

*of*  
**ORIGINAL**

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

**FILED**

**JAN 21 2000**

NANCY DOHERTY, CLERK

By \_\_\_\_\_

Deputy

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

LARRY C. TALLEY, SR.,

Defendant.

CIVIL ACTION NO.  
3:98-CV-2318-L

ENTERED ON DOCKET

JAN 21 2000

U.S. DISTRICT CLERK'S OFFICE

**FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER  
EQUITABLE RELIEF AGAINST LARRY C. TALLEY, SR.**

Plaintiff Securities and Exchange Commission ("Commission"), having filed its Complaint in this matter and defendant Larry C. Talley, Sr. ("Talley"), through his Stipulation and Consent ("Consent"), having admitted service of the of the Complaint and waived service of the summons, having admitted the jurisdiction of this Court over him, having waived the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, having entered into his Consent voluntarily, no threats, promises of immunity or assurances having been made by the Commission or by any of its members, officers, agents or representatives to induce Talley to enter into his Consent, having consented, without admitting or denying any of the allegations in the Commission's Complaint, except as to jurisdiction as set forth above, to entry without further notice of this

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Final Judgment of Permanent Injunction and Other Equitable Relief ("Final Judgment") enjoining defendant Talley from engaging in transactions, acts, practices and courses of business which constitute and would constitute 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), and 77(q)(a)], Sections 10(b) and 15(a)(1) of the Securities Exchange Act of 1934 ("Exchange Act"), [15 U.S.C. §§78j(b) and 78o(a)(1)], and Rule 10b(5) thereunder [17 C.F.R. §240.10b-5]; and it further appearing that this Court has jurisdiction over defendant Talley and over the subject matter of this action and that no further notice of hearing for the entry of this Final Judgment need be given; and the Court being fully advised in the premises:

I.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that defendant Larry C. Talley, Sr. and his agents, servants, employees, attorneys-in-fact and all other persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, be and hereby are permanently restrained and enjoined, directly or indirectly, in connection with the purchase or sale of securities, in the form of investment contracts involving profit interests, or any other security, from making use of any means or instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange:

- (a) to employ any device, scheme or artifice to defraud;
- (b) to make any untrue statement of a material fact or 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 FURTHER ORDERED, ADJUDGED AND DECREED that defendant Larry C. Talley, Sr. and his agents, servants, employees, attorneys-in-fact and all other persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined, in the offer or sale of securities, in the form of investment contracts involving profit interests, or any other security, from making use of any means or instruments of transportation or communication in interstate commerce, or 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 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 transaction, practice or course of business which operates or would operate as a fraud or deceit upon any purchaser.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Larry C. Talley Sr. and his agents, servants, employees, attorneys-in-fact, and all persons in active concert or participation with him who receive actual notice of this Order by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined

from, directly or indirectly:

(a) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell any securities in the form of investment contracts, or any other security, through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect with the Commission as to such securities;

(b) carrying securities in the form of investment contracts, or any other security, or causing them to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale, unless and until a registration statement is in effect with the Commission as to such securities; 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, securities in the form of investment contracts, or any other security, unless a registration statement has been filed with the Commission as to such securities, or while a registration statement filed with the Commission as to such securities is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding of examination under Section 8 of the Securities Act of 1933, as amended [15 U.S.C. § 77h];

provided, however, that nothing in this Part III shall apply to any security or transaction which is exempt from the provisions of Section 5 of the Securities Act [15 U.S.C. § 77e].

IV,

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Larry C. Talley Sr. and his agents, servants, employees, attorneys-in-fact and all other persons in active concert or participation with him who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from, directly or indirectly, engaging in the business of effecting transactions in securities for his own account or the account of others, and while making use of the mails or any means or instrumentality of interstate commerce, to effect transactions in, or to induce or attempt to induce the purchase or sale of securities in the form of investment contracts, or any other security (other than an exempted security or commercial paper, banker's acceptances or commercial bills), unless and until defendant Talley is registered with the Commission as a broker or dealer in accordance with Section 15(b) of the Securities Exchange Act of 1934, [15 U.S.C. §78o(b)], or is otherwise exempt from registration pursuant to Section 15(a) of the Securities Exchange Act of 1934 [ 15 U.S.C. § 78o(b) ].

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Larry C. Talley Sr. shall pay disgorgement in the amount of \$307,000.00, representing his gains from the conduct alleged in the Complaint, plus prejudgment interest thereon, and \$2,100,000, representing the funds received for the benefit of Hawk Wing International Corporation, Orchard Hills International, Inc. and Orchard Hills Investment Company, plus prejudgment interest thereon. Based upon Defendant Talley's sworn representations in his Sworn Statement of Financial Condition dated April 1, 1999, and his Declaration dated

12-9-1999, payment of all the disgorgement and prejudgment interest thereon is waived, contingent upon the accuracy and completeness of his Sworn Statement of Financial Condition.

VI.

IT IS FURTHER ORDERED that based upon defendant Talley's sworn representations in his Sworn Statement of Financial Condition and his Declaration, the Court is not ordering him to pay a civil money penalty pursuant to the provisions of Section 20(d) of the Securities Act of 1933,[15 U.S.C. §77t(d)], and Section 21(d)(3) of the Securities Exchange Act of 1934,[ 15 U.S.C. §78u(d)(3)]. The determination not to impose a civil penalty and to waive payment of the disgorgement amount and of prejudgment interest thereon is contingent upon the accuracy and completeness of defendant Talley's Sworn Statement of Financial Condition. If at any time following the entry of this Final Judgment, the Commission obtains information indicating that defendant Talley'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 Talley, petition this Court for an order requiring Talley to pay a disgorgement amount of \$2,407,000, plus prejudgment and post-judgment interest thereon, and a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by defendant Talley was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of civil penalty to be imposed. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering defendant Talley to

turn over funds and assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment, and the Commission may also request additional discovery. Defendant Talley may not, by way of defense to such petition, challenge the validity of his Consent or this Final Judgment, contest the allegations in the Complaint filed by the Commission or the amount of disgorgement and interest, or assert that disgorgement or payment of a civil penalty should not be ordered.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Consent filed herein be, and the same is hereby, incorporated in this Final Judgment with the same force and effect as if fully set forth herein.

VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction of this action for all purposes, including for purposes of entertaining any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court, including but not limited to the relief requested by the Commission in its Complaint in this action.

IX.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Final Judgment may be served upon defendant Talley in person or by mail either by the United States marshal, by the Clerk of the Court or by any member of the staff of the Commission.

DATED and SIGNED this 21<sup>st</sup> day of January, 2000.

  
SAM A. LINDSAY  
UNITED STATES DISTRICT JUDGE

Agreed as to Form and Substance:

  
LARRY C. TALLEY, SR.

Approved as to Form:

  
RICHARD M. HEWITT  
Texas Bar No. 09560000  
Attorney for Larry C. Talley, Sr.

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