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## Former LDS bishop charged in huge fraud

Southwick case » 800 investors lost about \$180 million

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A former St. George developer and LDS bishop is facing 10 criminal charges for allegedly selling investments and taking commissions linked to a giant Ponzi scheme that appears to be Utah's largest-ever financial fraud.

William J. Hammons, 64, is charged with second- and third-degree felonies for his work on behalf of Val E. Southwick, the imprisoned Ogden businessman who ran the scheme that collapsed in 2007 after bilking 800 or so investors out of more than \$180 million.

Hammons has been called by state regulators the single-largest outside seller of securities for Southwick's VesCor real estate development operations -- perhaps as much as \$52 million. Many of those investments were sold to members of The Church of Jesus Christ of Latter-day Saints in Las Vegas, where Hammons served as a bishop, and in St. George. The St. George investors included neighbors, church members, Hammons' partner when he served a mission for the church and his parents-in-law.

Yet some are reluctant to criticize him.

Retired physician Waldo Perkins is named as the victim in three of the counts against Hammons. Perkins invested his retirement savings of \$965,000 through him in Southwick's ventures and was promised 16 percent annual interest.

"I had great respect for him -- this is before things fell apart -- as a good friend and neighbor across the street and down one house, and as an exceedingly successful businessman," Perkins said Monday from his St. George home. "And I still like Bill."

Letters gathered in a Las Vegas lawsuit from investors are directed to "Bishop Hammons," while at least one investor from his former ward said she prayed about where to invest some savings and came to the conclusion she should talk to Hammons.

The court-appointed receiver of VesCor, Salt Lake City attorney Robert Wing, said he believes Hammons received more than \$9 million in commissions from Southwick. Wing has sued Southwick seeking return of the commissions and any interest Hammons received from his own investments with Southwick.

Hammons is charged with four counts of securities fraud, four of sales of securities by an unlicensed agent, one of abuse of a vulnerable adult (Perkins and his wife were in their upper 70s when they invested) and one of conducting a pattern of unlawful conduct. Hammons faces possible prison sentences of 1-to-15 years in jail for the second-degree felonies and 0-to-5 years for the third-degree charges.

Southwick, who attracted investors to a Ponzi-like operation in which he paid money to some clients with funds that came from new investors, pleaded guilty last year to nine charges of securities fraud and was sentenced to nine consecutive prison terms of 1-to-15 years. After a recent hearing, the Board of Pardons and Parole said Southwick, 63, would spend at least 17 years in prison before he gets another parole hearing.

Calls to Hammons' St. George attorney Monday seeking comment were not returned. The Washington County Sheriff's Office said Hammons had not been booked, but Assistant Attorney General Charlene Barlow said he was expected to surrender soon.

At least seven others who worked for Southwick or sold investments on his behalf have been the subjects of a state investigation.

"Initially, the Division of Securities was focused on Val Southwick," said Keith Woodwell, director of the Utah Division of Securities, who was named to his post in June. "Since Southwick's sentencing, the division was able to focus on the

next tier of individuals involved in selling VesCor notes."

Shawn H. Moore, a top VesCor official, was charged in November in 3rd District Court in Salt Lake City with 13 felonies.

Moore generally directed investor relations for VesCor, the charges state. In that capacity, he falsely told investors their money was safe and failed to tell them of Southwick's history of sanctions by state regulators and that after October of 2004, he and other company officials were prohibited from selling investments in Utah.

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Giant Utah Ponzi scheme

Those charged so far in the VesCor case:

-- Val E. Southwick, Ogden, in prison on his nine guilty pleas to securities fraud. Southwick was the principal operator of the VesCor companies.

-- Shawn H. Moore, Centerville, a manager of various VesCor entities, faces 13 felony charges.

-- William J. Hammons, St. George, faces 10 felony charges for his alleged roles in selling investments in VesCor.

Documents indicate at least seven others are under investigation in Utah.

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