

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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

CONRAD P. SEGHERS and
JAMES R. DICKEY,

Defendants.



Civil Action No. 3-04CV-1320-K

**CONSENT OF DEFENDANT JAMES R. DICKEY TO ENTRY OF FINAL
JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF**

1. Defendant James R. Dickey (“Dickey”) acknowledges having been served with the First Amended Complaint (the “Complaint”) in this action, enters a general appearance, and admits the Court’s jurisdiction over Dickey and over the subject matter of this action.

2. Without admitting or denying the allegations of the Complaint (except as to personal and subject matter jurisdiction, which Dickey admits), Dickey hereby consents to the entry of the Final Judgment in the form attached hereto (the “Final Judgment”) and incorporated by reference herein, which, among other things:

(a) permanently restrains and enjoins Dickey from violations of: Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§ 77e(a), 77e(c) & 77q(a), and Sections 10(b) and 15(a)(1) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78j(b) & 78o(a)(1), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5; and

(b) orders Dickey to pay disgorgement in the amount of

\$85,052.00, plus prejudgment interest thereon in the amount of \$18,952.00, for a total of \$104,004.00.

3. Dickey agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Dickey pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Dickey further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Dickey pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

4. Dickey acknowledges that the Court is not imposing a civil penalty or requiring payment of \$69,004.00 of disgorgement and prejudgment interest based on Dickey's sworn representations in his Statement of Financial Condition dated November 6, 2005, and other documents and information submitted to the Commission. Dickey further consents that if at any time following the entry of the Final Judgment the Commission obtains information indicating that Dickey's representations to the Commission concerning his assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Dickey, petition the Court for an order requiring him to pay the unpaid portion of the disgorgement, prejudgment and postjudgment interest thereon, and the maximum civil penalty allowable under the law. In connection with any such petition, the only issue shall be whether the financial information provided by Dickey was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were

made. In any such petition, the Commission may move the Court to consider all available remedies, including but not limited to ordering Dickey to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of the Court's Final Judgment. The Commission may also request additional discovery. Dickey may not, by way of defense to such petition: (1) challenge the validity of this Consent or the Final Judgment; (2) contest the allegations in the Complaint; (3) assert that payment of disgorgement, prejudgment or postjudgment interest, or a civil penalty should not be ordered; (4) contest the amount of disgorgement or prejudgment or postjudgment interest; (5) contest the imposition of the maximum civil penalty allowable under the law; or (6) assert any defense to liability or remedy, including but not limited to any statute of limitations defense.

5. Dickey waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

6. Dickey waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

7. Dickey enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Dickey to enter into this Consent.

8. Dickey agrees that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

9. Dickey will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

10. Dickey waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Dickey of its terms and conditions. Dickey further agrees to

provide counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Dickey has received and read a copy of the Final Judgment.

11. Consistent with 17 C.F.R. § 202.5(f), this Consent resolves only the claims asserted against Dickey in this civil proceeding. Dickey acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Dickey waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Dickey further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Dickey understands that he shall not be permitted to contest the factual allegations of the Complaint in this action.

12. Dickey understands and agrees to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegation in the Complaint or order for proceedings." 17 C.F.R. § 202.5. In compliance with this policy, Dickey agrees: (i) not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any allegation in the Complaint or creating the

impression that the Complaint is without factual basis; and (ii) that upon the filing of this Consent, Dickey hereby withdraws any papers filed in this action to the extent that they deny any allegation in the Complaint. If Dickey breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Dickey's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

13. Dickey hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Dickey to defend against this action. For these purposes, Dickey agrees that he is not the prevailing party in this action since the parties have reached a good faith settlement.


14. In connection with this action and any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, Dickey (i) agrees to appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) will accept service by mail or facsimile transmission of notices or subpoenas issued by the Commission for documents or testimony at depositions, hearings, or trials, or in connection with any related investigation by Commission staff; (iii) appoints Dickey's undersigned attorney as agent to receive service of such notices and subpoenas; (iv) with respect to such notices and subpoenas, waives the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the testimony reimburses Dickey's travel, lodging, and subsistence expenses at the

then-prevailing U.S. Government per diem rates; and (v) consents to personal jurisdiction over Dickey in any United States District Court for purposes of enforcing any such subpoena.

15. Dickey agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.


16. Dickey agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

Dated: January 11, 2006

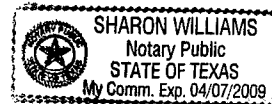


JAMES R. DICKEY

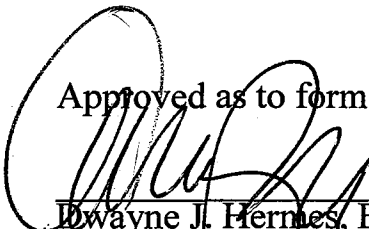
On January 11, 200^b6, James R. Dickey personally appeared before me and acknowledged executing the foregoing Consent.



Notary Public
Commission expires: 04/07/09



Approved as to form:



Dwayne J. Hermes, Esq.
Amy Davis Benavides, Esq.
David G. Adams, Esq.
Hermes Sargent Bates, LLP
901 Main Street, Suite 5200
Dallas, TX 752027
Telephone: (214) 749-6000
Facsimile: (214) 749-6100
Attorneys for Defendant James R. Dickey

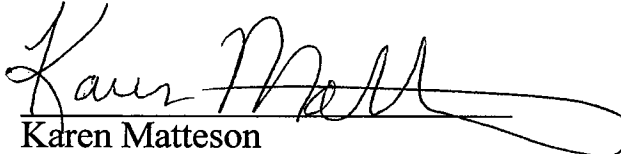
CERTIFICATE OF SERVICE

I certify that I caused to be served copies of the **CONSENT OF DEFENDANT JAMES R. DICKEY TO ENTRY OF FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF** by U.S. Mail to the following counsel of record on January 26, 2006:

Charles B. Manuel, Jr., Esq.
James C. Jones, Esq.
Shira Y. Rosenfeld, Esq.
Manuel & Jones, P.C.
230 Park Avenue, Suite 1000
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Attorney for Defendant James R. Dickey


Karen Matteson

**IN THE UNITED STATES DISTRICT COURT FOR THE
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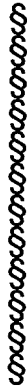
SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

CONRAD P. SEGHERS and
JAMES R. DICKEY,

Defendants.



Civil Action No. 3-04CV-1320-K

**[PROPOSED] FINAL JUDGMENT OF PERMANENT INJUNCTION
AND OTHER RELIEF AGAINST DEFENDANT JAMES R. DICKEY**

The Securities and Exchange Commission having filed a First Amended Complaint (“Complaint”) and Defendant James R. Dickey (“Dickey”) having entered a general appearance; consented to the Court’s jurisdiction over Dickey and the subject matter of this action; consented to entry of this Final Judgment 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 Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Dickey and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Sections 5(a) and 5(c) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§ 77e(a) & 77e(c), by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or
- (c) Making use of any means or instruments 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 Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act, 15 U.S.C. § 77h.

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Dickey and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of 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 made, in 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.

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Dickey and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 ("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 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.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Dickey and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from

violating Section 15(a)(1) of the Exchange Act, 15 U.S.C. § 78o(a)(1), by making use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security unless Dickey is registered with the Commission as a broker or dealer in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b).

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Dickey is liable for disgorgement of \$85,052.00, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$18,952.00, for a total of \$104,004.00. Based on Dickey's sworn representations in his Statement of Financial Condition dated November 6, 2005, and other documents and information submitted to the Commission, however, the Court is not ordering Dickey to pay a civil penalty and payment of all but \$35,000.00 of the disgorgement and prejudgment interest thereon is waived. Dickey shall pay the \$35,000.00 in twenty-six installments according to the following schedule: (1) \$10,000.00 within ten days of entry of this Final Judgment; and (2) \$1,000.00 on the first day of each month thereafter for the next twenty-five months, plus postjudgment interest on each installment calculated pursuant to 28 U.S.C. § 1961. If Dickey fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Final Judgment, including postjudgment interest, minus any payments made, shall become due and payable immediately without further application to the Court. All payments shall be made to Daniel Jackson, in his capacity as Court-appointed Receiver in *The Art Institute of Chicago et al. v. Integral Hedging, L.P. et al.*, No. 01-10623 (District Court, Dallas County, Texas), by certified check, bank cashier's check or United States postal money order. Dickey shall simultaneously transmit a photocopy of each such payment to the

Commission's counsel in this action. By making these payments, Dickey relinquishes all legal and equitable right, title and interest in such funds, and no part of the funds shall be returned to Dickey. The Commission may enforce the Court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law). In response to any such civil contempt motion by the Commission, Dickey may assert any legally permissible defense. Dickey shall also pay postjudgment interest on any delinquent amounts pursuant to 28 USC § 1961.

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the determination not to impose a civil penalty and to waive payment of all but \$35,000.00 of the disgorgement and prejudgment interest is contingent upon the accuracy and completeness of Dickey's Statement of Financial Condition. If at any time following the entry of this Final Judgment the Commission obtains information indicating that Dickey's representations to the Commission concerning his assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Dickey, petition the Court for an order requiring Dickey to pay the unpaid portion of the disgorgement, prejudgment and postjudgment interest thereon, and the maximum civil penalty allowable under the law. In connection with any such petition, the only issue shall be whether the financial information provided by Dickey was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Dickey to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment. The Commission

may also request additional discovery. Dickey may not, by way of defense to such petition: (1) challenge the validity of the Consent or this Final Judgment; (2) contest the allegations in the Complaint filed by the Commission; (3) assert that payment of disgorgement, prejudgment and postjudgment interest or a civil penalty should not be ordered; (4) contest the amount of disgorgement and prejudgment and postjudgment interest; (5) contest the imposition of the maximum civil penalty allowable under the law; or (6) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Dickey 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 the purposes of enforcing the terms of this Final Judgment.

IX.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

DATED:

HONORABLE JAMES E. KINKEADE
UNITED STATES DISTRICT JUDGE

EXHIBIT 1 PAGE 6