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**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff

v.

**JOSEPH S. FORTE and
JOSEPH FORTE, L.P.,**

Defendants.

Civil Action No. *09-63*

**ORDER OF PRELIMINARY INJUNCTION AND
ORDER FREEZING ASSETS AND GRANTING OTHER RELIEF**

Plaintiff Securities and Exchange Commission ("Commission") having filed a Complaint in this matter, and defendants Joseph S. Forte and Joseph Forte, L.P. (hereinafter, collectively, the "Defendants"), having entered a general appearance; consented to the Court's jurisdiction over them and the subject matter of this action; consented to entry of this Order of Preliminary Injunction and Order Freezing Assets and Granting Other Relief ("Order of Preliminary Injunction") 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 of Preliminary Injunction:

NOW THEREFORE,

I.

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

(a) Defendants Joseph S. Forte and Joseph Forte, L.P., and their agents, servants, employees, attorneys, successors-in-interest, and all persons in active concert or participation with them who receive actual notice of this Order of Preliminary Injunction by personal service or otherwise, and each of them, shall hold and retain within their control, and otherwise prevent any disposition, transfer, pledge, encumbrance, assignment, dissipation, concealment, or other disposal whatsoever, by either of them or any person or entity under their direct or indirect control, any funds or other assets presently held by them, under their control or over which they exercise actual or apparent investment or other authority, in whatever form such funds or other assets may presently exist and wherever located; and

(b) Any bank, savings and loan, mutual fund, or other financial or brokerage institution (including, without limitation, Citizens Bank, NA; MF Global, Inc., or Lind Waldock & Company) or other person or entity located within the territorial jurisdiction of the United States courts that (i) holds any funds, accounts or other assets in the name, for the benefit or under the control of either of Defendants Joseph S. Forte or Joseph Forte, L.P., or for which either of the Defendants is a signatory or has signing authority, and (ii) receives actual notice of this Order of Preliminary Injunction by personal service or otherwise, shall hold and retain within its control and prohibit the withdrawal, removal, transfer or other disposal of any funds or other assets in such accounts.

II.

IT IS FURTHER ORDERED that any bank, savings and loan, mutual fund, other financial or brokerage institution (including, without limitation, Citizens Bank, NA; MF Global, Inc., or Lind Waldock & Company), or any other person, partnership, or corporation maintaining or having custody or control of any brokerage or deposit account or other assets in the name, for the benefit or under the control of either of the Defendants, and that receives actual notice of this Order of Preliminary Injunction by personal service or otherwise shall, **within three business days** of receipt of that notice, serve on counsel for the Commission a statement setting forth, with respect to each such account or other asset, the balance in the account or description of the assets as of the close of business on the date of receipt of the notice. Service of such statement on counsel for the Commission shall be by express courier service or telefax directed to Catherine E. Pappas, Esquire, at the Securities and Exchange Commission, 701 Market Street, Suite 2000, Philadelphia, PA 19106, telephone number (215) 597-0657, telefax number (215) 597-2740.

III.

IT IS FURTHER ORDERED that, pending the final determination of this action, the Defendants, and Defendants' agents, officers, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of this Order of Preliminary Injunction by personal service or otherwise, are preliminarily restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 [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 made, in the light of the circumstances under which they were made, not misleading; 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.

IV.

IT IS FURTHER ORDERED that, pending the final determination of this action, the Defendants, and the Defendants' agents, officers, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of this Order of Preliminary Injunction by personal service or otherwise, are preliminarily restrained and enjoined from violating, directly or indirectly, 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 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 statements made, in the light of the circumstances under which they were made, not misleading, 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.

V.

IT IS FURTHER ORDERED that each of the Defendants, within ten (10) days of the entry of this Order of Preliminary Injunction, shall provide the Commission with a full, verified, accounting of the following:

- (a) a current balance sheet showing all assets and all liabilities of such Defendant, his spouse, and/or any member of his household;
- (b) for the period January 2006 to the present, a cash flow analysis reporting all monthly income and all monthly expenses of such Defendant, his spouse, and/or any member of his household, which identifies all sources of income and all payees;
- (c) for the period January 1995 to the present, an identification and description of all assets in which such Defendant, his spouse, or any member of his household held a beneficial interest and which such Defendant, his spouse, and/or any member of his household conveyed to any other person or entity, which identification and description are also to include the date of transfer, the name(s) of the transferee(s), the reason for the transfer, the consideration received (if any), and whether the consideration received was full and adequate;

(d) an identification and description of each account with any financial institution or brokerage firm maintained in the name of such Defendant, his spouse, and/or any member of his household, or in which such Defendant, his spouse, and/or any member of his household has or has had any direct or indirect beneficial interest;

(e) the address of each location from which such Defendant has done business or received funds or assets from investors, or any other person;

(f) every transaction in which any funds or other assets of any kind were transferred between or among such Defendant and any other Defendant(s) in this action, or from such Defendant to any other person or entity in which any of the Defendants has any ownership interest;

(g) all funds received from investors, or any other person, including a list of:

- i) the name, address, and telephone number of each investor; and
- ii) the amount invested by each investor and a statement of the location and disposition of any funds received from investors or other person;

(h) all currency transactions or other transactions constituting or relating to the investment of funds raised from investors;

(i) all transactions relating to the leveraging of funds raised from investors;

(j) the names, addresses, and telephone numbers of all persons with knowledge of investments made with investor funds; and

(k) the names, addresses, and telephone numbers of all present and former employees, officers, directors, agents, attorneys, representatives, associates, affiliates, or subsidiaries of Defendants.

VI.

IT IS FURTHER ORDERED that the Defendants, their agents, officers, servants, employees, and attorneys shall cooperate with the Commission in identifying, locating, marshalling, and preserving all of the assets of the Defendants and all funds or other assets owned or held for the direct or indirect benefit of the investors by the Defendants, and/or any entity owned or controlled by the Defendants.

VII.

IT IS FURTHER ORDERED that the Defendants and all persons or entities acting at their direction or on their behalf are hereby enjoined and restrained from destroying, altering, concealing, or otherwise interfering with the Commission's access to, any and all documents, books, and records in the possession, custody, or control of the Defendants, their agents, officers, employees, servants, accountants, financial or brokerage institutions, or attorneys relating to the assets of the Defendants or to the allegations of the Complaint, including but not limited to documents relating to the

business operations of the Defendants, the offer or sale of securities, and the use of investor funds.

VIII.

IT IS FURTHER ORDERED that:

(a) The Defendants, their creditors, officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order of Preliminary Injunction by personal service, facsimile service, or otherwise, are restrained and enjoined from filing a voluntary or involuntary petition in bankruptcy or any proceeding seeking liquidation on behalf of or against the Defendants, without first seeking leave from this Court, with at least twenty-four (24) hours notice to the Commission. Leave shall be granted only after a hearing before this Court and upon such conditions as necessary to protect this Court's jurisdiction over the subject matter of this action; and

(b) no creditor of or claimant against the Defendants, or any person acting on behalf of such creditor or claimant, shall take any action to interfere with the control, possession, or management of the assets frozen pursuant to this Order of Preliminary Injunction, nor interfere in any way with the exclusive jurisdiction of this Court over the assets frozen pursuant to this Order of Preliminary Injunction.

IX.

IT IS FURTHER ORDERED that commencing with the time and date of this Order of Preliminary Injunction, the Defendants and the Commission may immediately begin conducting discovery in accordance with the time periods, notice provisions, and other requirements of Rule 26 (except for the provision in Rule 26(d) preventing discovery until after the parties have conferred as required by Rule 26(f)), and Rules 30, 33, 34 and 36 of the Federal Rules of Civil Procedure.

X.

IT IS FURTHER ORDERED that this Court shall schedule a conference with the parties thirty days or more from the date of this Order of Preliminary Injunction to consider whether a receiver should be appointed and to determine the schedule for pretrial proceedings and for the final hearing to determine the issues of permanent injunction, disgorgement, civil penalties, and other relief.

XI.

Nothing in this Order of Preliminary Injunction shall preclude (i) defendant Forte from petitioning the Court to release funds to him for living expenses, or (ii) the Commission from opposing any such request.

XII.

IT IS FURTHER ORDERED that service of this Order of Preliminary Injunction, together with the papers on which it was granted, including the Complaint, shall be sufficient if made upon the Defendants or their attorney(s) by telefax or overnight courier service, for delivery on the next day or the day following the entry of this Order of Preliminary Injunction. Service hereunder upon the Defendants shall be made to their last known address and/or business addresses.

January 7, 2009
Date

Paul S. Durkin
United States District Court Judge