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WESTERN DISTRICT OF LOUISIANA
SHREVEPORT, LOUISIANA

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF LOUISIANA
ALEXANDRIA DIVISION

U.S. DISTRICT COURT
WESTERN DISTRICT OF LOUISIANA
FILED

JAN - 5 1998

ROBERT H. SHEMWELL, CLERK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

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

Defendants.

Civil Action No.

1:97-CV-1387

Judge Little
Magistrate Simon

DEFAULT JUDGMENT AND ORDER OF PERMANENT INJUNCTION AND
OTHER RELIEF AGAINST DEFENDANT DONALD HAMMOND

Plaintiff Securities and Exchange Commission ("Commission") filed its Complaint herein on July 15, 1997 and perfected personal service on defendant Donald Hammond ("Hammond") on July 19, 1997. The Clerk of the Court properly entered a default against Hammond on September 16, 1997. Plaintiff's motion for default judgment is now properly before the Court. For good cause shown, default judgment is granted against defendant Hammond. The facts and allegations contained in the Complaint are deemed as true against ~~these~~ defendant Hammond 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

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over 200 individuals in at least 16 states and the subsequent misappropriation and misapplication of the investors' money.

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

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

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 Hammond, 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 Hammond, 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 Hammond

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

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

21. 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.

22. 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.

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

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

25. Despite defendant 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.

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

27. 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.

28. 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.

29. Those representations were also false.

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

31. 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.

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

33. 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.

34. 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.

35. 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.

36. The investor lost the entire \$150,000 he invested.

With these facts set forth in the complaint deemed as true for purposes of this default judgment, the Court enjoins defendants Sunbelt and Rogers as follows:

I.

IT IS HEREBY ORDERED that defendant Hammond 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 Hammond 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 Hammond 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 Hammond, 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 Hammond 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 Hammond shall be \$947,347 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 Hammond is ordered to pay is computed at the Internal Revenue Service rate for unpaid taxes.

VII.

IT IS FURTHER ORDERED that defendant Hammond 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 Hammond 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 Hammond which have been or may be asserted by any third parties arising from their actions in this matter.

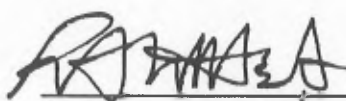
X.

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 5 day of January, ¹⁹⁹⁸1997.



F.A. LITTLE JR.
UNITED STATES DISTRICT JUDGE

JUDGEMENT ENTERED 01/06/98
BY Wpd
COPY TO Sullivan
Callilurton
Rogers
Financial Section

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