

IN THE DISTRICT COURT OF PONTOTOC COUNTY
STATE OF OKLAHOMA

FILED
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DEC 31 2003

JANIS ROWSEY, Court Clerk
Pontotoc County, Oklahoma
By *[Signature]* Deputy

Oklahoma Department of Securities)
ex rel. Irving L. Faught,)
Administrator,)

Plaintiff,)

v.)

Case No. C-03-586

Yankee Financial Group, Inc.,)
Vasiliy Kouznetsov *aka* David Anderson,)
Gary J. Giordano, and)
Richard Francis Kresge,)

Defendants.)

PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF

On this 31st day of December, 2003, this matter comes before the undersigned Judge of the District Court in and for Pontotoc County, State of Oklahoma, upon the verified Petition for Permanent Injunction and Other Equitable Relief filed by Plaintiff on October 17, 2003, pursuant to Section 406.1 of the Oklahoma Securities Act (the "Act"), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 & Supp. 2002).

Counsel for Plaintiff, Rebecca Cryer, appears in person. Counsel for Defendants Yankee Financial Group, Inc. (Yankee Financial), Vasiliy Kouznetsov *aka* David Anderson (Anderson) and Richard R. Francis Kresge (L. R. Kresge), (collectively the "Settling Defendants"), Lawrence R. Gelber, *pro hac vice*, appears by consent.

The Court having examined the pleadings filed herein and having heard statements of counsel finds that Settling Defendants and their counsel consent to the entry of this Order as evidenced by their signatures affixed hereto. The Settling Defendants, neither admitting nor denying the allegations contained in Plaintiff's

petition, and for purposes of this proceeding only, specifically consent to the entry of a permanent injunction and this order of restitution.

Based upon the foregoing, the Court makes the following findings of fact and conclusions of law:

1. This Court has subject matter jurisdiction over this action pursuant to Section 413 of the Act.

2. Pursuant to Sections 2 and 413 of the Act, the Settling Defendants, in connection with their activities and the offer, sale, and purchase of securities in and/or from this state, are subject to the provisions of the Act and are subject to the jurisdiction of this Court. The Settling Defendants have been properly served with summons outside of this state.

3. The Administrator of the Department, pursuant to Section 406.1 of the Act, is the proper party to bring this action against the Settling Defendants.

4. Defendant Yankee Financial is in the business of effecting transactions in securities for the account of others or for its own account. Yankee Financial is a broker-dealer as defined by Section 2 of the Act.

5. Defendant Yankee Financial conducted business as a broker-dealer with an Oklahoma resident (Investor) during October, November and December of 2001 without benefit of registration under the Act, as required by Section 201 of the Act. Yankee Financial violated Section 201 of the Act.

6. Defendant Kresge is the chief executive officer and president of Yankee Financial. Additionally, Kresge is a registered general securities principal, registered agent and a registered financial and operations principal of Yankee Financial. Kresge,

by virtue of his position as a control person of Yankee Financial, is, under the Act, responsible for the supervision of the activities of Yankee Financial and its agents.

7. Defendant Anderson represented Yankee Financial in effecting or attempting to effect purchases or sales of securities in this state from October 8, 2001 until August 9, 2002. Anderson was an agent of Yankee Financial pursuant to Section 2 of the Act. Anderson acted as an agent of Yankee Financial without benefit of registration, as required by Section 201 of the Act. Anderson violated Section 201 of the Act.

8. Defendant Yankee Financial, by virtue of its employment of Anderson and the allegations in paragraph 7, violated Section 201 of the Act.

9. Defendant Anderson, in connection with the offer, sale or purchase of securities to Investor, while employed at Yankee Financial and other broker-dealers, directly and indirectly, made untrue statements of fact including, but not limited to, the following:

- a. that Investor was investing money in Cyber Vision Fund;
- b. that a stop loss order would be entered for Investor's account; and
- c. the projected increase in the market price of the securities purchased for Investor's account.

10. The untrue statements made by Anderson as set forth above are material statements. Anderson violated Section 101(2) of the Act.

11. Defendant Yankee Financial, in connection with the offer, sale or purchase of securities, directly and indirectly, omitted to state facts necessary in order to make

the statements made, in light of the circumstances under which they were made, not misleading including, but not limited to, the following matters:

- a. that Defendants Yankee Financial and Anderson transacted business in this state as a broker-dealer or agent without benefit of registration under the Act; and
- b. the risks involved in the purchase of the low cost, speculative securities purchased for Investor's account.

12. The omissions of Yankee Financial as set forth above are material omissions. Yankee Financial violated Section 101(2) of the Act.

13. Defendant Yankee Financial and Anderson, in connection with the offer, sale or purchase of securities, and through the use of untrue statements of material facts and the omissions of material facts described in paragraphs 9 through 12 above, engaged in an act, practice, or course of business that operated as a fraud or deceit upon Investor in violation of Section 101(3) of the Act.

14. Investor's transactions in penny stocks were not exempt transactions for purposes of SEC Rule 15g-9.

15. Prior to effecting purchases of penny stocks for the account of Investor, Yankee Financial did not provide Investor with the risk disclosure documents and written statements required by SEC Rule 15g-9.

16. Prior to effecting purchases of penny stocks for the account of Investor, Yankee Financial did not obtain from Investor the written confirmation required by SEC Rule 15g-9.

17. Defendant Yankee Financial failed to maintain and enforce written procedures for the supervision of the activities of its agents.

18. Defendants Yankee Financial and Kresge failed, under the Act, to exercise reasonable supervision of Anderson to insure his compliance with and enforcement of applicable securities laws, rules and regulations.

19. Defendants Yankee Financial and Kresge, directly and indirectly, failed to reasonably supervise Anderson in violation of 660:10-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules).

20. Anderson failed to obtain execution of the stop loss order as directed by Investor at the time Investor opened his account with Yankee Financial in violation of 660:10-5-42 of the Rules.

21. By reason of the Settling Defendants' past conduct in violation of the Act and Rules, there exists a likelihood of future violations of the Act and Rules by Settling Defendants.

22. It is in the public interest to enjoin the Settling Defendants from further violations of the Act and Rules and to enter an order of restitution.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the Settling Defendants, their agents, servants, employees, assigns, and all persons acting on their behalf, under their direction and control, and/or in active concert or participation with shall be permanently enjoined from, directly or indirectly:

1. issuing, offering and/or selling any security in and/or from the state of Oklahoma; and

2. transacting business in and/or from the state of Oklahoma as a broker-dealer or agent as defined in the Act.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Yankee Financial shall pay Investor the sum of \$24,999.99 as partial restitution on or before December 31st 2003. Defendant Anderson shall pay Investor the sum of \$5,000.00 as partial restitution in installments of \$500.00 to be paid on or before the first day of January, 2004, and a like sum of \$1000.00 to be paid on or before the first day of each month following until the sum of \$5,000.00 is paid in full.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED this matter is set for further hearing on 23rd day of February, 2004, ^{at 10:00 am} to monitor the status of the restitution to be paid by Defendant Anderson.

THIS ORDER IS ENTERED this 31st day of December, 2003.

Thomas S. Landrith

PONTOTOC COUNTY DISTRICT COURT JUDGE

Approved as to form:

Rebecca A. Cryer

Rebecca A. Cryer OBA #2065
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Attorney for Defendants Yankee Financial Group, Inc.,
Richard Francis Kresge and Vasilij Kouznetsov *aka* David Anderson

Approved as to form and content:

YANKEE FINANCIAL GROUP, INC.

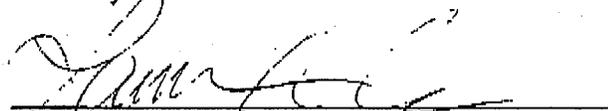
By: _____
Richard Francis Kresge, President

Richard Francis Kresge, individually

Vasilij Kouznetsov *aka* David Anderson, individually

Approved as to form:

Rebecca A. Cryer OBA #2065
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Richard Francis Kresge and Vasilij Kouznetsov *aka* David Anderson

Approved as to form and content:

YANKEE FINANCIAL GROUP, INC.

By: 
Richard Francis Kresge, President


Richard Francis Kresge, individually

Vasilij Kouznetsov *aka* David Anderson, individually

Approved as to form:

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Attorney for Defendants Yankee Financial Group, Inc.,
Richard Francis Kresge and Vasilij Kouznetsov aka David Anderson

Approved as to form and content:

YANKEE FINANCIAL GROUP, INC.

By: _____
Richard Francis Kresge, President

Richard Francis Kresge, individually

Vasilij Kouznetsov

Vasilij Kouznetsov aka David Anderson, individually

I, JANIS ROWSEY, Court Clerk for Pontotoc County, Oklahoma,
hereby certify that the foregoing instrument is a true, correct and complete
copy of the instrument herewith set out as appears of record in
the District Court Clerk's Office of Pontotoc County, Oklahoma
this 31 day of Dec, 2003

JANIS ROWSEY, COURT CLERK
By: J. Rowsey Deputy