

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

<b>U.S. SECURITIES AND EXCHANGE</b>	)	
<b>COMMISSION,</b>	)	
	)	
<b>Plaintiff,</b>	)	
	)	
<b>vs.</b>	)	
	)	
<b>CITY OF HARVEY, ILLINOIS AND</b>	)	
<b>JOSEPH T. LETKE</b>	)	
	)	
<b>Defendants.</b>	)	
	)	
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	)	
	)	

**Civil Action No.: 14-4744**

**Judge Amy J. St. Eve**

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**FINAL JUDGMENT AS TO DEFENDANT CITY OF HARVEY, ILLINOIS**

Plaintiff U.S. Securities and Exchange Commission (the “SEC”) having filed a Complaint and Defendant City of Harvey, Illinois (“Defendant”) having entered a general appearance; consented to the Court’s jurisdiction over Defendant 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 Defendant and Defendant’s 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 [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.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's 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 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 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 HEREBY 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 Defendant shall comply with all of the undertakings and agreements set forth therein, including, but not limited to, the undertakings to:

- i. retain an Independent Consultant (the “Independent Consultant”), not unacceptable to the Securities and Exchange Commission (the “SEC”) staff, for a period of not less than 3 years, pursuant to a written agreement (the “Independent Consultant Agreement”). The jurisdiction of the Independent Consultant shall be limited to: (a) recommending policies and procedures intended to strengthen internal controls and oversight over Defendant’s financial reporting, use of proceeds from the issuance of municipal bonds, and disclosures in connection with preliminary and final offerings of any future securities offering for which Defendant is an issuer or obligated person; and (b) evaluating and reporting to the Court regarding Defendant’s implementation of those recommendations. In connection with developing the recommendations provided for in this subparagraph, the Independent Consultant is authorized to review any weaknesses in internal controls and oversight over Defendant’s past financial reporting, use of proceeds from the past issuance of municipal bonds, and disclosures in connection with past preliminary and final offerings of securities offerings by Defendant. The Independent Consultant Agreement shall, among other things, describe the authority and responsibilities of the Independent Consultant and the obligations of Defendant with respect to the Independent Consultant, including the following:

1. the Independent Consultant may retain a law firm as attorney to the Independent Consultant. In addition, the Independent Consultant may, upon motion, seek authority from the Court to engage and employ persons in its discretion to assist in carrying out its duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, financial or business advisers, and forensic experts.

2. Defendant shall cooperate fully with the Independent Consultant in the discharge of the Independent Consultant's responsibilities. Among other things, Defendant shall provide all information requested by the Independent Consultant reasonably relevant to Defendant's financial reporting, use of proceeds raised from the issuance of municipal bonds, or disclosures in preliminary and final offering documents of any future securities offerings for which Defendant is an issuer or obligated person. Additionally, Defendant shall promptly implement the Independent Consultant's recommendations. Defendant or the SEC may petition the Court for resolution of any disputes concerning the Independent Consultant's activities, authorities, determinations or responsibilities, or over Defendant's implementation of the Independent Consultant's recommendations.

3. Defendant shall retain the Independent Consultant (after consulting with the SEC staff and determining that the proposed Independent Consultant is not unacceptable to the SEC staff) and execute the Independent Consultant Agreement within 45 days after the entry of the Final Judgment, and Defendant shall provide to the Court a copy of the duly executed Independent Consultant Agreement within 30 days of execution of the agreement.

4. the Independent Consultant shall submit: 1) an interim status report to the Court regarding the status of the Independent Consultant's performance of its

responsibilities within 180 days of the date of execution of the Independent Consultant Agreement, and then on an annual basis for the duration of the Independent Consultant's term; and 2) a final report, within 180 days of the expiration of the Independent Consultant's term, to the Court regarding the discharge of the Independent Consultant's responsibilities and Defendant's implementation of the Independent Consultant's recommendations.

5. the Independent Consultant shall enter into an agreement with Defendant providing that, for the period of engagement and for a period of two years from completion of the engagement, the Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Defendant, or any of its present or former affiliates, subsidiaries, directors, officers, employees, or agents acting in their capacity as such. The agreement will also provide that the Independent Consultant will require that any firm with which it is affiliated or of which it is a member, and any person engaged to assist it in performance of its duties under this Consent shall not, without prior written consent of the Court, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Defendant, or any of its present or former affiliates, subsidiaries, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement;

6. Defendants shall provide reasonable compensation to the Independent Consultant relating to fees and expenses, as agreed to by the parties.

ii. retain the accounting firm of Lauterbach & Amen, LLP ("Lauterbach"), which Defendant already has retained, or another auditing firm not unacceptable to the SEC staff (Lauterbach or such other auditing firm will be referred to herein as the "Independent

Auditing Firm”), for a period of not less than 3 years, pursuant to a written agreement (the “Independent Auditing Firm Agreement”). The jurisdiction of the Independent Auditing Firm shall be limited to completing audits of the Defendant’s financial statements from 2009 through the expiration of the Independent Auditing Firm’s term. The Independent Auditing Firm will advise the Court, on an annual basis, of the status of the audits being performed and provide any completed audit reports for the City of Harvey’s financial statements, including an evaluation of the effectiveness of Defendant’s internal controls over financial reporting.

1. Defendant shall cooperate fully with the Independent Auditing Firm in the discharge of the Independent Auditing Firm’s responsibilities. Among other things, Defendant shall provide all information requested by the Independent Auditing Firm reasonably relevant to Defendant’s financial reporting and accounting internal controls, policies, and procedures. Defendant or the SEC may petition the Court for resolution of any disputes concerning the Independent Auditing Firm’s activities, authorities, determinations or responsibilities.

2. Defendant shall retain the Independent Auditing Firm (after consulting with the SEC staff and determining that the proposed Independent Consultant is not unacceptable to the SEC staff) and execute the Independent Auditing Firm Agreement within 45 days after the entry of the Final Judgment, and Defendant shall provide the Court a copy of the duly executed Independent Auditing Firm Agreement within 30 days of execution of the agreement.

3. the Independent Auditing Firm shall submit: 1) an interim status report to the Court regarding the status of the Independent Auditing Firm’s performance of its responsibilities within 180 days of the date of execution of the Independent Auditing Firm

Agreement; and 2) a final report, within 180 days of the expiration of the Independent Auditing Firm's term, to the Court regarding the discharge of its responsibilities.

4. the Independent Auditing Firm shall enter into an agreement with Defendant providing that, for the period of engagement and for a period of two years from completion of the engagement, the Independent Auditing Firm shall not enter into any professional relationship with Defendant, or any of its present or former affiliates, subsidiaries, directors, officers, employees, or agents acting in their capacity as such, other than as described herein. The agreement will also provide that the Independent Auditing Firm will require that any firm with which it is affiliated or of which it is a member, and any person engaged to assist it in performance of its duties under this Consent shall not, without prior written consent of the Court, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Defendant, or any of its present or former affiliates, subsidiaries, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

iii. refrain, for a period of 3 years from the date of the entry of the Final Judgment, from participating in the offer and sale of any municipal securities for which Defendant is an issuer or obligated person unless Defendant has, prior to each such offering:

1. retained an Independent Disclosure Counsel ("Independent Disclosure Counsel") not unacceptable to the SEC staff for each such offering. The jurisdiction of the Independent Disclosure Counsel for each such offering shall be limited to making recommendations designed to ensure that any offering documents

for such offerings are accurate and complete, and to ensure that the terms of the Final Judgment in this matter are disclosed in any such offering documents.

2. Defendant shall cooperate fully with the Independent Disclosure Counsel for each such offering in the discharge of the Independent Disclosure Counsel's responsibilities. Among other things, Defendant shall provide all information requested by the Independent Disclosure Counsel reasonably relevant to efforts to make any preliminary and final offering documents for each such offering accurate and complete, and ensuring that the terms of the Final Judgment are disclosed in any such offering documents. Additionally, Defendant shall promptly implement the Independent Disclosure Counsel's recommendations. Defendant or the SEC may petition the Court for resolution of any disputes concerning the Independent Disclosure Counsel's activities, authorities, determinations or responsibilities.

3. the Independent Disclosure Counsel for each such offering shall submit an interim status report to the Court regarding the status of the Independent Disclosure Counsel's responsibilities and Defendant's implementation of the Independent Disclosure Counsel's recommendations within 180 days of the initial issuance of offering documents for each such offering to any investor or prospective investor.

4. the Independent Disclosure Counsel shall enter into an agreement with Defendant providing that, for the period of engagement and for a period of two years from completion of the engagement, the Independent Disclosure Counsel shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Defendant (except as acting as Independent



Disclosure Counsel for another bond offering by Defendant), or any of its present or former affiliates, subsidiaries, directors, officers, employees, or agents acting in their capacity as such. The agreement will also provide that the Independent Disclosure Counsel will require that any firm with which it is affiliated or of which it is a member, and any person engaged to assist it in performance of its duties under this Consent shall not, without prior written consent of the Court, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Defendants, or any of its present or former affiliates, subsidiaries, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement (except to the extent the relationship relates to the engagement of the Independent Disclosure Counsel for another bond offering by Defendant).

5. Defendant shall provide reasonable compensation to the Independent Disclosure Counsel relating to fees and expenses, as agreed to by the parties, with such compensation to be paid out of the proceeds from each such offering for which the Independent Disclosure Counsel has been retained.

iv. certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The SEC staff may make reasonable requests for further evidence of compliance, and Defendant agrees to provide such evidence. Defendant shall submit the certification and supporting material to the Director of the SEC's Chicago Regional Office, no later than sixty (60) days from the date of the completion of the undertakings.

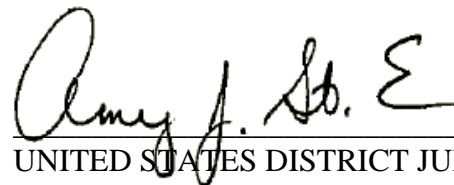
IV.

IT IS HEREBY 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.

V.

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: December 10, 2014

  
UNITED STATES DISTRICT JUDGE