

FILED IN THE CLERK'S OFFICE
U.S. DISTRICT COURT
ATLANTA, GEORGIA

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

JUN 21 1999

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CLERK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

CLARENCE WAYNE COOK, BRIAN E.
CAUSEY, HAVEN QUEST and CAYMAN
SOUTH INTERNATIONAL, INC.

Defendants.

Civil Action File No.

1:98-CV-2236-JTC

ORDER OF PERMANENT INJUNCTION AND OTHER RELIEF
AS TO DEFENDANTS COOK, CAUSEY, HAVEN QUEST AND CAYMAN

Plaintiff Securities and Exchange Commission ("Commission") having filed its Complaint herein; and defendants Clarence Wayne Cook ("Cook"), Brian E. Causey ("Causey"), Haven Quest and Cayman South International, Inc. ("Cayman") having entered a general appearance, having admitted the jurisdiction of this Court over them and over the subject matter of the action, having waived entry of findings of fact and conclusions of law under Rules 52 and 65 of the Federal Rules of Civil Procedure with respect to the relief granted in this Order, solely for the purposes of this proceeding and any other proceeding brought by or on behalf of the Commission or to which the Commission is a party, and without admitting or denying any of the allegations of the Complaint, except as to jurisdiction which they admit, and having agreed to the entry of this Order; and the Court being fully advised in the premises:

I.

IT IS HEREBY ORDERED that defendants Cook, Causey, Haven Quest and Cayman as well as their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile transmission or otherwise, and each of them, be and hereby are permanently enjoined and restrained from violating Section 17(a) of the Securities Act of 1933, 15 U.S.C. 77q(a), by, directly or indirectly, through the use of any means or instrument of transportation and communication in interstate commerce, or of the mails,

- a. employing any device, scheme, or artifice to defraud;
- b. obtaining money or property by means of any untrue statement of a material fact or any omission 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. engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a purchaser,

in the offer or sale of any security.

II.

IT IS FURTHER ORDERED that defendants Cook, Causey, Haven Quest and Cayman as well as their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile transmission or otherwise, and each of them, be and hereby are permanently enjoined and restrained

from violating Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. 78j(b), and Rule 10b-5, 17 C.F.R. 240.10b-5, promulgated thereunder by, directly or indirectly, through the use of any means or instrumentalities of interstate commerce, or of the mails or of any facility of a national securities exchange,

- a. employing any device, scheme, or artifice to defraud;
- b. making any untrue statement of a material fact or omitting 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. engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person,

in connection with the purchase or sale of any security.

III.

IT IS FURTHER ORDERED that:

Defendants Cook, Causey, Haven Quest and Cayman as well as their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile transmission or otherwise, and each of them, hold and retain within their control, and otherwise prevent any disposition, transfer, pledge, encumbrance, assignment, dissipation, concealment, or other disposal of any funds or other assets derived from any investors in Haven Quest and Cayman presently held by them, under their control or over which they exercise actual or apparent investment or other authority, in whatever form such assets may presently exist.

IV.

IT IS FURTHER ORDERED that, pending final determination as to all of the parties to this action, defendants Cook, Causey, Haven Quest and Cayman as well as their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile transmission or otherwise, and each of them, are hereby enjoined from destroying, mutilating, concealing, altering, or disposing of any document referring or relating in any manner to any defendants herein including but not limited to (a) any investor investments in any of the defendant entities and (b) records evidencing the receipt and disbursement of investor funds in any of the defendant entities. As used in this order, "document" means the original and all non-identical copies (whether non-identical because of handwritten notation or otherwise) and all written or graphic matter, however produced, and any other tangible record, or electronic data compilation of any sort, including, without limitation, computer disks, computer harddrives, computer diskettes, computer tapes, correspondence, memoranda, notes, minutes, telephone records, reports, studies, telexes, diaries, calendar entries, contracts, and letters of agreement, and including any and all existing drafts of all documents.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the amount of disgorgement to be ordered against defendant Cook shall be \$2,010,432, representing the total amount of investors' funds raised, less the amount returned to investors and less the amount taken by co-defendant Causey from the scheme outlined in the Commission's Complaint in violation of the securities laws, plus prejudgment interest thereon. The calculation of prejudgment interest

Cook is ordered to pay is computed at the Internal Revenue Service rate for unpaid taxes. It is provided, however, that the payment of disgorgement and prejudgment interest exceeding the amount of \$40,000 is waived based upon defendant Cook's inability to pay said amounts. This partial waiver is conditioned upon Defendant Cook's having stated fully and truthfully in all respects the information concerning its financial condition contained in the Statement of Financial Condition executed under oath by Cook on March 15, 1999 and submitted to the Commission thereafter and filed with his consent to this judgment. Disgorgement in the amount of \$40,000 shall be paid by Cook by certified check into the registry of the Court within thirty (30) days from the entry of this Order. Plaintiff Commission may petition the Court for a hearing to reconsider Defendant Cook's inability to disgorge funds if the Commission obtains information from any source that defendant Cook's statements made to the Commission regarding his financial condition were inaccurate or incomplete in any material respect. In connection with any such petition, if it determines that the Statement of Financial Condition was materially false, the Court will order defendant Cook to pay the above disgorgement amount, plus prejudgment interest, to the extent he is able to do so, direct the forfeiture of any concealed assets or impose sanctions for contempt of this Court's order. Upon a proper showing to the Court and upon proper notice given, the Commission may continue to take discovery as it deems appropriate with respect to Cook's financial condition.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the amount of disgorgement to be ordered against defendant Causey shall be \$2,006,463 representing the total

amount of investors' funds raised, less the amount returned to investors and less the amount taken by co-defendant Cook from the scheme outlined in the Commission's Complaint in violation of the securities laws, plus prejudgment interest thereon. The calculation of prejudgment interest Causey is ordered to pay is computed at the Internal Revenue Service rate for unpaid taxes. It is provided, however, that the payment of disgorgement and prejudgment interest in excess of \$40,000 is waived based upon defendant Causey's inability to pay said amounts. This partial waiver is conditioned upon Defendant Causey's having stated fully and truthfully in all respects the information concerning its financial condition contained in the Statement of Financial Condition executed under oath by Causey on March 15, 1999 and submitted to the Commission thereafter and filed with his consent to this judgment. Disgorgement in the amount of \$40,000 shall be paid by Causey by certified check into the registry of the Court within thirty (30) days from the entry of this Order. Plaintiff Commission may petition the Court for a hearing to reconsider Defendant Causey's inability to disgorge funds if the Commission obtains information from any source that defendant Causey's statements made to the Commission regarding his financial condition were inaccurate or incomplete in any material respect. In connection with any such petition, if it determines that the Statement of Financial Condition was materially false, the Court will order defendant Causey to pay the above disgorgement amount, plus prejudgment interest, to the extent he is able to do so, direct the forfeiture of any concealed assets or impose sanctions for contempt of this Court's order. Upon a proper showing to the Court and upon proper notice given, the Commission may continue to take discovery as it deems appropriate with respect to Causey's financial condition.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the amount of disgorgement to be ordered against defendant Haven Quest shall be \$958,195, representing the amount of investors' fund it raised, less the amount returned to investors, and less the amounts taken by co-defendants Cook and Causey from the scheme outlined in the Commission's Complaint in violation of the securities laws, plus prejudgment interest thereon. The calculation of prejudgment interest Haven Quest is ordered to pay is computed at the Internal Revenue Service rate for unpaid taxes. It is provided, however, that the payment of disgorgement and prejudgment interest is waived based upon defendant Haven Quest's inability to pay said amounts. This waiver is conditioned upon Defendant Haven Quest's having stated fully and truthfully in all respects the information concerning its financial condition contained in the Statement of Financial Condition executed under oath by Haven Quest on March 15, 1999 and submitted to the Commission thereafter and filed with its consent to this judgment. Plaintiff Commission may petition the Court for a hearing to reconsider Defendant Haven Quest's inability to disgorge funds if the Commission obtains information from any source that defendant Haven Quest's statements made to the Commission regarding its financial condition were inaccurate or incomplete in any material respect. In connection with any such petition, if it determines that the Statement of Financial Condition was materially false, the Court will order defendant Haven Quest to pay the above disgorgement amount, plus prejudgment interest, to the extent it is able to do so, direct the forfeiture of any concealed assets or impose sanctions for contempt of this Court's order. Upon a proper showing to

the Court and upon proper notice given, the Commission may continue to take discovery as it deems appropriate with respect to Haven Quest's financial condition.

VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the amount of disgorgement to be ordered against defendant Cayman South shall be \$484,000, representing the amount of investors' funds it raised from the scheme outlined in the Commission's Complaint in violation of the securities laws, plus prejudgment interest thereon. The calculation of prejudgment interest Cayman South is ordered to pay is computed at the Internal Revenue Service rate for unpaid taxes. It is provided, however, that the payment of disgorgement and prejudgment interest is waived based upon defendant Cayman South's inability to pay said amounts. This waiver is conditioned upon Cayman South's having stated fully and truthfully in all respects the information concerning its financial condition contained in the Statement of Financial Condition executed under oath by Cayman South on March 15, 1999 and submitted to the Commission thereafter and filed with its consent to this judgment. Plaintiff Commission may petition the Court for a hearing to reconsider Defendant Cayman South's inability to disgorge funds if the Commission obtains information from any source that defendant Cayman South's statements made to the Commission regarding its financial condition were inaccurate or incomplete in any material respect. In connection with any such petition, if it determines that the Statement of Financial Condition was materially false, the Court will order defendant Cayman South to pay the above disgorgement amount, plus prejudgment interest, to the extent it is able to do so, direct the forfeiture of any concealed assets or impose sanctions for contempt of this Court's order. Upon a proper showing to

the Court and upon proper notice given, the Commission may continue to take discovery as it deems appropriate with respect to Cayman South's financial condition.

IX.

IT IS FURTHER ORDERED that the disgorgement ordered for defendant Cook is joint and several with that of defendant Causey; that the disgorgement ordered for defendant Causey is joint and several with that of defendant Cook; that the disgorgement ordered for defendant Haven Quest is joint and several with that of defendants Cook and Causey; and that the disgorgement ordered for defendant Cayman South is joint and several with that of defendants Cook and Causey.

X.

IT IS FURTHER ORDERED that the Court is not ordering defendants Cook, Causey, Haven Quest or Cayman South to pay a civil penalty. The Court's determination that each of the defendants has demonstrated an inability to pay a civil penalty, and its decision not to order them to pay such amounts, is conditioned on the accuracy and completeness of each defendant's sworn representations to the Commission concerning his/its financial condition. If, at any time, following the entry of the Final Judgment by the Court, the Commission obtains information that any defendant's representations to the Commission contained misrepresentations or material omissions, the Commission may petition the Court for an order and upon proper notice given, and the Court may require that defendant to pay a civil penalty for the violations of the federal securities laws alleged by the Commission in its Complaint. In its petition, the Commission may upon proper showing, also request additional discovery and/or seek additional remedies. No defendant may, by way of a defense to such petition, contest the allegations in the Complaint filed by the Commission

or assert that a civil penalty should not be ordered by the Court for the violations of the federal securities laws alleged herein.

XI.

IT IS FURTHER ORDERED that this judgment does not resolve any claims against Cook, Causey, Haven Quest or Cayman South which have not been or may be asserted by any third parties arising from their actions in this matter.

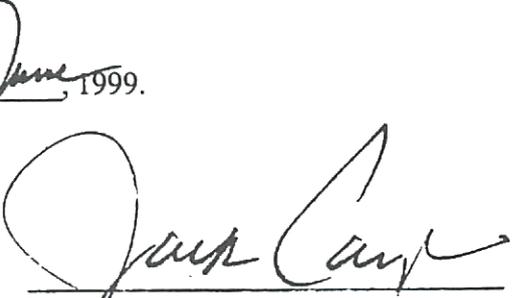
XII.

IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for the purpose of enforcing this Order.

XIII.

IT IS FURTHER ORDERED that there is no just reason for delay and the Clerk is directed to enter this judgment forthwith.

SO ORDERED, this 17 day of June, 1999.



Jack J. Camp, Judge
UNITED STATES DISTRICT COURT