

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF LOUISIANA
ALEXANDRIA DIVISION

U. S. DISTRICT COURT
WESTERN DISTRICT OF LOUISIANA
FILED

JUL 15 1997

ROBERT M. SHEMWELL, CLERK
BY S/R DEPUTY

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

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

Defendants.

Civil Action No. **CV 97-1387**

Chief Judge F.A. Little

MAGISTRATE SIMON

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

It appears to the Plaintiff, Securities and Exchange Commission ("Commission") and it alleges the following:

OVERVIEW OF THE DEFENDANTS' SCHEME

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

2. Defendants Wendell Rogers ("Rogers"), Donald Hammond ("Hammond"), and Willis Davis ("Davis"), all of whom are/were ministers, misrepresented material facts and omitted other material facts when selling the securities to members of their churches, members of other churches in their denomination, and friends and relatives of those members.

3. Between July 1993 and May 1994 defendants Rogers, Hammond, and 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. In addition, defendant Rogers told some investors that their principal was guaranteed by the Securities Investor Protection Corporation ("SIPC"); defendants Rogers and Hammond told investors that Rogers had worked for Merrill Lynch, Pierce, Fenner and Smith ("Merrill Lynch"); and defendant Rogers represented to investors that he was Cedar Hill's Chief Executive Officer ("CEO").

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

6. Moreover, it appears that few investors knew that defendants Hammond and Davis were receiving a portion of each investment they obtained in the form of a finder's fee.

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

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

9. The sale of these investment contracts by defendants Rogers, Hammond, and 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.

THE DEFENDANTS

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

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

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

13. Wendell Rogers, director and co-founder of Sunbelt, is the former pastor of the First Apostolic Church in El Dorado, Arkansas.

14. During 1993 and early 1994, defendant Rogers was a high-ranking official in his denomination, the Assemblies of the Lord Jesus Christ ("ALJC").

15. In 1993 and 1994, defendant Rogers also owned and operated a number of businesses in Farmerville, Louisiana including a furniture store, a shoe store, an oil-change business for automobiles, and a cattle company.

16. Rogers sold Sunbelt securities in a number of states.

17. Donald Hammond is the former pastor of the Apostolic Gospel Church in Portsmouth, Ohio.

18. While he held that position, defendant Hammond solicited investors for Sunbelt in southern Ohio and western Pennsylvania.

19. Willis Davis, former pastor of the New Life Tabernacle in Grove City, Ohio, also served as a District Superintendent for the ALJC.

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

JURISDICTION AND VENUE

21. The Commission brings this action 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.

22. 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.

23. 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.

24. Each of the defendants, singly and in concert, directly and indirectly, has 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.

25. 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.

26. The defendants, 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.

FACTS

27. Defendant Rogers incorporated defendant Sunbelt in Louisiana in 1991.

28. In that same year, defendant Rogers had completed a three-year sentence of incarceration for writing bad checks.

29. Soon after his release from custody, defendant Rogers joined a church affiliated with the ALJC and later became the pastor of one of the denomination's small churches in Arkansas.

30. Within two years, defendant Rogers was a high ranking official of the ALJC in Arkansas.

31. During that time, he met defendants Hammond and Davis through his involvement in the denomination.

32. In July 1993, defendants Rogers, Hammond, and Davis began representing to friends and acquaintances that defendant Sunbelt would invest money on their behalf and obtain high returns.

33. Defendants Rogers, Hammond and Davis all refused to testify to the Commission staff during its investigation asserting instead their Fifth Amendment privilege against self incrimination. Precisely how they came to conduct the offering of Sunbelt securities is therefore unclear.

34. Over the next ten months defendants Rogers, Hammond, and Davis personally offered investments to hundreds of potential investors which resulted in approximately 200 investors in 16 states sending over \$3.5 million to defendant Sunbelt.

35. Some investors received notes from Sunbelt evidencing their investment.

36. Other investors were told that notes would be mailed but never received them.

37. Still other investors were neither promised nor given any documents evidencing their investment.

38. Investors, regardless of whether they received a note, were told that their money was being combined with that of other investors, and used in the manner described by defendants Rogers, Hammond, and Davis.

39. Only a handful of investors appear to have received any documents discussing defendant Sunbelt, its activities, its

history, or defendant Rogers.

40. Defendants Rogers, Hammond, and Davis informed potential investors that Sunbelt would invest their money in Cedar Hill Game Call Company, a small manufacturer of game calls and equipment used by hunters.

41. Some investors were simply told that defendant Sunbelt made short term loans to doctors and lawyers who were willing to pay very high interest rates to obtain money to invest in real estate.

42. Many of those who took advantage of this investment opportunity were elderly and retired.

43. Several defrauded investors were widowed.

44. Defendant Rogers spoke to groups of potential investors about Cedar Hill at meetings held in the fall of 1993 in two restaurants in Portsmouth, Ohio, a hotel in Columbus, Ohio, a restaurant in Jena, Louisiana, and a home in Somerset, Pennsylvania.

45. These meetings were arranged by defendant Rogers with the help of defendants Hammond and Davis.

Misrepresentations Made by Rogers

46. Defendant Rogers told investors who attended the meetings in Ohio and Louisiana that defendant Sunbelt would invest their money in Cedar Hill for two or three years to enable it to open retail outlets of Cedar Hill in several states and to finance an initial public offering of Cedar Hill stock.

47. Defendant Rogers informed those in attendance that during

those two or three years, investors would earn a return of 100% each year.

48. Rogers also stated at those meetings that when Cedar Hill went public its stock would be listed on the American Stock Exchange ("AMEX") and that investors would receive shares worth up to four times their initial investment in addition to having their principal returned.

49. Although there were some variations in the promised rate of return, defendants Rogers, Hammond and Davis made the misrepresentations regarding rate of return to virtually all of the investors.

50. Contrary to the representations of defendants Rogers, Hammond and Davis, some of the notes that were sent to investors, only entitled the holder to 6% interest each year until the note was paid. Other notes specified that Sunbelt would make a large payment to the investor each month.

51. Rogers made essentially the same representations to investors who attended a meeting in Somerset, Pennsylvania.

52. Defendant Rogers also gave investors at the Somerset meeting a document which represented that he was Cedar Hill's CEO and that Sunbelt was acquiring a 70% interest in Cedar Hill.

53. The owner of Cedar Hill has testified that he and Rogers had some initial discussions about expanding Cedar Hill and taking it public. That owner has denied that Rogers was on Cedar Hill's Board of Directors, that Rogers owned an interest in Cedar Hill, or that he had agreed to sell Sunbelt a 70% interest in Cedar Hill.

54. Moreover, defendants Rogers, Hammond, and Davis raised over \$3.5 million by representing that it would be invested in Cedar Hill.

55. In reality, Cedar Hill received approximately \$20,000 from either defendant Sunbelt or Rogers.

56. Any discussions between defendant Rogers and the Cedar Hill owner regarding new stores and taking the company public were merely preliminary.

57. Furthermore, Rogers was not authorized to make representations regarding either the opening of new stores or an initial public offering of Cedar Hill stock.

58. Rogers falsely guaranteed to numerous investors that their principal was secure.

59. For example, two Louisiana couples were falsely told by defendant Rogers during at a meeting in his office that their principal was guaranteed by the Securities Investor Protection Corporation ("SIPC").

60. A Louisiana pastor and his brother were falsely told by Rogers that SIPC guaranteed their investment.

61. Similarly, another Louisiana investor was falsely told by defendant Rogers that there was no way he could lose his principal.

62. Rogers advised still another investor that "it would take an idiot" to lose someone's principal.

63. An Ohio pastor testified before Commission staff that Rogers personally guaranteed his investment.

64. SIPC does not guarantee this type of investment.

65. Moreover, despite Rogers's guarantees, neither these investors, nor the majority of Sunbelt investors, ever had their entire principal returned.

66. At the meeting in Columbus, Ohio, Rogers also misrepresented his background.

67. A pastor who invested \$95,000 recalls Rogers stating at that meeting that he relinquished his securities license so that he could utilize inside information when trading.

68. Defendant Rogers has never held a securities license.

Misrepresentations and Omissions Made by Hammond

69. Defendant Hammond sold at least \$800,000 of Sunbelt securities to over 25 investors in southern Ohio and western Pennsylvania.

70. In order to do so, he incorporated into his discussions with investors misrepresentations that were similar to those made by Rogers.

71. For instance, when having no reasonable basis, defendant Hammond told a retiree in Portsmouth, Ohio, that in two years when Cedar Hill became a public company, investors would receive stock worth at least twice their initial investment.

72. Similarly, defendant Hammond informed an Ohio pastor who had saved money for medical treatment, that when Cedar Hill listed its stock on the AMEX he would be issued stock worth up to ten times the value of his initial investment.

73. Hammond told that pastor that, in the interim, he would receive 6% interest per month.

74. Defendant Hammond also guaranteed that investor's principal would be returned in 60 days.

75. Despite Hammond's representations, that investor/pastor never received any returns on his \$150,000 investment, never received any shares of Cedar Hill, and his principal was never returned.

76. Defendant Hammond also misrepresented defendant Rogers' background, the expected return on investments, and the safety of the principal to others.

77. Defendant Hammond falsely told one pastor in Ohio that Rogers had worked as a Merrill Lynch insider and another that Rogers had been a corporate raider at Merrill Lynch.

78. Two Ohio investors testified before the Commission staff that defendant Hammond guaranteed that they would earn between 60% and 84% interest on their investments and that their principal would be returned.

79. Those representation were also false.

80. In addition, defendant Hammond omitted important facts in his discussions with investors.

81. Investors have testified before the Commission staff that Hammond failed to inform them that he was being paid any of their investment as a commission or finder's fee.

82. Rather, defendant Hammond simply informed investors repeatedly that their funds would be invested by Sunbelt in Cedar Hill.

83. Only after investors began complaining that they had not

received promised returns, did Hammond disclose to some of them that he had been receiving a finder's fee.

84. Similarly, another investor has stated that after defendant Hammond attended a meeting at which a number of investors complained that Sunbelt had stopped paying their returns, Hammond solicited the investor's investment without informing him that some investors were no longer receiving their promised returns.

85. Moreover, not only did Hammond fail to inform the investor referenced in the preceding paragraph that other investors were having problems with their investment, he guaranteed this investor that returns would be paid and that his principal would be returned.

86. That investor lost the entire \$150,000 he invested.

The Misrepresentations and Omissions Made by Davis

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

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

89. 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.

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

91. 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.

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

93. 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.

94. 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.

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

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

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

The Receipt and Disposition of Investor Money

98. Between July 1, 1993, and May 31, 1994, when Cedar Hill

was being promoted to investors, bank records for defendants Rogers and Sunbelt indicate that, contrary to the representations of defendants Rogers, Hammond, and Davis, money raised from investors was not being invested in Cedar Hill.

99. Using information it had compiled regarding the identity of investors, plaintiff has determined that more than \$2.2 million of investors' money was deposited in two of defendant Rogers's accounts between July 1, 1993, and May 31, 1994.

100. However, the banks' records indicate that Rogers's and Sunbelt's only payment to Cedar Hill in excess of \$5,000 in that period occurred on January 21, 1994, when defendant Rogers wrote a check to the company for \$10,000.

101. Apparently, a tiny portion of the funds that Rogers raised from investors was used to finance the expansion of Cedar Hill.

102. The analysis of defendants' bank records also reflect that a large portion of the money raised from investors could not have generated the promised returns or, for that matter, any returns.

103. In the ten months at issue, defendants Rogers and Sunbelt invested \$150,000 of the funds collected from investors in a Louisiana bank's Certificates of Deposit ("CD") on behalf of Sunbelt and approximately \$400,000 in real estate.

104. Aside from those transactions, there is no evidence that Rogers or Sunbelt invested any of the investors' money in anything capable of generating the significant returns promised to

investors.

105. Defendants Rogers's and Sunbelt's bank records also indicate that investor money was used to pay a variety of business and personal expenses.

106. In the ten months at issue, defendants Rogers and Sunbelt spent \$161,000 on expenses related to the use of a small plane, \$400,000 acquiring real estate, \$226,000 paying American Express bills, and over \$300,000 on personal expenses such as construction projects, insurance premiums, and legal fees.

107. An examination of the transactions in the accounts of five of defendant Rogers's businesses for that same period, revealed that only two of those businesses, a furniture store and a cattle company, had total deposits in excess of \$100,000.

108. Thus, Rogers's bank accounts show that his businesses were not generating sufficient income to pay for his and Sunbelt's expenditures.

109. This evidence strongly suggests that Rogers and Sunbelt were using investors' funds for business expenses and Rogers's personal expenses.

110. Those records also reflect that Rogers and Sunbelt were operating a Ponzi scheme.

111. Almost \$900,000 was paid directly to investors out of the same accounts into which Rogers and Sunbelt deposited \$2.2 million of investor money.

112. None of the money paid to investors came from Cedar Hill.

113. Not a single bank produced a document showing that Cedar Hill or its owner ever made a deposit in excess of \$5,000 into any of Rogers' or Sunbelt's accounts.

114. Moreover, as indicated above, defendant Rogers's businesses were generating very little income and a large portion of investor money was not invested in anything capable of generating returns.

115. The defendants were using money raised from investors to pay other investors.

116. There is also evidence that Davis misused investor money he received from Sunbelt and Rogers.

117. Davis's bank records indicated that Davis used his personal account to transfer over \$350,000 of investor money to Rogers and Sunbelt between July 1, 1993, and May 31, 1994.

118. In that same period, defendants Rogers and Sunbelt sent \$415,000 to that account.

119. Defendant Davis, however, only returned approximately \$50,000 of that \$415,000 to investors who were not relatives of his.

120. Defendant Davis also paid \$150,000 from his account to his son-in-law.

121. During that same time, Davis spent \$98,000 on construction expenses (during a time that he was building a new home), spent \$82,000 making payments on his credit cards, and spent \$25,000 on various personal expenses.

CLAIMS FOR RELIEF

COUNT I

Violations of Section 17(a)(1) of the
Securities Act [15 U.S.C. 77q(a)(1)]

122. Paragraphs 1 through 121 are hereby realleged and are incorporated herein by reference.

123. From in or about mid 1993 through in or about mid 1994, the defendants Sunbelt, Rogers, Hammond, and Davis in the offer of securities, specifically the above-described securities, by the use of means and instruments of transportation and communication in interstate commerce or by the use of the mails, directly and indirectly employed devices, schemes and artifices to defraud purchasers of such securities, all as more particularly described in paragraphs 1 through 121 above.

124. Defendants Sunbelt, Rogers, Hammond and Davis knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud.

125. By reason of the foregoing, defendants Sunbelt, Rogers, Hammond and Davis have violated and, unless restrained and enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. 77q(a)(1)].

COUNT II

Violations of Section 17(a)(2) of the
Securities Act [15 U.S.C. 77q(a)(2)]

126. Paragraphs 1 through 121 are hereby realleged and are incorporated herein by reference.

127. From in or about mid 1993 through in or about mid 1994, the defendants Sunbelt, Rogers, Hammond and Davis in the offer of securities, specifically the above-described securities, by the use of means and instruments of transportation and communication in interstate commerce or by the use of the mails, directly and indirectly obtained 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 light of the circumstances under which they were made, not misleading, all as more particularly described in paragraphs 1 through 121 above.

128. Defendants Sunbelt, Rogers, Hammond and Davis knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud.

129. By reason of the foregoing, defendants Sunbelt, Rogers, Hammond and Davis have violated and, unless restrained and enjoined, will continue to violate Section 17(a)(2) of the Securities Act [15 U.S.C. 77q(a)(2)].

COUNT III

Violations of Section 17(a)(3) of the Securities Act [15 U.S.C. 77q(a)(3)]

130. Paragraphs 1 through 121 are hereby realleged and are incorporated herein by reference.

131. From in or about mid 1993 through in or about mid 1994, the defendants Sunbelt, Rogers, Hammond and Davis, in the offer and sale of securities, specifically the above-described securities, by the use of means and instruments of transportation and communication in interstate commerce or by the use of the mails, directly and indirectly, engaged in transactions, practices and a

course of business which would have operated as a fraud or deceit upon the purchasers of such securities, all as more particularly described in paragraphs 1 through 121 above.

132. By reason of the foregoing, defendants Sunbelt, Rogers, Hammond and Davis have violated and, unless restrained and enjoined, will continue to violate Section 17(a)(3) of the Securities Act [15 U.S.C. 77q(a)(3)].

COUNT IV

Violations of Section 10(b) of the Exchange Act
[15 U.S.C. 78j(b)] and Rule 10b-5 Thereunder [17 CFR 240.10b-5]

133. Paragraphs 1 through 121 are hereby realleged and are incorporated herein by reference.

134. From in or about mid 1993 through in or about mid 1994, the defendants Sunbelt, Rogers, Hammond and Davis, by their conduct as set forth above, singly and in concert, by the use of means and instruments of interstate commerce and by the use of the mails, directly and indirectly:

- (a) employed devices, schemes, and artifices to defraud;
- (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
- (c) engaged in acts, practices, and courses of business which operated as a fraud and deceit upon persons, all as more particularly described in paragraphs 1 through 121 above.

135. Said defendants knowingly, intentionally and/or recklessly engaged in the above-described conduct.

136. The statements and representations alleged herein were known to defendants or recklessly disregarded by them to be materially false and misleading. In making the material misrepresentations of fact and material omissions described herein, defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud with reckless disregard for the truth.

137. By reason of the foregoing, defendants Sunbelt, Rogers, Hammond and Davis have violated and, unless restrained and enjoined will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. 78j(b)] and Rule 10b-5 thereunder (17 C.F.R. 240.10b-5).

COUNT V

Violations of Sections 5(a) and 5(c) of the Securities Act
15 U.S.C. Sections 77e(a) and 77e(c)

138. Paragraphs 1 through 121 are hereby realleged and are incorporated herein by reference.

139. From in or about mid 1993 through in or about mid 1994, defendants Sunbelt, Rogers, Hammond and Davis, directly and indirectly, singly and in concert have, and unless enjoined will continue to:

- a. make use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell the securities described herein, through the use or medium of any prospectus or otherwise;
- b. carry securities or cause such securities, as described herein, to be carried through the mails or in interstate commerce, by means or instruments of transportation, for the purpose of sale or for delivery after sale; and

c. make use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell through the use or medium of any prospectus or otherwise the securities described herein, without a registration statement having been filed or being in effect with the Commission;

including but not limited to, the activities described in paragraphs 1 through 121, above.

COUNT VI

Violations of Section 15(a) of the Exchange Act
[15 U.S.C. 78o (a) (1)]

140. Paragraphs 1 through 121 are hereby realleged and are incorporated herein by reference.

141. During the period from mid 1993 through mid 1994, Defendants Rogers, Hammond and Davis have engaged in business as brokers and dealers, not exclusively intrastate, and have made use of the mails and of the means and instrumentalities of interstate commerce to effect transactions in or to induce or attempt to induce the purchase and sale of securities (other than exempted security or commercial paper, bankers' acceptances or commercial bills), otherwise than on a national securities exchange, when Defendants Rogers, Hammond and Davis were not registered with the Commission as brokers or dealers in accordance with Section 15(b) of the Exchange Act [15 U.S.C. 78o(b)].

142. By reason of the foregoing, Defendants Rogers, Hammond and Davis have violated, are violating, and unless restrained and

enjoined, will continue to violate Section 15(a)(1) of the Exchange Act [15 U.S.C. 78o(a)(1)].

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff Commission, respectfully prays that the Court:

I.

Make findings that each and every defendant committed the violations alleged herein.

II.

SECTION 17(a) OF THE SECURITIES ACT

Issue permanent injunctions restraining and enjoining defendants Sunbelt, Rogers, Hammond and Davis as well as their agents, servants, employees, attorneys, and all persons in active concert or participation with them, who receive actual notice of the order of injunction, by personal service or otherwise, and each of them in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, from directly or indirectly:

- (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 the purchaser of such securities.

III.

SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5 THEREUNDER

Issue permanent injunctions restraining and enjoining defendants Sunbelt, Rogers, Hammond and Davis as well as their agents, servants, employees, attorneys, and all persons in active concert or participation with them, who receive actual notice of the order of injunction, by personal service or otherwise, and each of them in connection with the purchase or sale of securities, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, from directly or indirectly:

- (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 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 on any person.

IV.

SECTION 5 OF THE SECURITIES ACT

Issue permanent injunctions restraining and enjoining defendants Sunbelt, Rogers, Hammond and Davis, as well as their agents, servants, employees, attorneys, and all persons in active

concert or participation with them, who receive actual notice of the order of injunction, by personal service, facsimile or otherwise, and each of them, by use of the mails or any means or instrumentality of interstate commerce, 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 securities, in the form of common stock 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, 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;
- 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, any interest in securities, in the form of common stock or any other security, unless a registration statement is filed with the Commission as to such securities, or while a statement filed with the Commission as to such security

is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act, 15 U.S.C. Section 77h;
in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. Sections 77e(a) and 77e(c).

V.

SECTION 15(a) OF THE EXCHANGE ACT

Issue permanent injunctions restraining and enjoining defendants Rogers, Hammond and Davis and their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of the order of injunction, and each of them, whether principals or as aiders and abettors, from directly or indirectly, as a broker or dealer (other than one whose business is exclusively intrastate) making use of the mails or any means or instrumentalities of interstate commerce to effect transactions in or to induce or attempt to induce the purchase or sale of any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills) otherwise than on a national securities exchange, unless registered in accordance with Section 15(b) of the Securities Exchange Act of 1934 [15 U.S.C. 78o(b)].

VI.

ORDER REQUIRING ACCOUNTING AND DISGORGEMENT OF ILL-GOTTEN GAINS

Issue an Order requiring an accounting from the defendants of all funds received from the sale of securities described in this

Complaint and the disgorgement of all ill-gotten gains or unjust enrichment with prejudgment interest, to effect the remedial purposes of the federal securities laws.

VII.

CIVIL MONEY PENALTIES

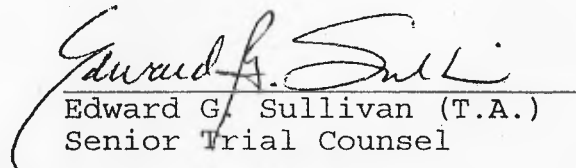
Issue an Order requiring the defendants to pay civil penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d) and Section 21(d)(3) of the Exchange Act.

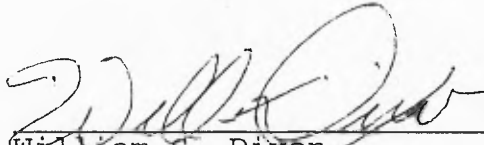
VIII.

OTHER RELIEF

Issue findings of fact and conclusions of law in accordance with Rule 52 of the Federal Rules of Civil Procedure, along with such other and further relief as may be just, equitable and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors. Further, the Securities and Exchange Commission respectfully prays that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that are entered or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,


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