

(“Johnson”), Grant Cardno (“Cardno”), Neulan D. Midkiff (“Midkiff”), Travis Correll & Co., Inc. (“TC & Co.”), The Net Worth Group, Inc. (“Net Worth Group”), TNT Office Supply (“TNT”), Inc., Sovereign Capital Investments, S.A. (“Sovereign”) and The Liberty Establishment, Inc. (“Liberty Establishment”) and Joshua Tree Group LLC (“Joshua Tree”) (collectively “Defendants”) and Relief Defendants Banner Shield LLC (“Banner Shield”), Hospitality Management Group, Inc. (“Hospitality Management”), Creative Wealth Ventures, LLC (“Creative Wealth”) and JTA Enterprises (“JTA”) (collectively “Relief Defendants”) and would respectfully show the Court as follows:

I. Summary

1. This matter involves a fraudulent “high yield investment program” or “prime bank” scheme. The Defendants offered and sold securities, in the form of investment contracts, totaling possibly as much as \$390 million in purported foreign and international bank deposit programs (collectively, “Bank Deposit programs”) to hundreds of investors throughout the United States.

2. Defendants enticed investors by promising monthly returns of four to 20 percent, with “no risk” to their investment principal. Certain investors were also promised and paid “intermediary fees” for referring new investors.

3. In fact, the Bank Deposit program did not exist. Rather, the Defendants conducted a massive “Ponzi” scheme with all of the investor funds commingled among various Correll-controlled accounts. The “investment returns” paid to investors were derived from the proceeds of more recent investors.

4. The Defendants’ “Ponzi” scheme collapsed. Investors stopped receiving promised monthly returns in September 2005. Thereafter, Correll and others falsely advised complaining investors that the Commission froze their bank accounts as a “necessary step” in the process of

“registering” the Bank Deposit programs in accord with the federal securities laws. Other investors were told that the funds were frozen under provisions of the Patriot Act.

5. Although the Defendants stopped making investor payments, accounts controlled by Correll and Joshua Tree still received new investor deposits through late 2005.

6. By reason of these activities, Defendants violated Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77e(a), 77e (c) and 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder, [17 C.F.R. § 240.10b-5]. The Commission, in the interest of protecting the public from any further fraudulent activity, brings this action against Defendants seeking permanent injunctive relief, disgorgement of illicit profits, plus accrued prejudgment interest and civil monetary penalties. Further, the Commission is seeking disgorgement from Relief Defendants, entities to which Defendants have without consideration diverted investor funds.

II. Jurisdiction

7. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] The Commission seeks the imposition of civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

8. This Court has jurisdiction over this action pursuant to § 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and §27 of the Exchange Act [15 U.S.C. § 78(aa)] and Title 28 U.S.C. § 1331. Defendants, directly and indirectly, made use of the mails and of the means and instrumentalities of interstate commerce in connection with the acts, practices and courses of business described in this *Complaint*.

9. Venue is proper because many of the transactions, acts, practices and courses of business described below occurred within the jurisdiction of the Eastern District of Texas.

III. Defendants

10. Travis E. Correll, age 29, a resident of Atlanta, claims to be a business consultant doing business as Horizon Establishment in connection with the World Bank programs. Correll asserted his Fifth Amendment privilege in response to the Commission's subpoenas for documents and testimony. Correll is not registered with the Commission in any capacity.

11. Travis Correll & Co., Inc. ("TC & Co.") is a Georgia corporation with its principal place of business located in Suwanee, Georgia that claims to be a "a diversified investment company." TC & Co. is not registered with the Commission in any capacity.

12. The Net Worth Group, Inc. ("Net Worth Group"), a Georgia corporation with its principal place of business in Atlanta, was established on May 25, 2005. Correll, Net Worth Group's registered agent, is also a signatory on its bank account. Net Worth Group is not registered with the Commission in any capacity.

13. Gregory W. Thompson, age 52, resides in San Antonio, Texas, and is the president and director of TNT. Thompson asserted his Fifth Amendment privilege in response to the Commission's subpoenas for documents and testimony. Thompson is not registered with the Commission in any capacity.

14. TNT Office Supply, Inc. ("TNT"), is a Texas corporation located in San Antonio. TNT's bank account, which is used to pool investor funds and to pay investment returns, is controlled by Thompson. TNT has refused to produce any documents in response to the Commission's subpoena. TNT is not registered with the Commission in any capacity.

15. Harry Robinson “Robbie” Gowdey, age 53, resides in Frisco, Texas, and is doing business as Atlas and Jericho Productions in connection with the World Bank programs. From June 1983 through December 1988, Gowdey was an associated person with various Commission registered broker-dealers and held Series 6, Series 22, Series 24, Series 39, Series 62 and Series 63 securities licenses. On October 3, 1989, the NASD revoked Gowdey’s registration for his failure to pay fines and costs relating to its complaint against him. Gowdey asserted his Fifth Amendment privilege in response to the Commission’s subpoenas for documents and testimony. Gowdey is not registered with the Commission in any capacity.

16. Dwight J. Johnson, age 61, resides in Garland, Texas, and is Thompson’s uncle. Johnson asserted his Fifth Amendment privilege in response to the Commission’s subpoenas for documents and testimony. Johnson is not registered with the Commission in any capacity, and has no disciplinary history.

17. Grant Cardno, age unknown, is believed to be a resident of Norfolk Island, a territory of the Commonwealth of Australia. Cardno is not registered with the Commission in any capacity.

18. Sovereign Capital Investments, S.A. (“Sovereign”), is a purported international business corporation, apparently under Cardno’s control, and located on Norfolk Island. Sovereign is not registered with the Commission in any capacity.

19. The Liberty Establishment Inc. (“Liberty Establishment”) is purported to be registered in the British Virgin Islands for “Service to Humanitarian Ideals.” It is apparently under Cardno’s control and located on Norfolk Island. Liberty is not registered with the Commission in any capacity.

20. Neulan D. Midkiff, age 63, resides in Forest Lake, Minnesota. He is not registered with the Commission in any capacity.

21. Joshua Tree Group, LLC (“Joshua Tree”), with an address in Carson City, Nevada, is a limited liability company. Its members are Neulan Midkiff and his wife, Donna Midkiff. Joshua Tree is not registered with the Commission in any capacity.

IV. Relief Defendants

22. Banner Shield LLC, was a Nevada limited liability company until its charter was revoked on October 1, 2002. Gowdey and his wife, Dianna Gowdey, were listed as its members. Bank records show that from July 2004 through October 2005, Banner Shield received nearly \$450,000 from TNT. Banner Shield is not registered with the Commission in any capacity.

23. Hospitality Management Group, Inc., is a Nevada corporation with its principal place of business in Las Vegas, Nevada. Hospitality Management served as the payment processing agent for the Bank Deposit program, making Ponzi payments to defrauded investors. Between January 2005 and October 2005, Hospitality Management Group received over \$8.5 million from TNT and from bank accounts controlled by Correll. Hospitality Management is not registered with the Commission in any capacity.

24. Creative Wealth Management LLC, is a Burnsville, Minnesota limited liability company that, along with its principals and companies controlled by its principals, from May

2003 through October 2005, received over \$9.5 million from bank accounts controlled by Correll. Creative Wealth Management is not registered with the Commission in any capacity.

25. JTA Enterprises, Inc., is a sole proprietorship located in Denville, New Jersey. Between July 2003 and September 2005, JTA received over \$3.2 million from TNT and from bank accounts controlled by Correll. JTA Enterprises is not registered with the Commission in any capacity.

V. Statement of Facts

A. The Fraudulent Bank Deposit Programs

1. Correll and Cardno's "Trading" Program

26. Since at least December 2000, Correll, through Horizon Establishment, offered and sold interests in Bank Deposit programs to hundreds of investors.

27. In his sales pitch, Correll claimed that he had access to investment in programs involving the overnight trading of bank-issued notes. Correll told prospective investors that he pools investor funds and then sends them, usually in increments of \$5 million to \$10 million, to Cardno, who he referred to as the "trader" and who purportedly had contracts with the banks to participate in the purported trading programs.

28. Cardno, a New Zealand resident, visited the United States several times over the course of the fraudulent scheme. During those visits, he met with investors, usually accompanied by Correll. In these investor meetings, Cardno stated that individuals who wanted to invest \$1 million or more could invest directly through him.

29. Correll and Cardno portrayed themselves as "good Christians" and philanthropists who donate to charitable causes, typically associated with churches and other religious organizations.

30. Correll and Cardno told investors that their principal would not be at risk because it would be deposited in a reserve bank account, where, according to them, it would remain intact.

31. Correll represented to investors that the programs paid a monthly return of 4 to 20 percent beginning 45 to 70 days after receipt of the principal.

32. In addition to the monthly returns, Correll promised higher returns and intermediary fees to existing investors for inducing new investors to participate in the Bank Deposit programs. This led certain investors, including Midkiff, Thompson, Johnson, Gowdey and others, to become “facilitators” (i.e., sales agents) for Correll and Horizon Establishment.

33. The term of the purported Bank Deposit programs ranged anywhere from four to 12 months, with most of the programs having 12-month terms.

34. Some investors received calendars from Correll highlighting the dates upon which they were to receive their monthly payments.

35. To participate in the Bank Deposit programs, investors typically executed a One Year Funds Management Agreement (“Agreement”). The Agreement, on Horizon Establishment’s letterhead, identified Sovereign, (subsequently Horizon Establishment), as the “manager” of the funds. Pursuant to the Agreement, Liberty was appointed “Trustee,” and Sovereign was authorized to engage traders to facilitate and effect all types of securities transactions.

36. The Agreement additionally promised that the investors’ funds “always stay in a state of non-depletion.” Correll and Cardno repeatedly assured investors that their investment principal would remain safe. To obtain the promised returns, the investors were required only to

provide funds to the Defendants, who bore the sole responsibility for generating the program's profits.

37. In April 2005, Correll, in lieu of Horizon Establishment, began using TC & Co. and Net Worth Group as conduits for investor proceeds; thereafter, investors' funds were sent to bank accounts in the name of TC & Co., or Net Worth Group. Some of the funds were then forwarded to the Horizon Establishment account.

38. In the spring of 2005, Correll advised investors that Cardno would be "retiring" and that Correll would become the "trader." Correll told investors that, as a consequence of this change, the returns might initially be lower, but that after a short period of time, the returns would probably increase to a level higher than before the change. Finally, even after the scheme collapsed in the Fall of 2005, Correll continued to raise substantial sums from investors.

2. Thompson, Johnson & Gowdey's "Loan" Program

39. Since approximately July 2004, Thompson, Johnson and Gowdey, acting as facilitators, raised approximately \$36 million from hundreds of investors, all deposited into TNT accounts, controlled by Thompson, for purported "investment" in Bank Deposit programs.

40. Although investors' funds were initially sent to TNT, virtually all of the funds were eventually transferred to various Horizon Establishment bank accounts controlled by Correll.

41. Thompson, Johnson and Gowdey marketed the programs orally, by phone or, more typically, in one-on-one meetings; however, on at least one occasion, they arranged for a luncheon with Correll and approximately 25 current and prospective investors in the Dallas area. During this luncheon, Correll discussed the Bank Deposit programs.

42. Much like Correll and Cardno, Thompson, Johnson and Gowdey described in their sales pitch a “private banking investment opportunity” in which investor funds are “pooled” and then forwarded to Correll, the “money manager,” who transfers the funds to Cardno.

43. Their explanation of how returns are generated however, differed from the one offered by Correll and Cardno. They claimed that Cardno had an exclusive arrangement with “The World Bank” or other major international banks to participate in “loan programs.” More specifically, they told the investors that Cardno deposits investor funds into offshore reserve accounts; that international banks leverage the value of these accounts tenfold by pledging the funds as collateral for loans to Third World countries.

44. Thompson, Johnson and Gowdey represented to investors that these loans earn substantial profits that are then shared with the investors in the form of monthly returns. As further enticement, they offered investors the opportunity to earn “intermediary fees” by referring other investors.

45. To lend an air of legitimacy to TNT’s operation, Thompson, included “Forms 1099 MISC” with TNT’s monthly investor returns.

46. Thompson, Johnson and Gowdey told prospective investors that their investment principal remains intact, that the program generates monthly returns of four to 12 percent, and that, over the last four to five years, investors have always received their monthly payments.

47. Thompson, Johnson and Gowdey convinced some investors, who had previously sent money directly to Correll, that they would earn higher returns if they rolled-over their current investment or invested new funds through TNT. They claimed that, because TNT brought in so many investors, it could negotiate a “better deal” with Correll.

3. Midkiff and Joshua Tree

48. Midkiff is a member of Joshua Tree, a limited liability company with a Nevada address. Midkiff was an agent of, and acted on behalf of, Joshua Tree regarding all matters relevant to the Bank Deposit programs.

49. Beginning in at least October 2004, Midkiff, through Joshua Tree, served as a facilitator, offering and selling the Bank Deposit programs touted by Correll to dozens of investors in 20 states, including Texas, Minnesota and Louisiana. In a September 2005, face-to-face meeting in Minnesota, Midkiff falsely represented to Minnesota investors Daniel Chase and Jay Andrews that the funds invested with him were insured for \$1 billion. Earlier, he had advised them by letter that the Bank Deposit program was bonded with Nationwide Insurance. Both Daniel Chase and Jay Andrews invested substantial funds in the Bank Deposit program through Midkiff and Joshua Tree.

50. Further, Midkiff, described the Bank Deposit program as an overnight trading program of bank-issued notes, promising monthly returns of seven to 12 percent with no risk to investment principal.

51. Midkiff, who received referral fees for his efforts, directed investors to send funds to Joshua Tree bank accounts. Several million dollars flowed into Correll-controlled bank accounts from two Joshua Tree accounts.

B. Representations about the Bank Deposit Programs are False

52. Representations made to investors by Cardno, Correll, Thompson, Gowdey, Johnson and Midkiff about the Bank Deposit programs were materially false and misleading. The investors funds were not used as promised; they were not transferred offshore for use in a trading program.

53. Representations made to the investors by Cardno, Correll, Thompson, Gowdey, Johnson and Midkiff concerning the nature of their purported investment returns were materially false and misleading. Investor payments did not derive from earnings, as claimed, but rather were merely distributions from the funds of other investors.

54. Further, Cardno, Correll, Thompson, Gowdey, Johnson and Midkiff failed to disclose that the Bank Deposit program they offered to investors did not exist and failed to disclose the true source of returns to investors.

C. Relief Defendants receive funds from the Fraud

55. During the relevant period, Banner Shield received over \$450,000; Hospitality Management received over \$8.5 million; Creative Wealth along with its principals and companies controlled by its principals, received over \$9.5 million; and JTA Enterprises received over \$3.2 million from accounts controlled by Correll without any apparent consideration.

D. Lulling Activities

56. Defendants' Bank Deposit program has collapsed. The last monthly payments to investors were made in September 2005.

57. Since payments stopped, Correll and other defendants, in response to investor complaints, falsely claimed that the Commission froze their bank accounts as part of the normal process of "registering" the Bank Deposit programs under the federal securities laws. Correll made no attempt to register any securities offering or class of securities with the Commission.

58. Correll told a different story to other investors, falsely advising that their funds were frozen under provisions of the Patriot Act.

59. In late 2005, Correll claimed that the investors' principal remained safely deposited "offshore" with the Royal Bank of Canada ("RBC"). In fact, although Horizon Establishment and

other Correll controlled entities had accounts with a subsidiary of RBC, these accounts were located in Atlanta and had combined balances of less than \$8,000.

CLAIMS

FIRST CLAIM

Violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder

Plaintiff Commission repeats and incorporates paragraphs 1 through 60 of this *Complaint* by reference as if set forth *verbatim*.

60. Defendants, directly or indirectly, singly or in concert with others, in connection with the purchase and sale of securities, by use of the means and instrumentalities of interstate commerce and by use of the mails (a) has employed devices, schemes and artifices to defraud, (b) has made untrue statements of material facts and have 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) has engaged in acts, practices and courses of business which operate as a fraud and deceit upon purchasers, prospective purchasers and other persons.

61. As a part of and in furtherance of their scheme to defraud, Defendants, directly and indirectly, prepared, disseminated, used, issued and made oral presentations, false and misleading account statements, written offering documents, promotional materials, investor and other correspondence, which contained untrue statements of material facts and misrepresentations of material facts and which 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, including, but not limited to, those set forth above.

62. Defendants made these misrepresentations and omissions knowingly or with severe recklessness.

63. By reason of the foregoing, Defendants have violated and, unless enjoined, will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

SECOND CLAIM

Violations of Section 17(a) of the Securities Act

64. Plaintiff Commission repeats and incorporates paragraphs 1 through 60 of this *Complaint* by reference as if set forth *verbatim*.

65. Defendants, directly or indirectly, singly or in concert with others, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, have (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact or omissions 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 transactions, practices or courses of business which operate or would operate as a fraud or deceit.

66. As part of and in furtherance of this scheme, Defendants, directly and indirectly, prepared, disseminated, used, issued and made oral presentations, false and misleading account statements, written offering documents, promotional materials, investor and other correspondence, which contained untrue statements of material fact and which 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, including, but not limited to, those statements and omissions set forth above.

67. Defendants made the above-referenced misrepresentations and omissions knowingly or with severe recklessness. Defendants, in addition, were negligent in connection with their offer and sale of the securities alleged in this *Complaint*.

68. By reason of the foregoing, the Defendants have violated, and unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

THIRD CLAIM

Violations of Sections 5(a) And 5(c) of the Securities Act

69. Plaintiff Commission repeats and incorporates paragraphs 1 through 60 of this *Complaint* by reference as if set forth *verbatim*.

70. Defendants, directly or indirectly, singly or in concert with others, have been offering to sell, selling and delivering after sale, certain securities and have been, directly and indirectly, (a) making use of the means and instruments of transportation and communication in interstate commerce and of the mails to sell securities, through the use of written contracts, offering documents and otherwise, (b) carrying and causing to be carried through the mails and in interstate commerce by the means and instruments of transportation such securities for the purpose of sale and for delivery after sale, and (c) making use of the means or instruments of transportation and communication in interstate commerce and of the mails to offer to sell such securities.

71. No registration statement has been filed with the Commission or is otherwise in effect with respect to the offer and sale of any securities described herein.

72. By reason of the foregoing, Defendants have violated and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e (c)].

FOURTH CLAIM

Claims against the Relief Defendants as Custodians of Investor Funds

73. Plaintiff Commission repeats and incorporates paragraphs 1 through 60 of this *Complaint* by reference as if set forth *verbatim*.

74. Relief Defendants received, directly or indirectly, funds and/or other benefits from Defendants, which either are the proceeds of, or are traceable to the proceeds of, the unlawful activities alleged herein and to which they have no legitimate claim to these funds and property.

75. Relief Defendants obtained the funds and property as part of and in furtherance of the securities violations alleged and under circumstances in which it is not just, equitable or conscionable for them to retain the funds and property, and accordingly, they have been unjustly enriched.

76. The Commission is entitled to an order requiring that Relief Defendants disgorge these funds and property.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court:

I.

Permanently enjoin each Defendant and their agents, servants, employees, attorneys and all persons in active concert or participation with him who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e (c) and 77q(a)] and 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].

II.

Order each Defendant to disgorge an amount equal to the funds and benefits obtained as a result of the violations alleged, plus prejudgment interest on that amount, and each Relief Defendant to disgorge an amount equal to the funds and benefits obtained directly or indirectly, from the Defendants, which either are the proceeds of, or are traceable to the proceeds of, the unlawful activities alleged herein.

III.

Order civil penalties against each Defendant pursuant to Section 20(d) of the Securities Act, Section 21(d)(3) of the Exchange Act for violations of the federal securities laws as alleged herein; and

IV.

Such other and further relief as the Commission may show itself entitled.

Dated: July 3, 2006.

Respectfully submitted,

/s/ Marshall Gandy

MARSHALL GANDY

Texas Bar No. 07616500

SECURITIES AND EXCHANGE COMMISSION

Burnett Plaza, Suite 1900

801 Cherry Street, Unit #18

Fort Worth, TX 76102-6882

(817) 978-6464

(817) 978-4927 (fax)

gandym@sec.gov

CERTIFICATE OF SERVICE

I affirm that on July 3, 2006, I electronically filed the foregoing *Amended Complaint* with the Clerk of the Court for the Eastern District of Texas, Sherman Division, by using the CM/ECF system which will send a notice of electronic filing to the following CM/ECF participants:

- **Scott R Baker**
dfwsoccer@aol.com
- **Christopher Joseph Bebel**
chrisbebel@aol.com dhendriks@earthlink.net
- **Thomas E Borton, IV**
thomas.borton@troutmansanders.com
- **Matthew R Clark**
matthew.clark@troutmansanders.com
- **J David Dantzler, Jr**
david.dantzler@troutmansanders.com
ganell.meek@troutmansanders.com;thomas.borton@troutmansanders.com;matthew.clark@troutmansanders.com
- **Marshall M Gandy**
gandym@sec.gov fairchildr@sec.gov;stewartan@sec.gov;justicet@sec.gov
- **D. Dee Raibourn, III**
draibourn@qsclpc.com
- **W. Scott Sorrels**
ssorrels@pogolaw.com sevans@pogolaw.com
- **John R Teakell**
jteakell@teakelllaw.com davidlgull@aol.com
- **Charles Todd Tefteller**
toddt60@msn.com
- **Clark Bradford Will**
cwill@qsclpc.com hvornholt@qsclpc.com

/s/ Marshall Gandy
MARSHALL GANDY