

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION

<p>SECURITIES AND EXCHANGE COMMISSION,</p> <p>Plaintiff,</p> <p>vs.</p> <p>TRAVIS E. CORRELL, individually and doing business as Horizon Establishment; GREGORY THOMPSON; DWIGHT J. JOHNSON; HARRY ROBINSON "ROBBIE" GOWDEY, individually and doing business as Atlas and Jericho Productions; GRANT CARDNO; NEULAN D. MIDKIFF; TRAVIS CORRELL &amp; COMPANY, INC.; THE LIBERTY ESTABLISHMENT, INC.; SOVEREIGN CAPITAL INVESTMENTS, S.A.; TNT OFFICE SUPPLY, INC.; NET WORTH GROUP, INC.; and JOSHUA TREE GROUP LLC,</p> <p>Defendants,</p> <p>and</p> <p>BANNER SHIELD, LLC; HOSPITALITY MANAGEMENT GROUP, INC.; CREATIVE WEALTH VENTURES, LLC, and JTA ENTERPRISES,</p> <p>Defendants Solely for Purposes of Equitable Relief.</p>	<p>CIVIL ACTION NO. 4:05CV472</p>
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**MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT CONCERNING  
PROPERTY LOCATED AT THE NEW YORK HILTON, 1335 AVENUE OF THE  
AMERICAS, NEW YORK, NEW YORK**

S. Gregory Hays (“Receiver”)<sup>1</sup> files this Motion for Approval of Settlement Agreement Concerning a vacation ownership interest in HNY Club Suites also known as The Hilton Club – New York located at The New York Hilton, 1335 Avenue of the Americas, New York, New York (“the Property”). In support, the Receiver states as follows:

**The Investment Scheme**

1. The offering that is the subject of this action is a purported “high-yield investment program” or “prime bank investment” (referred to herein as the “Bank Deposit Program”) allegedly perpetrated by some or all of the Defendants in this matter, including Travis E. Correll. In sum, it appears that some or all of the Defendants enticed investors to sink substantial amounts of money into the Bank Deposit Program through promises of high monthly interest payments ranging from 4% to 12% per month, with no risk to their investment principal.

**The Receiver**

2. On December 7, 2005, the Securities and Exchange Commission (“SEC”) filed this action seeking temporary, preliminary, and permanent injunctive relief, as well as disgorgement and other monetary sanctions. On that same date, this Court entered an order appointing S. Gregory Hays as Receiver for each of the Defendants and for certain assets of the Relief Defendants (the “Receivership Order”). Among other things, this Court authorized and directed the Receiver to:

- a. take custody, control, and possession of all records, assets, and other property of the Receiver Estate;

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<sup>1</sup> Gregory S. Hays is court-appointed Receiver for Travis E. Correll, individually and doing business as Horizon Establishment; Gregory Thompson; Dwight J. Johnson; Harry Robinson “Robbie” Gowdey, individually and doing business as Atlas and Jericho Productions; Neulan D. Midkiff; Travis Correll & Company, Inc.; TNT Office Supply, Inc.; Net Worth Group, Inc.; Joshua Tree Group LLC; Banner Shield, LLC; Hospitality Management Group, Inc.; Creative Wealth Ventures, LLC; and JTA Enterprises, L.L.C. (collectively the “Receiver Entities” or the “Receiver Estate”).

- b. administer the assets of the Receiver Estate, including the authority to liquidate assets;
- c. perform an accounting of the receipt, disposition, and use of the subject investment proceeds; and
- d. investigate any matters that the Receiver deems appropriate in connection with the Receiver Estate.

3. On December 13, 2005, this Court entered an Order of Preliminary Injunction and Other Equitable Relief as to Defendant Travis E. Correll. In the Order, the Court enjoined Defendant Correll from continuing to violate the federal securities laws, from transferring funds or assets, or from destroying or altering any of his records.

#### **Travis E. Correll and the Property**

4. On December 24, 2003, Correll purchased a vacation ownership interest in the Property for \$25,900 (financing \$24,530 of this amount through a mortgage), legally described in an exhibit to the Deed that is attached to this Agreement as Exhibit A.

5. As of the date of this Agreement, Correll has paid \$13,560.29 (\$7,308.94 principal, \$6,206.69 interest, and \$44.66 late fees) to Hilton in connection with the Property.

6. Correll's mortgage principal balance is currently \$17,221.06.

7. Correll's current equity value in the property with Hilton is \$9042.43.

8. Correll currently owes Hilton \$3,262.20 in arrearages (3 loan payments of \$593.23, \$45.00 in late fees, and \$1,437.60 in maintenance fees).

#### **The Receiver's Interest in the Property**

7. The Receiver has determined that all of Correll's payments to Hilton for the Property were made with funds that are proceeds of the Bank Deposit Program.

8. The SEC has established a prima facie case that Correll has, through his participation in the Bank Deposit Program/investment scheme mentioned above, engaged in acts that constitute violations of the Securities Act of 1933 and the Securities Exchange Act of 1934.

9. Pursuant to this Court's December 7, 2005 Order Appointing Receiver and its December 13, 2005 Order of Preliminary Injunction, the Receiver contends that he is vested with all right, title, and interest in all monies, and the proceeds of monies, that Correll received in connection with the Bank Deposit Program, including, potentially, all payments that Correll made to Hilton with respect to the Property.

#### **The Parties' Settlement Agreement**

10. The Receiver claims that he is entitled to recover \$13,560.29 from Hilton. Specifically, the Receiver contends that the monies that Correll paid to Hilton in connection with the Property are impressed with a constructive trust, and that those funds should be returned to the Receiver for the benefit of the Receiver Estate.

11. Hilton contests the Receiver's claim, and warrants that it had no involvement with the underlying investment scheme, which investment scheme is the subject of the lawsuit against Correll.

12. In an effort to resolve their dispute without engaging in expensive, time-consuming litigation, the parties entered into a Settlement Agreement, a copy of which is attached hereto as Exhibit "A." In sum, the Receiver and Hilton have settled and compromised all contested claims between them related to the Property. Specifically, Hilton has agreed forgive the delinquent mortgage payments and to pay to the Receiver Correll's equity (\$9,042.43) less delinquent maintenance fees (\$1,437.67) for a total payment of \$7,604.83 to the

Receiver in exchange for any claims regarding Correll's interest in the Property, and complete control over the Property.

13. Despite the Receiver's belief that his claims to a recovery against Hilton and/or the Property could exceed \$13,000, he is convinced that the proposed settlement is in the best interest of the Receiver Estate and the investors. Simply stated, the Receiver believes that, taking into account all of the relevant circumstances, the Receiver Estate is well served by the immediate recovery of the agreed-upon \$7,604.83 from Hilton without spending more time and money in uncertain litigation with Hilton and/or funding any portion of the first mortgage payments and/or being responsible for the uncertainties and the costs attendant to a sale of the Property.

WHEREFORE, the Receiver respectfully requests that this Court grant the Receiver's Motion for Approval of Settlement Agreement Concerning Property Located at the New York Hilton, 1335 Avenue of the Americas, New York, New York, and legally described as set forth in the Settlement Agreement. For the convenience of the Court, a proposed order approving the subject settlement is attached as Exhibit "B."

Respectfully submitted this 14th day of July 2006.

TROUTMAN SANDERS LLP

/s/ Thomas E. Borton IV  
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Attorneys for S. Gregory Hays, Receiver

**CERTIFICATE OF CONFERENCE**

Counsel for the Receiver has, prior to filing this Motion, consulted with counsel for Travis E. Correll concerning the property that is the subject of this Motion. Counsel for Defendant Correll has informed Counsel for the Receiver that Defendant Correll will not oppose this Motion.

/s/ Thomas E. Borton IV  
THOMAS E. BORTON IV  
Ga. State Bar No. 068733

**CERTIFICATE OF SERVICE**

I do hereby certify that, on July 14th, 2006, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system, which will send notification of such filing to the following:

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