

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9931 / September 28, 2015

SECURITIES EXCHANGE ACT OF 1934
Release No. 75998 / September 28, 2015

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3707 / September 28, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16838

In the Matter of

William C. Enloe,

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER AND PENALTIES

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against William C. Enloe (“Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided in Section V herein, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order and Penalties (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

This proceeding resulted from the failure of Trinity Capital Corporation and its wholly-owned subsidiary, Los Alamos National Bank (collectively, "Trinity" or "the Bank"), to account properly for the Bank's loan portfolio during 2010, 2011 and the first two quarters of 2012 (the "Relevant Periods"), and to account properly for its real estate held as a result of foreclosures (referred to as "other real estate owned" or "OREO") in 2011.

By 2009, as the New Mexico economy declined during the financial crisis, the Bank experienced an increase in delinquent and problem loans and a decrease in the collateral values supporting its loan and OREO portfolio, requiring the Bank to record loan and OREO losses. Enloe and other former members of Trinity's management caused the Bank to engage in false and misleading accounting and reporting that concealed the Bank's loan delinquencies and declining collateral values and to hide the true value of its loan and OREO portfolio. This conduct resulted in the Bank materially misstating its provision for loan losses on its income statement and its allowance for loan and lease losses ("ALLL") on its balance sheet during the Relevant Periods, including in its quarterly and annual filings with the Commission during 2010, 2011, and the first two quarters of 2012, and understating its OREO losses in 2011. This conduct by Enloe and other former members of the Bank's management was aided by the Bank's deficient internal accounting controls over loan and OREO accounting, as well as the overriding of internal accounting controls by Enloe and other employees and former members of management.

While serving as the CEO of the Bank, Enloe facilitated the false and misleading accounting by pressuring loan officers to engage in improper conduct that kept the Bank from properly recording losses on its financial statements. Specifically, Enloe instructed and encouraged loan officers and others: (1) not to downgrade loans that were delinquent; (2) to make delinquent loans appear to be paying on time; (3) not to identify loans for which the Bank was not going to be paid in full; and (4) not to accurately value the Bank's collateral. In addition, Enloe circumvented the Bank's internal controls by, among other things: (a) permitting the extension of additional credit to delinquent borrowers without the appropriate financial analysis or supervisory approval; (b) improperly rejecting appraisals that evidenced declining values for real estate that collateralized loans; and (c) continuing to act as a loan officer when he had no lending authority. The fraudulent conduct was also aided by Enloe's failure to implement sufficient internal controls over financial reporting at the Bank.

Respondent

1. William C. Enloe is a 66-year-old resident of Los Alamos, New Mexico. Enloe worked at the Bank from 1971 until his employment concluded on February 1, 2013. From 1979

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

until 1994 he was the President of Trinity, and from 1994 to February 1, 2013, Enloe served as Trinity's CEO. Enloe is now employed by a private company.

Related Entity

2. Trinity Capital Corporation is a New Mexico corporation headquartered in Los Alamos, New Mexico. Trinity is the holding company of Los Alamos National Bank, a national banking organization with \$1.4 billion in assets. Trinity's common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act; however, its stock is not listed on any automated quotation system or securities exchange and no firm makes a market in its stock. In 2010, Trinity issued common stock under a registration statement filed on Form S-8 (Registration No. 333-126980, filed July 28, 2005). In 2012, Trinity awarded Restricted Stock Units to certain personnel under the same registration statement. The registration statement incorporated by reference subsequent filings, including Trinity's 2010 Forms 10-Q and 10-K, 2011 Forms 10-Q and 10-K, and 2012 Forms 10-Q.

Facts

3. During 2010, 2011, and the first two quarters of 2012 (the "Relevant Periods"), Trinity failed to properly account for the Bank's loan portfolio and OREO. As a result, the Bank filed inaccurate periodic reports with the Commission in 2010, 2011, and the first two quarters of 2012.

4. On December 12, 2014, Trinity filed its Form 10-K for the year ended December 31, 2013, which included the restatement of Trinity's consolidated financial data for the year ended December 31, 2011 and the quarterly periods ended March 31, 2012 and June 30, 2012, and the restated, unaudited, selected consolidated financial data for the year ended December 31, 2010. According to its restatement, Trinity's provision for loan losses was understated by \$6.8 million (25%) in 2010, \$22.3 million (73%) in 2011, and \$4.5 million (68%) in the first quarter of 2012. Trinity overstated its provision for loan losses for the second quarter of 2012 by \$2.3 million (31%). Additionally, in 2011, Trinity's OREO losses were understated by \$364,000 (10%). The restatement noted that these failures were caused in part by the override of controls by certain former members of management because of Trinity's insufficient internal accounting controls, including controls in the loan department, internal audit, and loan accounting. The restatement also identified material weaknesses in Trinity's internal controls over financial reporting.

5. During the time period at issue, the Bank's loan policies required that loans be assigned one of seven descending grades based on the decreasing likelihood that the loan principal and interest would be collected. As discussed herein, the Bank was thereafter required under relevant accounting principles to recognize and/or reserve against likely loan losses. Enloe, directly and through instructions to lower-level employees, caused the Bank to materially misstate its ALLL and loan loss provision by: (1) pressuring loan officers not to downgrade troubled loans; (2) instructing and encouraging loan officers and others to modify loan terms and extend additional credit to delinquent borrowers to make unpaid loans falsely appear to be current; (3) failing to identify loans that were not going to be paid in full – including loans where the Bank granted concessions to the borrowers through restructured terms, known as troubled debt restructurings

(“TDRs”); and (4) failing to utilize accurate collateral valuations on impaired loans. In 2011, the Bank and Enloe failed properly to value and account for impairments to its OREO by not using appraisals that indicated that the value of OREO properties had decreased and that OREO write-downs were required.

Failure To Downgrade Loans

6. During the Relevant Periods, the Bank’s loan department operated under a culture that discouraged downgrading loans to special mention or substandard since the downgrading would lead to the recording of additional losses. Loans were to be graded special mention when they had potential weaknesses that deserved management’s close attention. Loans were to be graded substandard when they demonstrated a well-defined weakness. Loan officers were under pressure from Enloe and other members of management to avoid having “bad loans” in their loan portfolios, including any loans that were graded below pass and loans that were more than 30 days past due. As a result, the Bank’s loan department ignored and hid loan weaknesses that required downgrades and waited as long as possible to downgrade loans below pass, which sometimes included waiting until the loan was at or over 90 days past due, or until the loan was selected for review by a third party and was therefore at risk for being identified as a grade “miss.” These grading errors resulted in the Bank understating its ALLL because its lower graded loans carried a higher historical loss rate, which would have required additional losses and increased the ALLL.

7. Enloe and the Bank’s loan department undertook steps to prevent downgrades on certain loan relationships, including authorizing checking account overdrafts and the extension of additional credit to borrowers who were unable to make their required principal and interest payments on their existing debt. Sometimes this additional credit would be granted using loans referred to as “ABC Loans,” which stood for “Additional Balance Club Loans.” The additional credit was used to make required payments on the existing debt, which would result in the borrower appearing current on loan payments when, in fact, the Bank was not actually making any collections from the borrower.

8. Enloe, other former members of the Bank’s management, and loan department employees circumvented and ignored internal accounting controls by failing to downgrade troubled loan relationships. For example, in one instance, Enloe extended credit to a borrower without the required credit analyses being completed. In another instance, a borrower’s loans were first downgraded from pass to substandard by the internal audit department in late March 2011, were then updated to pass at Enloe’s direction in early April 2011, and were then again downgraded to substandard in May 2011 when the borrower appeared on a list of loans to be reviewed by a third party.

9. In the case of one borrower and his associated entities, approximately \$8.8 million in loans were improperly graded as pass during nearly all of the Relevant Periods. In connection with these loans, Enloe established a practice, followed by loan department employees, of using a variety of techniques to ignore and hide the borrower’s troubled financial situation, including granting additional credit to the borrower for the purpose of making payments on existing loans and modifying the loans and granting the borrower concessions without downgrading the loans or

evaluating them as TDRs.² Enloe and other members of the Bank's management did not follow up on certain Bank employees' concerns regarding the manner in which the Bank was managing and accounting for these loans. Further, Enloe and other former members of the Bank's management and loan department employees undertook efforts to prevent the OCC, the Board, and other Bank personnel from reviewing this borrower's loans and discovering the troubled nature of the borrower.

10. In another instance, Enloe authorized numerous extensions to a borrower that delayed the borrower's repayment of the loans. The borrower's financial situation and payment history clearly indicated that he was struggling to make his payments in accordance with the terms of his notes; nonetheless, at Enloe's direction, the loan officer continued to extend additional credit to make interest payments and to provide renewals and extensions to prevent the borrower from appearing on the Bank's past due list. Under Enloe's direction, this borrower's loans were not handled in accordance with the Bank's internal policies and procedures. Further, in at least one instance, Enloe had the loan department provide the borrower additional funds in the name of his entity so it would not be readily apparent that a loan payment was made through the extension of additional credit.

Failure To Measure Individual Loan Impairments Properly

11. The Bank also made material errors by failing to measure properly the loss for individually impaired loans. A loan is impaired when it is probable a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. If a loan is individually impaired, the amount of impairment must be measured and recorded as a loss with a corresponding amount recorded to the ALLL. Generally Accepted Accounting Principles ("GAAP") permits the impairment to be measured using the fair value of the underlying collateral if the loan is collateral dependent, which is the method the Bank typically utilized. GAAP requires that the best information available in the circumstances be used to determine fair value.

12. Among other things, appraisals were used to value the Bank's collateral that was used to measure the loss on impaired collateral-dependent loans. For purposes of measuring the impairment on a collateral-dependent loan, the Bank was required to consider the current condition of the property, which can be accomplished by using an "as-is" appraisal value.³ However, in at least two instances, Enloe directed the use of higher "as stabilized" or "as completed" values in measuring impairment losses when an as-is appraisal value should have been used.

13. One example involved a \$4.2 million loan that was substandard and impaired during the Relevant Periods. In 2010, at the direction of Enloe, the Bank used an as-stabilized appraisal based on the hypothetical value of the project assuming construction was completed and operating profitably. The Bank then subtracted the cost-to-complete as provided by the borrower.

² Pursuant to GAAP, a restructuring of a debt constitutes a TDR if the creditor grants a concession to the debtor due to the debtor's financial difficulties.

³ ASC 820-10-20 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants as of the measurement date. The as-is appraisal considers the conditions of the property as of the measurement date, while the as-completed and as-stabilized appraisals do not.

In the second half of 2011, the Bank obtained updated cost estimates that, if utilized, would have resulted in an impairment loss of approximately \$1 million; however, Enloe ignored those updated cost-to-complete estimates. In the second quarter of 2012, the Bank finally received an appraisal that included an “as-is” value, which would have required an impairment loss of approximately \$3.7 million. Enloe “rejected” the appraisal, requested it be deleted from the Bank’s electronic loan file, and the Bank continued to use the 2010 as-stabilized appraisal less the outdated cost to complete numbers. The resulting improper valuations on this loan resulted in the Bank avoiding approximately \$3.7 million in impairment losses throughout 2011 and in the first two quarters of 2012.

14. In another instance, the Bank ignored an appraisal valuing the collateral supporting an \$8.9 million loan that was substandard and impaired. Throughout 2011 and the first two quarters of 2012, the Bank measured the loan’s impairment by relying on a February 2011 appraisal that valued the property at approximately \$15.9 million. In March 2012, the Bank was notified that the property had been appraised in January 2012 in connection with foreclosure litigation. Using the January 2012 appraisal would have resulted in an impairment loss of approximately \$3 million. At Enloe’s direction, the Bank disregarded the January 2012 appraisal, ordered another appraisal from a different appraiser, and continued to solely rely on the outdated February 2011 appraisal in accounting for the loan for the year-end 2011 and in the first two quarters of 2012, thereby avoiding recognizing loan losses totaling approximately \$3 million.

15. In another example, the Bank participated in a \$20.5 million loan that was substandard and impaired throughout the Relevant Periods. In calculating the impairment throughout the Relevant Periods, Enloe directed that the Bank use the “as-stabilized” value of \$32 million from a January 2010 appraisal and \$27.4 million from a January 2011 appraisal. These “as-stabilized” values significantly overstated the fair value of the collateral, however, because they assumed significant changes to the property’s operations, none of which occurred during the Relevant Periods.

16. In connection with that same loan, Enloe ignored other material information relevant to the property’s value that indicated that the loan required a significant impairment loss, including a listing agreement that listed the property for sale at a price that was millions of dollars below the appraised “as-stabilized” values. Enloe also responded to inquiries of multiple potential buyers that the Bank was willing to accept a sales price that was millions of dollars below the appraised “as-stabilized” values. In addition, Enloe knew that another bank with an interest in the loan was accounting for the loan based on a collateral value of \$13 million, and that an internal Bank analysis showed that the property could be worth \$14 to \$15 million assuming some improvements to the property’s operating condition. By failing to measure the impairment on this loan properly, Enloe caused the Bank to avoid recording approximately \$8.9 million of loan losses throughout the Relevant Periods.

17. Similarly, on another loan for \$2.7 million, the Bank avoided a \$1.1 million impairment loss in 2011 by ignoring clear evidence of a lower collateral value. In February 2012, the Bank consented to a letter of intent for the sale of a loan’s collateral so long as the Bank obtained \$1.65 million from the sale. In accounting for the loan in the first quarter of 2012,

however, at Enloe's direction, the Bank ignored the letter of intent and instead used the outstanding loan balance of \$2.7 million as the collateral value.

18. Enloe also avoided necessary write downs on OREO properties by interfering with Trinity's appraisal process and obtaining appraisals late. For example, in early 2011, the Bank was in the process of foreclosing on a facility that was held as collateral on a loan. The facility had appraised for \$1 million in February 2010, but in March 2011 the bank received a new appraisal that valued the property at \$550,000. Enloe directed the loan department not to use the March 2011 appraisal and to hire a different appraiser to conduct another appraisal. On June 22, 2011, the Bank received a new appraisal, which valued the property at \$382,000. Upon receiving an appraisal with an even lower value, Enloe instructed the loan department to use the March 2011 appraisal with the value of \$550,000. As a result of this conduct, the Bank improperly failed to recognize approximately \$444,000 of impairment losses as of March 30, 2011.

Circumventing and Failing to Implement Internal Accounting Controls

19. The material misstatements and the conduct by certain former members of Bank management, including Enloe, were facilitated by the intentional circumvention of internal accounting controls, but were also aided by Enloe's failure to devise and maintain a system of internal accounting controls.

20. During the Relevant Periods, Enloe failed to implement sufficient internal accounting controls over the periodic review of loans to ensure loans were accurately graded and to identify troubled and impaired loans. Further, due to Enloe's influence, the Bank's internal audit department was not independent from management and, as a result, the Bank's Audit Committee was not always provided with complete and independent internal audit findings. The Bank's internal audit department also lacked a formalized risk assessment process and, as a result, did not sufficiently consider risks in financial reporting in establishing audit procedures.

21. Enloe also circumvented the Bank's processes and internal accounting controls over TDRs, impaired loan loss calculations, and appraisals. As noted above, Enloe was involved in loans that relied upon stale appraisals and collateral values improperly based on "as-stabilized" valuations. Enloe also ignored appraisals that came in with valuations that would result in charge offs. By circumventing the Bank's processes and controls in these ways, Enloe caused the Bank to materially misstate its ALLL and loan loss provision.

22. Enloe also failed to implement sufficient internal controls over the accounting for ABC Loans and the analysis of TDRs. For example, the Bank's internal loan approval and credit review processes failed to require an analysis of whether a loan modification or extension was a TDR. Similarly, in some instances, feedback and working papers from independent, third-party loan reviews indicated that a TDR analysis should be performed on specific loans; however, there were no controls in place to confirm that this feedback was reviewed, noted, and acted upon. Further, during the Relevant Periods, TDRs were rarely discussed within the loan department, and employees were not properly instructed as to how and when to analyze modifications as potential TDRs. Finally, numerous loans should have been evaluated as TDRs because a new loan was

provided to pay interest or principal due on an existing loan. Enloe and the Bank's loan policy failed to consider whether this situation resulted in a "concession."

23. Enloe failed to devise and maintain internal accounting controls sufficient to provide reasonable assurances that the Bank's accounting for impaired loans was in conformity with GAAP. Loan department personnel calculating the impaired loan losses did not possess sufficient accounting expertise and there was not adequate involvement or review by the accounting department. As a result, errors occurred in the calculation of impaired loan losses.

24. Enloe also failed to implement sufficient internal controls over appraisals. While the appraisal process was to be separate and independent from the loan department, in practice, loan department employees were charged with determining when appraisals would be ordered on classified loans. Further, at the direction of certain former members of the Bank's management and loan department, including Enloe, appraisals were sometimes not ordered timely, delayed, or ordered without the standard request for an "as-is" fair value. The accounting department was not automatically notified when appraisals were received, which meant that it was not always aware of appraisals relevant to impairment measurements.

25. Additionally, appraisals and other information were not always used, as required by GAAP, in the Bank's loan impairment accounting. Enloe was aware of this by at least 2009 when the Bank's outside auditor found a \$2.2 million accounting error. Nonetheless, Enloe failed to implement controls to adequately address this issue and, throughout the Relevant Periods, the Bank's internal audit and accounting departments continued to stumble across appraisals that had not been considered in the Bank's accounting.

26. Enloe also failed to implement sufficient internal accounting controls over the Bank's processes and computerized systems that housed appraisals and loan information. Controls were inadequate to ensure all received appraisals were preserved in the Bank's database. Numerous employees, including loan officers, had edit rights to these systems allowing them to alter or delete data about loans, appraisals, collateral values and customers. Because of these inadequacies, employees could delete appraisals or change collateral values without documenting why the alterations were made. When appraisals and collateral values were deleted, the result was that information was not made available to the OCC and other third parties, as well as other Bank employees.

Misleading Statements to Accountants

27. Enloe also made, or caused to be made, misleading statements to the Bank's accountants. For example, Enloe was aware of false and misleading information in impairment memos that were provided to internal accountants and the external auditors, including incorrect impairment calculations on loans that understated losses. Enloe was also aware of material information regarding the Bank's loan portfolio that was not provided to the external auditors, including evidence of significant borrower relationships where the borrowers were delinquent or had indicated an inability to pay and yet the Bank did not downgrade the loans below pass or designate the loans as impaired.

False Certifications

28. As CEO, during all Relevant Periods, Enloe signed certifications pursuant to Sections 302 and 906 of SOX in which he certified, among other things, that: (1) the information contained in the reports fairly presented, in all material respects, the financial condition and results of Trinity; (2) the financial statements were free of material misstatements and omissions; (3) he had disclosed any fraud involving management or other employees who had a significant role in the company's internal control over financial reporting; and (4) he had designed, or caused to be designed, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Nevertheless, during all Relevant Periods, Enloe knew about: (i) false and misleading information in impairment memos that made the information presented in Trinity's quarterly and annual reports not fairly present the Bank's financial condition and results; (ii) material misstatements and omissions in the Bank's financial statements tied to the Bank's loan portfolio; (iii) Trinity's failure to follow GAAP and its own loan policy in grading loans, designating loans as impaired, and designating loans as TDRs; and (iv) insufficient internal accounting controls over properly measuring impaired loans, use of ABC loans, appraisals, and the Bank's processes and computerized systems that housed appraisals and loan information.

Enloe Controlled and Directed Trinity's Violations

29. Enloe, as the CEO of Trinity, had management authority over Trinity, and did in fact control and direct Trinity's loan and OREO accounting. Further, as set forth above, Enloe orchestrated and was directly involved in Trinity's fraudulent financial reporting.

Violations

30. As a result of the conduct described above, Enloe violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

31. As a result of the conduct described above, Enloe violated Sections 17(a)(1) and (3) of the Securities Act, which prohibit fraudulent conduct in connection with the offer or sale of securities.

32. As a result of the conduct described above, Enloe violated Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder, which prohibit persons from knowingly circumventing or knowingly failing to implement a system of internal accounting controls, or knowingly falsifying any book, record, or account.

33. As a result of the conduct described above, Enloe violated Rule 13b2-2 of the Exchange Act, which prohibits any officer from either (1) making or causing to be made a materially false or misleading statement to an accountant, or (2) omitting to state, or causing another person to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading, to an accountant, in connection with any audit, review, or examination of the financial statements of an issuer.

34. As a result of the certifications described above, Enloe violated Rule 13a-14 of the Exchange Act, which requires that each report filed on Forms 10-Q and 10-K include certifications signed by the principal executive and principal financial officer of the issuer.

35. As a result of the conduct described above, Enloe caused Trinity's violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

36. As a result of the conduct described above, Enloe caused Trinity's violations of Section 17(a) of the Securities Act, which prohibits fraudulent conduct in connection with the offer or sale of securities.

37. As a result of the conduct described above, Enloe caused Trinity's violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder, which require every issuer of a security registered pursuant to Section 12 of the Exchange Act to file with the Commission information, documents, and annual and quarterly reports as the Commission may require, and mandate that periodic reports contain such further material information as may be necessary to make the required statements not misleading.

38. As a result of the conduct described above, Enloe caused Trinity's violations of Section 13(b)(2)(A) of the Exchange Act, which requires reporting companies to make and keep books, records, and accounts, which in reasonable detail, accurately reflect their transactions and dispositions of their assets.

39. As a result of the conduct described above, Enloe caused Trinity's violations of Section 13(b)(2)(B) of the Exchange Act, which require all reporting companies to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles; and prohibit persons from knowingly circumventing or knowingly failing to implement a system of internal accounting controls, knowingly falsifying any book, record, or account, and directly or indirectly falsifying or causing to be falsified any book, record, or account.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondent Enloe cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B), and 13(b)(5) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-13, 13a-14, 13b2-1, and 13b2-2 thereunder.

B. Pursuant to Section 8A(f) of the Securities Act and Section 21C(f) of the Exchange Act, Respondent Enloe is prohibited for a period of 5 years from acting as an officer or director of an issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

C. Respondent shall, within 20 days of the entry of this Order, pay a civil money penalty in the amount of \$250,000.00 to the Securities and Exchange Commission. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. If payment is not made by the date required by this Order, the balance of the civil penalty, plus any additional interest accrued pursuant to 31 U.S.C. 3717, shall be due and payable immediately, at the discretion of the Commission staff, without further application. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying William C. Enloe as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Tom Krysa, Division of Enforcement, Securities and Exchange Commission, 1961 Stout Street, Suite 1700, Denver, CO 80294-1961.

D. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty

Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

IT IS FURTHER ORDERED that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary