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FEB 12 1998

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF LOUISIANA  
ALEXANDRIA DIVISION

J. S. DISTRICT COURT  
WESTERN DISTRICT OF LOUISIANA  
**FILED**

FEB 24 1998

ROBERT B. SHERWELL, CLERK

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ROBERT B. SHERWELL, CLERK  
WESTERN DISTRICT OF LOUISIANA  
SHREVEPORT, LOUISIANA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

SUNBELT DEVELOPMENT CORPORATION,  
WENDELL ROGERS, DONALD HAMMOND, and  
WILLIE DAVIS,

Defendants.

Civil Action **RECEIVED**

1:97-CV-1387

Judge Little

Magistrate Simon

**MAR 2 1998**

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DEFAULT JUDGMENT AND ORDER OF PERMANENT INJUNCTION AND  
OTHER RELIEF AGAINST DEFENDANT WILLIE DAVIS

Plaintiff Securities and Exchange Commission ("Commission") filed its Complaint herein on July 15, 1997 and perfected personal service on defendant Willie Davis ("Davis") on October 4, 1997. The Clerk of the Court properly entered a default against Davis on February \_\_, 1998. Plaintiff's motion for default judgment is now properly before the Court. For good cause shown, default judgment is granted against defendant Davis. The facts and allegations contained in the Complaint are deemed as true against defendant Davis and the Court makes the following 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:

1. This matter involves the fraudulent sale of more than \$3.5 million of unregistered securities issued by defendant Sunbelt to over 200 individuals in at least 16 states and the subsequent misappropriation and misapplication of the investors' money.

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2. Defendant Davis is or was a minister who misrepresented material facts and omitted other material facts when selling the securities to members of his church, members of other churches in his denomination, and friends and relatives of those members.

3. Between July 1993 and May 1994 defendant Davis represented to numerous investors that Sunbelt was raising money to finance the expansion and initial public offering of Cedar Hill Game Call Company ("Cedar Hill"), that investors would receive stock valued at two, three or four times their initial investment when Cedar Hill went public, that investors would earn returns of 60% to 100% each year until Cedar Hill went public, and that investors' principal would be returned.

4. Sunbelt was actually operating a Ponzi scheme and each of these representations was false.

5. In April 1994, defendant Sunbelt informed investors that it was liquidating its assets, would return all money invested and would pay all interest owed.

6. Defendant Sunbelt then stopped paying returns to investors and never returned most of the principal fraudulently obtained from the investors.

7. The sale of these investment contracts by defendant Davis and the misrepresentations and omissions associated with their offer and sale, violated Sections 5 and 17(a) of the Securities Act, Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder.

8. Sunbelt Development Corporation of Jonesville, Louisiana, was incorporated in Louisiana by defendant Rogers and his wife, Kimberly, on or about February 28, 1991.

9. Corporate documents identify defendant Rogers as a director and his wife as the secretary/treasurer.

10. A document distributed by defendant Rogers indicates that Sunbelt is in the business of raising capital for businesses and investment purposes.

11. Willie Davis is the former pastor of the New Life Tabernacle in Grove City, Ohio.

12. As a pastor, defendant Davis actively promoted Sunbelt to members of his congregation, encouraging them to borrow money to invest in Sunbelt.

13. This action is brought pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act of 1933 ("Securities Act"), [15 U.S.C. 77t(b), 77t(d) and 77v(a)] and Sections 21(d) and 21(e) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. 78u(d) and 78u(e)] to enjoin the defendants from engaging in transactions, acts, practices and courses of business alleged in this complaint and transactions, acts, practices and courses of similar purport and object, for disgorgement of illegally obtained funds and for other equitable relief, and for civil money penalties.

14. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act and Sections 21(d) and 21(e) of the Exchange Act.

15. Venue lies in this Court pursuant to Section 22(a) of the Securities Act and Section 27 of the Exchange Act in that defendant Sunbelt is a Louisiana corporation with its principal place of business situated in Jonesville, Louisiana; defendant Rogers is a resident of Farmerville, Louisiana; and because a substantial portion of the conduct from which this action arose occurred within this district.

16. Defendant Davis, singly and in concert with others, directly and indirectly, made use of the means and instruments of interstate commerce and of the mails in connection with the acts, practices, transactions and courses of business described in this complaint.

17. Certain of the transactions, acts, practices and courses of business constituting violations of the Securities Act and the Exchange Act have occurred in the Western District of Louisiana, including the solicitation of investors who reside within the Western District of Louisiana.

18. Defendant Davis, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices and courses of business alleged in this complaint, and in transactions, acts, practices and courses of business of similar purport and object.

Misrepresentations and Omissions Made by Davis

19. In May, 1994, at least nine individuals associated with defendant Davis had invested over \$360,000 in Sunbelt.

20. In speaking to potential investors, defendant Davis made a number of misrepresentations.

21. Defendant Davis told a retired couple in their seventies, with whom he had been friends for years, that he would see to it that they received their principal back in three months and that they would probably earn 100% interest on it.

22. Indeed, that couple and another in Ohio have testified before the Commission staff that Davis encouraged investors to "borrow to the hilt" on their credit cards in order to obtain money to invest in Sunbelt.

23. Defendant Davis also informed the retired couple that his church would receive a portion of the money they invested in the form of a finder's fee when in fact he was personally being paid that fee.

24. That couple invested approximately \$70,000, never received the promised interest, and their principal was never returned.

25. Similarly, Davis told a fellow pastor who invested \$95,000 that Sunbelt would triple his investment in two years and assured him that defendant Rogers was honest and trustworthy.

26. Even after the local press in Columbus and Portsmouth, Ohio began reporting that defendant Rogers was defrauding

investors, defendant Davis told this pastor that he would continue to earn interest on his investment if he did not demand the principal when it was due.

27. That pastor lost his entire principal and received no interest.

28. Davis also omitted an important fact when selling Sunbelt securities. Several investors have testified before the Commission staff that Davis never disclosed that he received a percentage of the money they invested in Sunbelt.

29. Yet, defendant Davis apparently informed one investor that defendant Rogers owed him \$150,000 for locating Sunbelt investors.

With these facts set forth in the complaint deemed as true for purposes of this default judgment, the Court enjoins defendant Davis as follows:

I.

IT IS HEREBY ORDERED that defendant Davis as well as his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of this order by personal service, facsimile transmission or otherwise, and each of them, be and hereby are hereby permanently enjoined from violating Section 17(a) of the Securities Act, 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, until further order of this Court, defendant Davis as well as his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him 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 Exchange Act, 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, until further order of this Court, defendant Davis as well as his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him 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 5 of the Securities Act by directly and indirectly making use of means and instruments of transportation and communication in interstate commerce and of the mails to offer to sell and to sell securities and to carry and cause to be carried through the mails and in interstate commerce, by means and instruments of transportation, said securities for the purpose of sale and for delivery for sale without having registration statements filed with the Commission with respect to the securities.

### IV.



IT IS FURTHER ORDERED that, defendant Davis, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Order, and each of them, be and hereby are permanently enjoined and restrained from violating Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)] by directly or indirectly engaging in business as a broker and making use of the mails and instrumentalities of interstate commerce to effect transactions in or to induce or attempt to induce the purchase and sale of securities in the form of common stock (other than an exempted security or commercial paper, banker's acceptances or commercial bills), otherwise than on a national securities exchange, when not registered with the Commission as a broker in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b).

V.

IT IS FURTHER ORDERED that, pending final determination as to all of the parties to this action, defendant Davis as well as his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him 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. 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 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.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the amount of disgorgement to be ordered against Defendant Davis shall be \$236,500 representing the gains he received from sales of interests outlined in the Commission's complaint in violation of the securities laws, plus prejudgment interest thereon. The calculation of prejudgment interest Davis is ordered to pay is computed at the Internal Revenue Service rate for unpaid taxes.

VII.

IT IS FURTHER ORDERED that defendant Davis shall pay disgorgement in this matter in the above amounts to the registry of the Clerk of this Court. Disgorgement shall be fully paid within 30 days of the entry of this Order.

VIII.

IT IS FURTHER ORDERED that the Court is ordering defendant Davis to pay a civil penalty in an amount to be determined at a later date, upon motion by the Commission.

IX.

IT IS FURTHER ORDERED that this judgment does not resolve any claims against Davis which have been or may be asserted by any third parties arising from their actions in this matter.

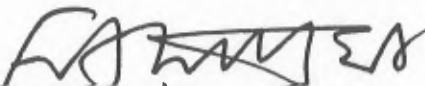
X.

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

XI.

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 24 day of Feb, 1998.

  
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F.A. LITTLE, Jr.  
UNITED STATES DISTRICT JUDGE

JUDGEMENT ENTERED 02/25/98  
BY Wad  
COPY TO Sullivan  
Spillburton