

**UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

**ORDER**

Civil No. 09-368 ADM/AJB

v.

JOHN W. LAWTON, PARAMOUNT  
PARTNERS, LP, and CROSSROAD  
CAPITAL MANAGEMENT, LLC,

Defendants.

---

**ORDER OF PRELIMINARY INJUNCTION AND OTHER RELIEF**

The Securities and Exchange Commission having filed a Complaint and Defendants John W. Lawton (“Lawton”), Paramount Partners, LP (“Paramount”) and Crossroad Capital Management, LLC (“Crossroad”) having entered general appearances; consented to the Court’s jurisdiction over Defendants and the subject matter of this action; consented to entry of this Order of Preliminary Injunction and Other Relief (“Order”) without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Order, and the Court, after finding that it has jurisdiction over the subject matter of the case and over the Defendants, ORDERS the following:

I.

IT IS ORDERED that **Defendants Lawton, Paramount and Crossroad**, and their agents, servants, employees, attorneys, and all persons in active concert or participation with them are preliminarily restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”), 15 U.S.C. § 78j(b), and

Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement not misleading in light of the circumstances under which it was made; or
- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

II.

IT IS HEREBY ORDERED that **Defendants Lawton, Paramount and Crossroad** and their agents, servants, employees, attorneys, and all persons in active concert or participation with them are preliminarily restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77q(a), in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements not misleading in light of the circumstances under which they were made; or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

III.

IT IS ORDERED that **Defendants Lawton and Crossroad** and their agents, servants, employees, attorneys, and all persons in active concert or participation with them are preliminarily restrained and enjoined from violating, or aiding and abetting another in violating, Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. § 80b-6(1) and (2), by, while acting as an investment advisers and through the use of the means or instrumentalities of interstate commerce or of the mails, directly or indirectly, employing devices, schemes, or artifices to defraud clients or engaging in transactions, practices, and courses of business which operate as a fraud or deceit upon clients.

IV.

IT IS ORDERED that **Defendants Lawton and Crossroad** and their agents, servants, employees, attorneys, and all persons in active concert or participation with them are preliminarily restrained and enjoined from violating, or aiding and abetting another in violating, Section 206(4) of the Advisers Act, 15 U.S.C. § 80b-6(4), and Rule 206(4)-8 promulgated thereunder, 17 C.F.R. § 275.206(4)-8, by, while acting as an investment adviser to a pooled investment vehicle and through the use of the means or instrumentalities of interstate commerce or of the mails, making untrue statements of material fact or omitting to state a material fact necessary to make the statements not misleading in light of the circumstances under which they were made to any investor or prospective investor in the pooled investment vehicle or otherwise engage in acts, practices, or courses of business that are fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in the pooled investment vehicle.

V.

IT IS HEREBY ORDERED that until further order of this Court:

1. All assets of **Defendants Lawton, Paramount and Crossroad** are hereby frozen.
2. Accordingly, **Defendants Lawton, Paramount and Crossroad** and their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with any one or more of them, and each of them, who receive notice of the Order or of the terms of the asset freeze provisions contained herein are hereby restrained from, directly or indirectly, withdrawing, transferring, selling, pledging, encumbering, assigning, dissipating, concealing or otherwise disposing of, in any manner, any funds, assets, accounts or other property belonging to any Defendant.
3. Any bank, broker, dealer, or other financial institution or other person or entity holding any such funds or other assets referred to in this Order, in the name of, for the benefit of, or under the control of **Defendants Lawton, Paramount, and/or Crossroad**, and which receives notice of this Order or of the terms of the asset freeze provisions contained herein, shall hold and retain within its control, and shall prohibit the withdrawal, removal, transfer, disposition, pledge, encumbrance, assignment, set off, sale, liquidation, dissipation, concealment, or other disposal of any such funds or other assets.

VI.

IT IS HEREBY ORDERED THAT, until further order of this Court, **Defendants Lawton, Paramount, and Crossroad**, and their officers, agents, servants, employees, attorneys, depositories, banks, and those persons in active concert or participation with them who receive notice of this order, are hereby temporarily restrained and enjoined from, directly or indirectly,

destroying, mutilating, concealing, altering, disposing of, or otherwise rendering illegible or irretrievable in any manner, any of the books, papers, electronically stored information, emails, or communications, records, documents, correspondence, handwritten notes, memoranda, ledgers, accounts, statements, files and other property in the possession, custody, or control of any of the Defendants that refer or relate to the allegations described in the Commission's Complaint. In addition, Defendants and Relief Defendants are prohibited from attempting to have any such evidence in the possession, custody, or control of third parties destroyed or compromised in any manner.

VII.

IT IS ORDERED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for all purposes, including enforcement of this Order. This Order shall remain in effect throughout the duration of this lawsuit or until further order of this Court.

IX.

IT IS FURTHER ORDERED that there being no just reason for delay, the Clerk is ordered to enter this Order forthwith and without further notice.

BY THE COURT:

s/Ann D. Montgomery

---

ANN D. MONTGOMERY  
U.S. DISTRICT JUDGE

Dated: February 25, 2009