



U.S. SECURITIES AND EXCHANGE COMMISSION

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Litigation Release No. 17255 / December 5, 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 00-960 DOC(MLGx) (C.D. Cal.)

TLC INVESTMENTS & TRADE CO., TLC AMERICA, INC., TLC BROKERAGE, INC., TLC DEVELOPMENT, INC., TLC REAL PROPERTIES RLLP-1 ENJOINED AND ORDERED TO PAY \$106.6 MILLION IN DISGORGEMENT

The Securities and Exchange Commission ("Commission") announced that on November 19, 2001, the Honorable David O. Carter, United States District Judge for the Central District of California, entered a Final Judgment of Permanent Injunction and Other Relief Against TLC Investments & Trade Co., TLC America, Inc., dba Brea Development Company, TLC Brokerage, Inc., dba TLC Marketing, and TLC Real Properties RLLP-1 ("TLC Entities"). The Final Judgment enjoins each of them from future violations the registration and antifraud provisions of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), Rule 10b-5 thereunder. The Final Judgment further orders the TLC Entities collectively to pay disgorgement of \$106.6 million and prejudgment interest. The Final Judgment also provides that, in the event the Court-appointed Receiver for the TLC Entities recovers more than \$106.6 million in the liquidation of their assets, those funds shall be paid as a civil penalty. The TLC Entities consented to the entry of the Final Judgment of Permanent Injunction without admitting or denying the allegations of the Commission's complaint.

The Commission's complaint alleged that between 1998 and October 2000, the TLC Entities committed securities fraud in connection with a real estate Ponzi scheme, raising over \$150 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 complaint further alleged that TLC Entities' principals misused at least \$28.3 million in investor funds to pay other investors, invest in a prime bank scheme, buy racehorses, make charitable contributions and wire funds overseas.

Prior Litigation Releases dealing with this case: lr16754, lr16789, lr17085, and lr17199.

<http://www.sec.gov/litigation/litreleases/lr17255.htm>