

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 98520 / September 26, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-20999

In the Matter of

WILLIAM B. MCHENRY, JR.
and FIRST SOUTH
INVESTMENTS, LLC

Respondents.

ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS

I.

On August 25, 2022, the Securities and Exchange Commission (“Commission”) instituted public administrative proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against William B. McHenry, Jr. (“McHenry”) and First South Investments, LLC (“First South”) (collectively, “Respondents”).

II.

Respondents have submitted Offers of Settlement (the “Offers”) 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 them and the subject matter of these proceedings and the findings contained in Section III, paragraph 2 below, which are admitted, Respondents consent to the entry of this Order Making Findings and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds that:

1. McHenry has been the sole owner and operator of First South since its founding. Since at least 2009, McHenry has, both directly and through First South, worked as a commissioned salesperson for Arthur Lamar Adams ("Adams") and Madison Timber Properties, LLC ("Madison Timber") and its predecessor. McHenry, age 76, is a resident of Ridgeland, Mississippi.

2. On August 17, 2022, a final judgment was entered against Respondents, permanently enjoining them from future violations of Section 5 of the Securities Act of 1933 ("Securities Act"), and Section 15(a)(1) of the Exchange Act, in the civil action entitled *Securities and Exchange Commission v. William B. McHenry, Jr., et al.*, Case No. 3:21-cv-554-CWR-FKB, in the United States District Court for the Southern District of Mississippi.

3. The Commission's complaint alleged that Respondents offered and sold unregistered promissory notes issued by Adams and Madison Timber. Between 2009 and when the Ponzi scheme collapsed in April 2018, McHenry, individually and through First South, sold promissory notes to dozens of investors, and he personally earned commissions of approximately \$3.7 million.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offers.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act that Respondents be, and hereby are barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

Pursuant to Section 15(b)(6) of the Exchange Act Respondents be, and hereby are barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondents will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondents, whether or not the Commission has fully

or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Vanessa A. Countryman
Secretary