



# U.S. SECURITIES AND EXCHANGE COMMISSION

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Litigation Release No.17085 / August 2, 2001

**SECURITIES AND EXCHANGE COMMISSION v. TLC INVESTMENTS & TRADE CO., TLC AMERICA, INC. dba BREA DEVELOPMENT COMPANY, TLC BROKERAGE, INC., dba TLC MARKETING, TLC DEVELOPMENT, INC., TLC REAL PROPERTIES RLLP-1, CLOUD & ASSOCIATES CONSULTING, INC., ERNEST F. COSSEY, GARY W. WILLIAMS, AND THOMAS G. CLOUD, Civil Action No. SACV 00-0960 DOC (MLG) (C.D. Cal.)**

### **TLC ENTITIES' CFO AND PRESIDENT ENJOINED AND ORDERED TO PAY OVER \$11 MILLION IN DISGORGEMENT AND CIVIL PENALTIES**

The Securities and Exchange Commission ("Commission") announced that on July 26, 2001 and July 27, 2001, the Honorable David O. Carter, United States District Judge for the Central District of California, entered Final Judgments of Permanent Injunction and Other Relief against Gary W. Williams and Ernest F. Cossey, residents of Diamond Bar, California. Without admitting or denying the Commission's allegations, Williams and Cossey consented to the entry of injunctions prohibiting future violations of the antifraud provisions, Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Act of 1934, and Rule 10b-5 thereunder. Cossey also consented to the entry of an injunction prohibiting future violations of the securities registration provisions, Sections 5(a) and 5(c) of the Securities Act. Under the judgments, Williams is required to pay \$248,145 in disgorgement and Cossey is required to pay \$10,690,697 in disgorgement, \$271,921.53 in prejudgment interest and \$110,000 in civil penalties (totalling \$11,072,618.53).

The Commission's complaint, filed on October 3, 2000, alleged that since 1998, TLC Investments & Trade Co., TLC America, Inc., dba Brea Development Company, TLC Brokerage, Inc., dba TLC Marketing, TLC Development, Inc, and TLC Real Properties RLLP-1) (collectively, "TLC Entities"), entities controlled by Williams and Cossey, committed securities fraud in connection with a real estate Ponzi scheme. The TLC Entities raised \$151.6 million from more than 1,800 investors, most of whom are senior citizens. The TLC Entities promised investors a safe, liquid investment that would pay guaranteed returns of 8 to 15%. The Commission's complaint further alleged that Williams and Cossey misused at least \$28.3 million of investor funds to pay other investors, invest in a prime bank scheme, buy racehorses, make charitable contributions and wire funds overseas.

Prior Litigation Release dealing with this case: LR-16789.

<http://www.sec.gov/litigation/litreleases/lr17085.htm>