jurisdictions. As part of this effort, Eaton, at Poirier's direction, enlisted third parties to make the political contributions. Poirier then caused Lazard Freres to reimburse those third parties under cover of false invoices for consulting and other services.

5. Poirier, Eaton and deVegter each had a duty to disclose the arrangement with, and payment to, deVegter to Fulton County, the Grady Hospital Authority, and to investors in the Fulton Water & Sewer and Grady Hospital Bonds. Poirier had a duty to disclose the use and compensation of the consultant to the Duval School Board and to investors in the Duval School Bonds. Poirier's, Eaton's and deVegter's failure to disclose the arrangement, the payment, and the actual and potential conflicts of interest created by the arrangement, and Poirier's failure to

disclose the use and compensation of the consultant, violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], 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]. By their conduct, Poirier and Eaton also violated Section 15B(c)(1) of the Exchange Act [15 U.S.C. § 78o-4(c)(1)] and Rules G-17 and G-20 of the Municipal Securities Rulemaking Board ("MSRB").

JURISDICTION

6. The Commission brings this action pursuant to the authority conferred upon it by Sections 20(b) and (d) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77t(b) and (d)], and Sections 21(d) and (e) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d) and (e)] to restrain and enjoin the defendants, for other equitable relief, and for civil money penalties.

7. The Court has subject matter jurisdiction over this action pursuant to Sections 20(d)(1) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(d)(1) and 77v(a)] and Sections 21(d)(3)(A), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d)(3)(A), 78u(e), and 78aa].

8. Each of the defendants, directly or indirectly, has made use of the means and instrumentalities of interstate commerce, of the mails or of the facilities of a national securities exchange, in connection with the acts, practices

and courses of business alleged herein, certain of which occurred within the Northern District of Georgia.

9. Each defendant, unless permanently restrained and enjoined by this Court, will continue to engage in acts, transactions, practices and courses of business similar to those described here.

DEFENDANTS

10. Defendant Poirier, age 47, a resident of New Jersey, was at all relevant times a General Partner in the Municipal Finance Department of Lazard Freres & Co. in New York, New York. He was Defendant Eaton's supervisor during all relevant times.

11. Defendant Eaton, age 44, a resident of Florida, served at all relevant times as a Vice-President in the Municipal Finance Department of Lazard Freres and as the only employee in its Tallahassee, Florida office.

12. Defendant deVegter, age 49, a resident of Georgia, served at all relevant times as a Vice-President in the Public Finance Department of Stephens Inc., in its Atlanta office.

OTHER RELEVANT ENTITIES

13. The Fulton County Board of Commissioners is the governing body of Fulton County, Georgia, the most populous county in the State of Georgia. Fulton County's largest city and county seat is Atlanta. At all relevant times, the Fulton County Board of Commissioners consisted of seven

members, elected to four-year terms. Four members were elected from territorial districts and three, including the Chairman, were elected from the County at-large. At all relevant times, the Fulton County Board of Commissioners was empowered to issue bonds and to select underwriters in connection with such bond issuances.

14. The Fulton-DeKalb Hospital Authority ("Grady Hospital Authority") was at all relevant times a public body created pursuant to Georgia law and resolutions adopted by Fulton and DeKalb Counties, Georgia. The Grady Hospital Authority was responsible for providing public health facilities, including the Grady Memorial Hospital in Atlanta. At all relevant times, the Grady Hospital Authority was also authorized to issue revenue anticipation certificates for the purpose of carrying out its duties, to issue such certificates to refund or refinance indebtedness, and to select underwriters for the foregoing. At all relevant times, the Grady Hospital Authority was managed by its Board of Trustees, which was composed of ten members -- seven who were residents of Fulton County and appointed by the Fulton County Board of Commissioners, and three who were residents of DeKalb County and appointed by the DeKalb County Board of Commissioners.

15. The Duval County School Board ("Duval School Board") is a public body existing under the laws of the State of Florida. At all relevant times, the Duval School Board was the governing body of the Duval County

School District, which included the public schools of the City of Jacksonville. A participant in the unified government structure maintained by the City of Jacksonville and Duval County, the Duval School Board was empowered to issue bonds, and to select underwriters and other professionals in connection with such bond issuances. The Duval School Board was composed of seven elected members.

16. Lazard Freres & Co., a New York limited partnership with its principal place of business in New York, New York, was the predecessor to Lazard Freres & Co. LLC., a New York limited liability company with its principal place of business in New York, New York. At all relevant times, both Lazard Freres & Co. LLC and its predecessor (collectively referred to hereinafter as "Lazard Freres") were a broker dealer and municipal securities dealer, and were registered with the Commission pursuant to Sections 15(b) and 15B(a)(2) of the Exchange Act.

17. Stephens Inc. ("Stephens") is an Arkansas corporation with its principal place of business in Arkansas. At all relevant times, Stephens was a broker dealer and municipal securities dealer, and was registered with the Commission pursuant to Sections 15(b) and 15B(a) of the Exchange Act.

FIRST CLAIM

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

18. Paragraphs 1 through 17 are realleged and incorporated herein by reference.

19. Section 10(b) of the Exchange Act and Rule 10b-5 thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5] prohibit any person, directly or indirectly, by use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange, from employing any device, scheme or artifice to defraud; or from making any untrue statement of 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 from 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 and sale of any security.

Fulton County Selects New Financial Advisors

20. In March 1992, Fulton County commenced a process for selecting new financial advisors by issuing a Request for Proposals for financial advisory services ("Financial Advisory RFP"). In its Financial Advisory RFP, the County stated that the financial advisor it selected would be expected to provide the County with, among other things, "assistance in the selection of investment banking firms" for the underwriting of County bond issues, as well as

"independent advice" on a variety of matters, including such selection. The Financial Advisory RFP also stated that the County would look to its financial advisor to assist in the preparation of offering documents for County bond issues, and to help the County negotiate underwriters' compensation on such issues. The Financial Advisory RFP further stated that the chosen financial advisor would be "precluded . . . from participating as representative for [any] underwriter, or in any manner other than as the financial advisor for bond issues of Fulton County." The cover letter of the Financial Advisory RFP specifically noted that "unless otherwise agreed," the terms of the County's relationship with its chosen financial advisor would include "the County's standard contract provisions attached to this [Financial Advisory RFP]," which, in turn, included provisos that: (i) "so long as the contract is in effect, the [financial advisor] shall not . . . represent or advise any party participating in any [Fulton County] issue or transaction other than Fulton County"; and (ii) "No reports, information, or data given to . . . the firm under the [financial advisor] contract shall be made available to any individual or organization by the firm without the prior written approval of the County."

21. Stephens and another firm submitted a joint response to the Financial Advisory RFP on or about April 23, 1992, under a cover letter signed by deVegter, on behalf of Stephens, and by another banker, on behalf of the other firm. In this Financial Advisory RFP response, deVegter was identified as the

primary banker at his firm who would be assigned to the Fulton County financial advisory account in the event of hire. The Financial Advisory RFP response signed by deVegter also contained two affirmations that there were no past or present relationships that would present any possible conflict of interest for either firm's serving as Fulton County's financial advisor. On June 3, 1992, the Fulton County Commission voted to adopt its staff's recommendation and named Stephens and the other firm as Fulton County's new financial advisor for a two-year term.

The Fulton Water & Sewer Bonds

22. By the Spring of 1992, declines in interest rates had rendered a refunding of Fulton County's outstanding water and sewer bonds potentially advantageous, and Fulton County was contemplating issuing a new series of bonds to refund its outstanding water and sewer bonds. By June-July 1992, with the assistance of its financial advisors, Fulton County decided to pursue the offering that would ultimately become the Fulton Water & Sewer Bonds.

23. By July 16, 1992, Poirier, Eaton and the consultant had entered into an arrangement with deVegter pursuant to which deVegter would, in exchange for compensation to be conveyed through the consultant, assist Poirier and Eaton with their effort to obtain for their firm the position of senior managing underwriter (the most lucrative underwriting position) of the Fulton Water & Sewer Bonds. Thereafter, Poirier, Eaton and deVegter concealed the

arrangement from Fulton County and investors in the Fulton Water & Sewer Bonds.

24. After entering into the arrangement with Poirier, Eaton and the consultant, deVegter, in breach of his duties to his financial advisory client, Fulton County, unfairly and fraudulently assisted Poirier's and Eaton's firm in obtaining the senior managing underwriter position in the Fulton Water & Sewer Bonds in several ways, including:

(a) Allowing Poirier and Eaton to help write Fulton County's Request for Proposals for underwriting services ("Underwriting RFP"), used as part of the process for selecting underwriters for the Fulton Water & Sewer Bonds, by, among other things, furnishing early drafts of the Underwriting RFP for their review and implementing their instructions to exclude certain questions which would have been disadvantageous to their firm's candidacy;

(b) Providing a near-final draft of the Underwriting RFP to Poirier and Eaton a week before it was provided to their firm's competitors, in order to give Poirier's and Eaton's firm a head start on its competitors;

(c) Narrowing the time frame allotted for Poirier's and Eaton's competitors to prepare and submit a response to the Underwriting RFP;

(d) Providing Poirier and Eaton with intelligence concerning their competitors' efforts to obtain the senior managing underwriter position on the Fulton Water & Sewer Bonds and with advice on how to counter those efforts;

(e) Rendering advice to Poirier and Eaton concerning, and otherwise assisting with, the hiring of a local lobbyist;

(f) Helping Poirier and Eaton with the preparation of certain portions of their firm's proposal to Fulton County;

(g) Providing Poirier and Eaton with a copy of a principal competitor's proposal and allowing them to critique it before any underwriter-selection recommendation was made to the Fulton County Commission;

(h) Causing the financial advisor rankings of the underwriting proposals to be altered so that the proposal submitted by Poirier's and Eaton's firm, which did not initially attain the top score, was awarded the top score; and

(i) joining in the financial advisors' and County Finance Director's recommendation to the County Commission that the County Commission select Poirier's and Eaton's firm as senior managing underwriter for the Fulton Water & Sewer Bonds, with a 40% allocation of the bonds.

25. On September 16, 1992, the Fulton County Commission adopted the recommendation that Poirier's and Eaton's firm become the senior managing underwriter on the Water and Sewage Revenue Bonds with a 40% allocation.

26. DeVegter joined in the recommendation that Poirier's and Eaton's firm be named senior managing underwriter with a 40% allocation of the Fulton Water & Sewer Bonds without disclosing to his co-financial advisor or to his

financial advisory client, Fulton County, the economic interest he had therein, flowing from his financial arrangement with Poirier, Eaton and the consultant.

27. In the weeks following September 16, 1992, as a result of discussions and deliberations occurring with deVegter's knowledge and participation, Fulton County determined to refund all its outstanding water and sewer bonds, including bonds for which refunding was not advantageous from an interest rate standpoint. As a result of this decision, the issuance of Fulton Water & Sewer Bonds increased from an estimated size of $110 million to $163.375 million. DeVegter acquiesced in the determination to refund all the outstanding bonds, without disclosing to his co-financial advisor or to his financial advisory client, Fulton County, the economic interest he had in that decision, flowing from his financial arrangement with Poirier, Eaton and the consultant.

28. On November 19, 1992, the issuance of the Fulton Water & Sewer Bonds closed and the underwriter took delivery of the bonds in exchange for payment to Fulton County of the purchase price for the bonds.

29. In December 1992, Poirier, with Eaton's knowledge, caused his firm to issue an $83,872 check to the consultant for unspecified services relating to the Fulton Water & Sewer Bonds. On December 11, 1992, the consultant deposited that check and wrote a check to deVegter for $41,936, exactly one-half the amount of the $83,872 check. On December 14, 1992, deVegter

deposited the $41,936 he received from the consultant. Poirier and Eaton hid the final recipient of the $41,936 in their firm's funds and the purpose of the check from the County Commission and investors in the Fulton Water & Sewer Bonds.

30. Neither during the selection of the underwriters for the Fulton Water & Sewer Bonds, nor at the time of the sale of those bonds from Fulton County to Poirier's and Eaton's firm, nor in the Official Statements used in connection with the offer and sale of those bonds to investors, did deVegter, Poirier, or Eaton disclose to Fulton County or to investors in the Fulton Water & Sewer Bonds the financial arrangement with deVegter and the resulting conflicts of interest, or the advantages and assistance deVegter provided to Eaton's and Poirier's firm and the resulting breach of deVegter's fiduciary duty to his financial advisory client, Fulton County.

The Grady Hospital Bonds

31. By late 1992, the Grady Hospital Authority began exploring the issuance of a new series of bonds to refinance its outstanding bonds -- an issuance that ultimately became the Grady Hospital Bonds.

32. By February 1993, deVegter's firm, at deVegter's urging, had become a co-financial advisor to the Grady Hospital Authority, with responsibility for, among other things, protecting the interests of Fulton County in the issuance of the Grady Hospital Bonds.

33. In connection with the Grady Hospital Bonds, deVegter assisted Poirier and Eaton by rendering unfair and undisclosed assistance to their effort to obtain underwriting business for their firm. This assistance, which breached deVegter's duties to his financial advisory clients, Fulton County and the Grady Hospital Authority, included:

(a) recommending that Poirier and Eaton hire, and assisting with their hiring of, a particular consultant to help them in obtaining underwriting business from the Grady Hospital Authority; and

(b) joining in the financial advisors' recommendation to the Grady Hospital Authority that Poirier's and Eaton's firm be named to a co-senior managing underwriter position, for which it was selected.

34. Neither during the selection of the underwriters for the Grady Hospital Bonds, nor at the time of the sale of those bonds from the Grady Hospital Authority to Poirier's and Eaton's firm, nor in the Official Statements used in connection with the offer and sale of those bonds to investors, did deVegter, Poirier, or Eaton disclose to the Grady Hospital Authority or to investors in the Grady Hospital Bonds the financial arrangement with deVegter and the resulting conflicts of interest, or the advantages and assistance deVegter provided to Eaton's and Poirier's firm and the resulting breach of deVegter's fiduciary duty to his financial advisory clients, Fulton County and the Grady Hospital Authority.

The Duval School Bonds

35. By March 1992, the Duval County School Board had decided to proceed with an offering that became the Duval School Bonds, used to refinance the School District's outstanding bonds. As part of its underwriter selection process, the Duval School Board utilized a Request for Proposals ("Duval RFP"). The Duval RFP expressly prohibited contact between underwriters or their agents and School Board members during the selection process, limiting pre-selection contact instead to two individuals: the School Board's financial advisor and an assistant school superintendent. The Duval School RFP also prohibited each prospective underwriter from using or paying any non-full-time employees of the prospective underwriter as consultants to assist in obtaining underwriting business in the Duval School Bonds, and noted that the selected underwriter would be required to warrant the absence of such services or compensation. Florida law also required underwriters to disclose the use and compensation of any "finders" in connection with the issuance of the Duval School Bonds, as well as any other fee, bonus, or other compensation paid by the managing underwriter in connection with those bonds, other than to someone regularly employed or retained. Florida law made it a third-degree felony to pay a finder's fee in connection with a negotiated bond issue, like the Duval School Bonds, without disclosing the finder's fee in the Official Statement furnished to investors.

36. Despite knowing, or being reckless in not knowing, the restrictions on the use of finders and consultants in connection with the Duval School Bonds and the disclosure requirements imposed by Florida law and by the issuer, Poirier used the consultant, who was not a full-time employee, as a "finder" to contact and lobby a School Board member in connection with his successful effort to obtain for his firm the position of senior managing underwriter of the Duval School Bonds. Thereafter, Poirier failed to disclose the use and payment of the consultant to the School Board or to investors in the Duval School Bonds, and made and caused to be made material misrepresentations to the School Board and omissions to investors in the Duval School Bonds denying, and otherwise failing to disclose, the use and payment of the consultant.

37. After his firm was selected as the managing underwriter for the Duval School Bonds, Poirier caused his firm, under cover of misleading invoices and other misleading documentation, (1) to pay over $50,000 to the consultant as a finder's fee, and (2) to reimburse the consultant for contributions to the re-election campaigns of two Duval School Board members.

38. In engaging in the foregoing acts, practices and courses of business, Poirier, Eaton and deVegter acted with an intent to deceive or defraud, and in breach of duties owed to the issuers and to investors.

39. By reason of the foregoing, Poirier, Eaton and deVegter violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

SECOND CLAIM

Violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]

40. Paragraphs 1 through 17 and 19 through 38 are realleged and incorporated herein by reference.

41. Section 17(a) of the Securities Act [15 U.S.C. §77q(a)] makes it unlawful for any person, in 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, to employ any device, scheme or artifice to defraud; or to obtain 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 the light of the circumstances under which they were made, not misleading; or to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon purchasers of municipal securities.

42. By reason of the foregoing, Poirier, Eaton and deVegter violated Section 17(a) of the Securities Act of 1933.

THIRD CLAIM

Violations of Section 15B(c)(1) of the Exchange Act [15 U.S.C. § 78o-4(c)(1)] and MSRB Rules G-17 and G-20

43. Paragraphs 1 through 17 and 19 through 38 are realleged and incorporated herein by reference.

44. Section 15B(c)(1) of the Exchange Act [15 U.S.C. 78o-4(c)(1)] makes it unlawful for any broker, dealer or municipal securities dealer to make use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or to attempt to induce the purchase or sale of any municipal security in contravention of any rule of the MSRB. The MSRB is a self-regulatory organization with primary rulemaking authority for municipal securities brokers and dealers. Pursuant to Section 15B(b)(2) of the Exchange Act [15 U.S.C. § 78o-4(b)(2)], the MSRB proposes and adopts rules governing the conduct of brokers and dealers and municipal securities dealers. Pursuant to Section 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)], the Commission is charged with responsibility for enforcing the MSRB rules. MSRB rule G-17 requires every broker, dealer and municipal securities dealer, and their associated persons, in the conduct of their municipal securities business, to deal fairly with all persons and not to engage in any deceptive, dishonest or unfair practice. MSRB rule G-20 makes it unlawful for any municipal securities broker or dealer, and their associated persons, to give or permit to be given, directly or indirectly, any thing or service of value, including gratuities, in excess of $100 per year to a

person other than an employee or partner of the municipal securities broker or dealer, where such payments or services relate to the municipal securities activities of the employer of the recipient of the payment or service.

45. In 1992 and 1993, Poirier and, at Poirier's direction, Eaton, engaged in a scheme to utilize third parties to act as conduits for contributions to the campaigns of then Governors James Florio in New Jersey and Pedro Rossello in Puerto Rico, in furtherance of Poirier's efforts to develop municipal securities underwriting business for his firm in those jurisdictions. Pursuant to the scheme, Poirier caused his firm to reimburse the third parties for at least $62,500 in contributions to the New Jersey and Puerto Rico campaigns, under cover of misleading invoices for consulting, legal and other services. These contributions were in addition to at least $55,400 in contributions by associated persons of Poirier's firm to the two campaigns.

46. As set forth more fully above, from at least 1992 through at least 1993, in the conduct of municipal securities business, Poirier and Eaton engaged in deceptive, dishonest and unfair practices, and failed to deal fairly with all persons.

47. As set forth above, from at least 1992 through at least 1993, in relation to the municipal securities activities of deVegter's employer, Fulton County, Poirier and Eaton, directly or indirectly, gave or permitted to be given to deVegter, things or services of value in excess of $100 per year.

48. As set forth above, from at least 1992 through at least 1993, Poirier and Eaton made use of the mails or means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of, municipal securities in contravention of Rules G-17 and G-20 of the MSRB.

49. By reason of the foregoing, Poirier and Eaton violated Section 15B(c)(1) of the Exchange Act [15 U.S.C. § 78o-4(c)(1)] and MSRB Rules G-17 and G-20.

PRAYER FOR RELIEF

Wherefore the Plaintiff, United States Securities and Exchange Commission, respectfully requests that this Court make findings that defendants Poirier, Eaton, and deVegter violated the securities laws and regulations specified in this Complaint and grant relief against the defendants as follows:

I.

Issue a Final Judgment of Permanent Injunction against defendants Poirier, Eaton, and deVegter permanently restraining and enjoining them and their agents, servants, employees, attorneys, successors and assigns, and those persons in active concert or participation with them who receive actual notice of the

judgment by personal service or otherwise, and each of them, from violating Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] by directly or indirectly using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

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

(2) to make any untrue statement of a material fact or to 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

(3) to engage 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 any security.

II.

Issue a Final Judgment of Permanent Injunction against defendants Poirier, Eaton, and deVegter permanently restraining and enjoining them and their agents, servants, employees, attorneys, successors and assigns, and those persons in active concert or participation with them who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Section 17(a) of the Securities Act of 1933 [15 U.S.C. §77q(a)] by directly or indirectly using any means or instrumentality of transportation or communication in interstate commerce or by the use of the mails:

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

(2) to make any untrue statement of a material fact or to 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

(3) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser,

in the offer or sale of any security.

III.

Issue a Final Judgment of Permanent Injunction permanently restraining and enjoining defendants Poirier and Eaton, and their agents, employees, servants, attorneys, successors and assigns, and those persons in active concert or participation with them who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Section 15B(c)(1) of the Securities Exchange Act of 1934 [15 U.S.C. §78o(c)(1)], by using the means or instrumentalities of interstate commerce or the mails, directly or indirectly, to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any municipal securities in contravention of any rule of the Municipal Securities Rulemaking Board.

IV.

Issue a Final Judgment of Permanent Injunction permanently restraining and enjoining defendants Poirier and Eaton and their agents, servants,

employees, attorneys, successors and assigns, and those persons in active concert or participation with them who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Rules G-17 and G-20 of the Municipal Securities Rulemaking Board by:

A. in the conduct of municipal securities business, engaging in any deceptive, dishonest or unfair practices, and failing to deal fairly with all persons; or

B. directly or indirectly, giving or permitting to be given any thing or service of value, including gratuities, in excess of $100 per year to a person other than his own or his firm's employee or partner, where such payments or services are in relation to the municipal securities activities of such person's employer.

V.

Order all Defendants to disgorge all gains obtained and losses avoided due to their illegal actions and omissions in violation of Sections 10(b) and 15B(c)(1) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder; Section 17(a) of the Securities Act of 1933; and Municipal Securities Rulemaking Board Rules G-17 and G-20, plus prejudgment and post judgment interest, and to pay civil penalties not to exceed the amount provided under the third tier pursuant to Section 20(d) of the Securities Act of 1933 (15 U.S.C. §77t(d)) and Section 21(d)(3) of the Securities Exchange Act of 1934 (15 U.S.C. §78u(d)(3)).

VI.

Enter orders granting such other relief as the Court considers appropriate.

Respectfully submitted,

Carl A. Tibbetts (CT 3248)
William R. Baker III
James Lee Buck II

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Dated: Nov. 18, 1997 Washington, D.C.