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August 26, 2016

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Barry E. Mitchell  
28915 Canmore Street  
Agoura Hills, CA 91301

RE: In the Matter of: Chartered Medical, Inc., f/k/a Innova One, Inc., Patients  
Mutual, Inc., Roger D. Finchum, Sr., and Barry E. Mitchell  
Docket No. 12.01-136178J

Enclosed is an Initial Order rendered in connection with the above-styled case.

Administrative Procedures Division  
Tennessee Department of State

/aem  
Enclosure

**RECEIVED**

**AUG 30 2016**

**DEPT. OF COMMERCE AND INSURANCE  
LEGAL OFFICE**

BEFORE THE COMMISSIONER OF THE TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE

IN THE MATTER OF:

CHARTERED MEDICAL, INC., F/K/A  
INNOVA ONE, INC., PATIENTS  
MUTUAL, INC., ROGER D. FINCHUM, SR.,  
AND BARRY E. MITCHELL

DOCKET NO. 12.01-136178J

NOTICE

ATTACHED IS AN INITIAL ORDER RENDERED BY AN ADMINISTRATIVE JUDGE WITH THE ADMINISTRATIVE PROCEDURES DIVISION.

THE INITIAL ORDER IS NOT A FINAL ORDER BUT SHALL BECOME A FINAL ORDER UNLESS:

1. THE ENROLLEE FILES A WRITTEN APPEAL, OR EITHER PARTY FILES A PETITION FOR RECONSIDERATION WITH THE ADMINISTRATIVE PROCEDURES DIVISION NO LATER THAN **September 12, 2016.**

YOU MUST FILE THE APPEAL, PETITION FOR RECONSIDERATION WITH THE ADMINISTRATIVE PROCEDURES DIVISION. THE ADDRESS OF THE ADMINISTRATIVE PROCEDURES DIVISION IS:

SECRETARY OF STATE  
ADMINISTRATIVE PROCEDURES DIVISION  
WILLIAM R. SNODGRASS TOWER  
312 ROSA PARKS AVENUE, 8<sup>th</sup> FLOOR  
NASHVILLE, TENNESSEE 37243-1102

IF YOU HAVE ANY FURTHER QUESTIONS, PLEASE CALL THE ADMINISTRATIVE PROCEDURES DIVISION, **615/741-7008 OR 741-5042, FAX 615/741-4472.** PLEASE CONSULT APPENDIX A AFFIXED TO THE INITIAL ORDER FOR NOTICE OF APPEAL PROCEDURES.

**STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE**

**TENNESSEE SECURITIES  
DIVISION,**

**Petitioner,**

**vs.**

**CHARTERED MEDICAL, INC., f/k/a  
INNOVA ONE, INC., PATIENTS  
MUTUAL, INC., ROGER D.  
FINCHUM, SR., and BARRY E.  
MITCHELL,**

**Respondents.**

**Docket No. 12.01-136178J  
TSD No. 16-002**

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**NOTICE OF DEFAULT AND INITIAL ORDER**

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This matter came to be heard on August 8, 2016, before Joyce Carter-Ball, an Administrative Judge assigned to the Secretary of State, Administrative Procedures Division, and sitting for the Commissioner of Commerce and Insurance. Jesse D. Joseph, Assistant General Counsel for the Department represented the Petitioner, Tennessee Securities Division (“TSD”). The Respondents, Chartered Medical, Inc., (formerly known as Innova One, Inc.), Patients Mutual, Inc., Roger D. Finchum, Sr. and Barry E. Mitchell were not present at the hearing, nor did an attorney appear on their behalf.

**ORDER OF DEFAULT**

This matter was heard upon the Petitioner’s Motion for Default and Motion to Deem Service Sufficient, due to the failure of the Respondents to appear or to be represented at the hearing on August 8, 2016, after receiving proper notice thereof. The record indicates that the Respondents were properly served with the March 1, 2016 NOTICE OF HEARING AND CHARGES under the provisions of TENN. CODE ANN. § 48-1-124(e) & (f) more than thirty (30) days before the date of this hearing.

The record also reflects that Respondent Roger D. Finchum, Sr. (“Finchum”), was personally served with a copy of the NOTICE OF HEARING AND CHARGES on April 12, 2016, by Probation Officer Joseph Darnell (Exhibit 1 entered into evidence in this proceeding), that Finchum personally appeared for the prior setting of the hearing in this matter on May 27, 2016, whereupon Finchum requested additional time to attempt to employ counsel. Administrative Judge Rob Wilson granted this request and scheduled a June 22, 2016 conference call wherein Finchum, counsel for Petitioner, and Judge Wilson all participated. The record reflects that Finchum is Incorporator and Registered Agent for Patients Mutual, Inc. (Exhibit 6 entered into evidence, at pp. 3, 6, & 9). Service upon Finchum is also good service upon Respondent Patients Mutual, Inc.

According to numerous Annual Lists of Officers and Directors for Respondent Chartered Medical, Inc., filed with the Nevada Secretary of State and according to the copy of the most recent Thomson Reuters CLEAR Report which the TSD has obtained for Respondent Barry E. Mitchell (“Mitchell”), his most recent residential address is 28915 Canmore Street, Agoura Hills, CA 91301. As an example, see copy of the December 30, 2014 Annual List of Officers and Directors form filed by Chartered Medical, Inc., with the Nevada Secretary of State, found at p. 13 of Exhibit 7 entered into evidence herein.

On March 11, 2016, the Petitioner’s Office of Legal Counsel received a green certified mail return receipt card for certified return receipt item 7014 1200 0001 7187 1628, which was the service copy of the NOTICE OF HEARING AND CHARGES mailed to Mitchell at his Canmore Street address in Agoura Hills, CA. Although this green return receipt card was unsigned, the US Postal Service’s online tracking conformation system reflects that this item was delivered in Agoura Hills, CA on March 7, 2016, at 10:02 a.m. Copies of the green certified mail return receipt card for this item, and the [www.usps.com](http://www.usps.com)

track and confirm printout for this item, are entered into evidence herein as Exhibit 2. The first class mail copy of the NOTICE OF HEARING AND CHARGES mailed to Mitchell at the Canmore Street address in Agoura Hills, CA was not returned to the Petitioner's Office of Legal Counsel as sender.

However, on May 13, 2016, the Office of Legal Counsel for the Department received a green certified mail return receipt card for certified return receipt item 7014 1200 0001 7187 6586, which was the service copy of the Notice of Intent to Introduce Affidavit of Michael Perchetti, D.V.M., and Dr. Perchetti's Affidavit sent to Mitchell at the Canmore Street address in Agoura Hills, CA. This green card was in fact signed by Mitchell ("BE Mitchell"). A true and correct copy of this green card signed by Mitchell is entered into evidence in this proceeding as Exhibit 3.

Mitchell's signature on the green certified mail receipt card received by the Petitioner's Office of Legal Counsel on May 13, 2016 also appears to be the same signature of Mr. Mitchell as appears on the copy of a Statement of Change of Registered Agent by Represented Entity filed with the Nevada Secretary of State by Chartered Medical, Inc., on December 30, 2014 (a filed copy of this Statement of Change of Registered Agent by Represented Entity is found at p. 13 of Exhibit 7 admitted into evidence herein).

This same page of Exhibit 7 demonstrates that NVRA Services, Inc., is the last-known Registered Agent for Chartered Medical, Inc., and Exhibit 6 admitted into evidence in this proceeding sets out NVRA Services, Inc.'s address with the Nevada Secretary of State to be 120 Hwy 50, Ste 1, Dayton, NV 89403. The signed green certified mail return receipt card for NVRA's service copy of the NOTICE OF HEARING AND CHARGES reflecting service upon this Registered Agent for Chartered Medical, Inc., is entered into evidence herein as Exhibit 5.

TENN. CODE ANN. § 48-1-124(e) requires that every issuer who proposes to offer a security in Tennessee through any person acting on a common law agency basis must file with the Commissioner an irrevocable consent appointing the Commissioner or the Commissioner's successor in office as the attorney-in-fact to receive any lawful process in any noncriminal proceeding against the issuer. According to the Petitioner's Motion to Deem Service Complete and Sufficient filed on May 16, 2016 and argument at the August 8, 2016 hearing, Respondents have not filed any such consent to service of process upon a Form U-2 (Uniform Consent of Service of Process Form) under § 48-1-124(e) with the TSD or with the Commissioner, to date.

Pursuant to TENN. CODE ANN. § 48-1-124(f), where such Respondents who have engaged in conduct which is made actionable by TENN. CODE ANN. Title 48, Part 1, have not filed a consent to service of process under subsection (e) of this section, and where personal jurisdiction over the person may not otherwise be obtained in Tennessee, the conduct shall be considered equivalent to the appointment of the Commissioner to be the Respondents' attorney-in-fact to receive service of lawful process, to the same extent as if the Respondents had filed a consent to service of process under subsection (e) of § 48-1-124. Accordingly, the Respondents' conduct in this matter results in the appointment of the Commissioner as the attorney-in-fact to receive lawful service of process against them, including process against Mitchell.

TENN. COMP. R & REGS. 1360-04-01-.06(2) provides, in pertinent part:

[s]ervice may also be made by delivering the notice or copy to an agent authorized by appointment or by law to receive service on behalf of the individual served, or by any other method allowed by law in judicial proceedings.”

The Commissioner is such an agent authorized by law to receive service for Respondents herein, pursuant to TENN. CODE ANN. § 48-1-124(f). Therefore, service of the NOTICE

OF HEARING AND CHARGES against all of these Respondents was perfected by delivering a copy of same to the Commissioner as their attorney-in-fact to receive service of process more than thirty (30) days prior to the May 27, 2016 first setting of the hearing in this matter, in accordance with TENN. COMP. R. & REGS. 1360-04-01-.06(2).

Further, the record reflects that based on agreement reached within the June 22, 2016 conference call, Judge Wilson issued an Order dated June 29, 2016, resetting the hearing in this matter to August 8, 2016, with both parties agreeing to proceed on that date. Given the personal service as to Finchum and Patients Mutual, Inc., the certified mail service of the NOTICE OF HEARING AND CHARGES as to Mitchell and Chartered Medical, Inc., and service upon the Commissioner as the Respondents' agent for service of process under TENN. CODE ANN. § 48-1-124(f), service of process in this case was legally sufficient in accordance with TENN. CODE ANN. § 4-5-307 and TENN. COMP. R. & REGS. 1360-04-01-.06.

It is determined that Petitioner properly served the NOTICE OF HEARING AND CHARGES on the Respondents Chartered Medical, Inc., Patients Mutual, Inc., Finchum and Mitchell in accordance with TENN. COMP. R. & REGS. 1360-04-01-.06(2). Based on the failure of these Respondents to appear for the August 8, 2016 hearing, pursuant to TENN. CODE ANN. § 4-5-309 and TENN. COMP. R. & REGS. 1360-04-01-.15, these Respondents were held in default. Pursuant to TENN. COMP. R. & REGS. 1360-04-01-.15(2)(b), the hearing was conducted as an uncontested proceeding.

#### **INITIAL ORDER**

The subject of this hearing was the proposed assessment of civil penalties and the proposed entry of an order requiring Respondents to cease and desist from further violations of the Tennessee Securities Act and permanently barring the Respondents from

engaging in the securities business in Tennessee.

After consideration of the argument of counsel, the Petitioner's introduction of affidavits without any requests made to cross examine affiants pursuant to TENN. CODE ANN. § 4-5-313, the Petitioner's service of a First Set of Requests for Admission regarding which the matters were deemed admitted due to no responses being filed, the evidence adduced at hearing, and the record as a whole, it is the decision of this Administrative Judge that Respondents have violated the Tennessee Securities Act as alleged in the NOTICE OF HEARING AND CHARGES. Further, it is the decision of this Administrative Judge that Respondents are assessed one hundred thousand dollars (\$100,000) in civil penalties, that they are permanently barred from any further conduct as a broker-dealer, agent of a broker-dealer, investment adviser, or investment adviser representative from or in the State of Tennessee, and that they are permanently barred from conducting securities transactions on behalf of others from, in, or into the State of Tennessee.

This decision is based upon the following findings of fact and conclusions of law.

#### **FINDINGS OF FACT**

1. Innova One, Inc. ("Innova One"), was a corporation registered in the state of Nevada by Articles of Incorporation filed on December 8, 2005, wherein Finchum is listed as a Director. On October 16, 2007, and December 26, 2008, Innova One filed its Annual Lists of Officers and Directors with the Nevada Secretary of State, wherein Finchum was listed as President, Treasurer and Director, with a principal business address of 639 East Main Street, Suite 6, Lower Level, Hendersonville, TN 37075. (Exhibit 7, pp. 3-7)

2. On June 18, 2009, Innova One filed a certificate of amendment to its articles of incorporation, changing the name of the corporation to Chartered Medical, Inc. (“Chartered Medical”). Between November 25, 2009, and December 30, 2014, Respondent Chartered Medical filed six (6) annual lists of officers and directors, wherein Mitchell is listed as President, Secretary, Treasurer and Director. According to its most recent annual list of officers and directors, Chartered Medical’s principal business address is 28915 Canmore Street, Agoura Hills, CA 91301. According to the Nevada Secretary of State’s records, as of December 14, 2015, Chartered Medical’s commercial Registered Agent is NVRA Services, with a business address of 120 Hwy 50, Suite 1, Dayton, NV 89403. (Exhibit 6; Exhibit 7, pp. 8-14).

3. Respondent Patients Mutual, Inc. (“Patients Mutual”), is a Tennessee for-profit corporation registered on July 1, 2009, with a principal business address of 639 East Main Street, #6, Hendersonville, TN 37075. According to its Charter filed on June 29, 2009, Finchum is listed as incorporator and registered agent. On August 11, 2011, the Tennessee Secretary of State filed a certificate administratively dissolving Patients Mutual for failing to file the annual report. On January 20, 2015, Patients Mutual’s charter was revoked due to failure to comply with requirements of the Tennessee Department of Revenue, and this entity currently remains in that status. (Exhibit 8, pp. 1-19).

4. Respondent Finchum is an individual who currently resides at 112 Larkway Drive, Tullahoma, TN 37388. Finchum has been a President, Treasurer and Director of Innova One according to records of the Nevada Secretary of State, and an incorporator and registered agent of Patients Mutual according to records of the Tennessee Secretary of State’s Office as set out above. (Exhibits 1, 7, & 8).

5. Respondent Mitchell is an individual who is believed to currently reside at 28915 Canmore Street, Agoura Hills, CA 91301. Mitchell was listed as Vice President of Innova One within its Limited Offering Memorandum dated July 22, 2008, and is listed as President, Secretary, Treasurer and Director of Chartered Medical since November 2009 with the Nevada Secretary of State's Office as set out above. (Exhibit 7, pp.10-14; Exhibit 12, attachment A to this Exhibit, pp.22-23).

6. The Respondents are not presently nor have they ever been registered with the Financial Industry Regulatory Agency ("FINRA") or with the TSD as broker-dealers, broker-dealer agents, investment advisers, or investment adviser representatives. (Exhibits 10 & 11).

7. Finchum and Mitchell did not inform any of the following investors that they had never been registered with the FINRA or with the TSD as a broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative. Finchum and Mitchell also did not inform these investors that the securities in which they were investing were unregistered under Tennessee law and not subject to any Tennessee exemption. (Hearing testimony of Eddie Davis).

#### DR. PERCHETTI'S INVESTMENTS

8. On or about January 2009, Michael Perchetti, D.V.M., of Spring Creek, NV, contacted a company named Material Technologies ("Matech") about the value of his Matech stock – which he had purchased through Barry E. Mitchell of AA Capital Ventures, LLC in 2003 or 2004. After learning that the value of his Matech stock had dropped substantially, Dr. Perchetti contacted Mitchell and was offered the opportunity to invest on the "ground floor" with Innova One. (Exhibit 12, ¶¶ 3 & 4).

9. Mitchell told Dr. Perchetti at this time that Innova One had developed a secure platform which would allow physicians to authorize prescription medications over the internet, and according to Innova One's Limited Offering Memorandum dated July 22, 2008, the purpose of Innova One was "to market and distribute the use of Healthcare Service software program through Secured Rx, an internet website which can be found at [www.securedrx.com](http://www.securedrx.com)." (Exhibit 12, ¶ 5).

10. On or about February 3, 2009, Mitchell provided Dr. Perchetti with wire instructions in order to send his initial investment of \$10,000 to Innova One. These instructions requested that the funds to be sent to a bank account of AA Capital Ventures, LLC at Washington Mutual Bank in Westlake Village, CA. (Exhibit 12, ¶ 6, and attachment B to this Exhibit).

11. By email dated February 4, 2009, Mitchell indicated to Dr. Perchetti that Innova One would be filing a Rule 504 Form D with the SEC while making this limited offering, that a final decision had been made to amend the offering to a three (3) year debenture, paying simple interest at 8%, and that Innova One would give the investors two choices at the end of this 3 year period: "A) [g]et their principal and interest (P & I) back, or B) convert P & I into equity at \$2.50 per share." (Exhibit 12, ¶ 7, and attachment C to this Exhibit).

12. Based on these promises, on February 11, 2009, Dr. Perchetti wired \$10,000 from his bank in accordance with the wire instructions and signed Innova One's Subscription Agreement which acknowledged that he was purchasing 10,000 shares in the company for this \$10,000 initial investment. (Exhibit 12, ¶ 8, and attachments D & E to this Exhibit).

13. On March 19, 2009, Mitchell emailed Dr. Perchetti an update stating that Innova One “was up to 7,367 doctors and well on its way to the minimum target of 10,000 by the end of this April.” Mitchell explained in this email that Innova One “expected to be able to launch its full suite of services to the doctors” by May 1, 2009, and also that Innova One’s “minimum revenues for May would be \$1,119,000 (\$119 x 10,000), from the doctors only and doesn’t include the [p]harmacies...” (Exhibit 12, ¶ 9, and attachment F to this Exhibit).

14. Mitchell reconfirmed within this email dated March 19, 2009, that Innova One was issuing Dr. Perchetti “3, (three) shares per dollar for an additional \$20,000...which would bring [Dr. Perchetti’s] total up to 80,000 shares.” Notwithstanding any dividends, Mitchell promised in this email that Dr. Perchetti’s shares would be worth “at least \$2.50 per share in three years, giving [him] a value of \$200,000. Not bad for only \$30,000.” (Exhibit 12, ¶ 10, and attachment F to this Exhibit).

15. Based on these additional promises and representations by Mitchell, on March 19, 2009, Dr. Perchetti was provided new wire instructions to send his additional \$20,000 investment to Innova One’s account at Regions Bank, 323 West Main Street, Hendersonville, TN 37075. On March 24, 2009, Dr. Perchetti signed a second subscription agreement indicating he was purchasing 30,000 shares of Innova One for the \$20,000 additional investment, and on March 26, 2009, Dr. Perchetti wired the \$20,000 second investment to Innova One. (Exhibit 12, ¶ 11, and attachments G, H, & I to this Exhibit).

16. Dr. Perchetti sent Finchum several emails between late March and April of 2009 inquiring as to when his Innova One share certificates would be received, and on

April 29, 2009, Finchum issued to Perchetti this certificate evidencing Dr. Perchetti's ownership of 80,000 shares. (Exhibit 12, ¶ 12, and attachment J to this Exhibit).

17. By email dated May 17, 2009, Dr. Perchetti expressed his disappointment that Innova One had not launched its services by May 1 or by May 15, 2009, and assumed that the "minimum revenues for May [of] \$1,119,000 from the doctors only" promised by Mitchell would make launching the company somewhat of an urgent matter. (Exhibit 12, ¶ 13, and attachment K to this Exhibit).

18. On June 7, 2009, Dr. Perchetti emailed Mitchell asking to be provided with the names and contact information of 3 to 5 doctors and a pharmacy that had been using Secured Rx services since February of 2009, since Mitchell advised in February of that year that there were "well over 4,000 doctors on board." Dr. Perchetti also asked Mitchell within this email whether any doctors or pharmacies had discontinued the services, what was the retention rate thus far, whether the delayed launch of the full line of services would hurt the new membership or retention of doctors, and when would the services be made available in his region so he could get his own practice up to date on the encrypted prescription services and the digital medical records. (Exhibit 12, ¶ 14, and attachment L to this Exhibit).

19. Dr. Perchetti received no further responses from Mitchell or Finchum on any of these matters since the late summer or early fall of 2009, and also received no return on his investment or any return of principal as promised. Innova One never filed the Form D Notice of Exempt Offering of Securities under Rule 504 as to the limited offering in which Dr. Perchetti invested during early 2009. (Exhibit 12, ¶ 15, and hearing testimony of Eddie Davis).

PASCO OF TENNESSEE, INC.'S ("PASCO") INVESTMENTS

20. In June of 2011, Lee R. Watson, C.P.A., served as Secretary for Pasco of Tennessee, Inc. ("Pasco"), a Tennessee for-profit corporation. Mr. Watson has continually served as Pasco's Secretary through the present. (Exhibit 14, ¶ 5).

21. Pasco granted Finchum a Limited Power of Attorney dated June 15, 2011, for Finchum to purchase 300,000 shares of W S Industries (symbol WSID) stock for the benefit of Pasco. Pasco also prepared and gave to Finchum a purchase order dated June 15, 2011, for Finchum to purchase the 300,000 shares of W S Industries shares (symbol WSID) for Pasco, at the price of \$66,000. (Exhibit 14, ¶¶ 6 & 7, and attachments A & B to this Exhibit).

22. Pasco gave Finchum an official bank check made payable to Finchum dated June 15, 2011, in the amount of \$66,000, with the words "300,000 shares—WSID," written on the bottom front of the check. Finchum endorsed and deposited this check. (Exhibit 14, ¶ 8, and attachment C to this Exhibit).

23. By late 2011, Mr. Watson went to the Davidson County District Attorney's Office seeking relief because Finchum had not purchased the W S Industries stock for the benefit of Pasco as he was obligated to do, nor had he returned the \$66,000. In April 2013, Finchum was indicted by the Davidson County Grand Jury on one count of Theft of Property in excess of \$60,000 regarding this theft, and two counts of Money Laundering. A consent disposition of these criminal charges was reached in November 2013. (Exhibit 14, ¶ 9).

24. In November 2013, Mr. Watson was distressed that Finchum had taken the \$66,000 given by Pasco to Finchum in trust, for the purchase of the WSID stock. At that time, Mr. Watson was under a great deal of pressure to try to make up the \$66,000 taken

by Finchum, and spent many sleepless nights due to Finchum's actions. Finchum lied to Mr. Watson about the entire deal. (Exhibit 14, ¶ 10, and attachment D to this Exhibit).

25. Mr. Watson understands that Finchum was granted judicial diversion in November 2013 and six (6) years' probation on the Davidson County Criminal Court theft charge for taking the \$66,000 which he was entrusted to use for Pasco's benefit. Finchum is currently making payments of \$1,000 per month in restitution to Pasco pursuant to the probation ordered by the Davidson County Criminal Court. (Exhibit 14, ¶ 11).

#### SHERMAN AND GLORIA BROWN'S INVESTMENTS

26. Sherman Brown was Finchum's independent auto insurance agent in 2009, with an office in Hendersonville, Tennessee, and had been Finchum's agent since the mid-1960s. At some point in the middle of 2009, Finchum came to Mr. Brown's office and offered this investor the opportunity to invest in Patients Mutual. Finchum explained to Mr. Brown that this company was involved in developing a method to allow physicians to authorize prescription medications over the internet. Finchum also described this opportunity as a "deal that could not go wrong," and promised that the Browns "would not lose any money" but would earn 8% interest on their investments in the company.

27. Based on Finchum's representations, on October 29, 2009, Finchum sold the Browns 30,000 shares in Patients Mutual in two (2) transactions for a total of \$13,000. (Two checks were written by the Browns to Patients Mutual that day in the amounts of \$10,000 (for 21,000 shares), and \$3,000 (for 9,000 shares). (Exhibit 13, ¶ 7, and attachments A-B to this Exhibit).

28. In a third securities transaction, on November 24, 2009, Ms. Brown gave Finchum an additional \$10,000 cashier's check made payable to Patients Mutual. (Exhibit 13, ¶ 8, and attachment C to this Exhibit).

29. On June 29, 2010, Finchum guaranteed in writing to these investors that he would repay 50% of their total investment in Patients Mutual should "the initial public offering ("I.P.O.") for Patients Mutual, Inc. "not be filed with the SEC on or before August 30<sup>th</sup>" of that year. (Exhibit 13, ¶ 9, and attachment D to this Exhibit).

30. In addition to Patients Mutual never going public, Finchum has never repaid these investors any of their \$23,000 principal investment or any promised interest. (Exhibit 13, ¶ 10; hearing testimony of Eddie Davis).

#### ROBERT FULTON'S INVESTMENT

31. On September 29, 2009, Finchum acknowledged that he sold 80,000 shares of Patients Mutual common stock to Robert D. Fulton of Nashville, Tennessee, for \$4,000. (Exhibit 15).

#### CONCLUSIONS OF LAW

1. In accordance with TENN. COMP. R. & REGS. 1360-04-01-.02(7) and 1360-04-01-.15(3), the Petitioner has proven by a preponderance of evidence that the facts alleged in the NOTICE OF HEARING AND CHARGES pertaining to Respondents Chartered Medical, Inc., Patients Mutual, Inc., Finchum and Mitchell are true and that the issues raised therein should be resolved in its favor.

2. At all relevant times, the shares of stock in Innova One, Patients Mutual and WS Industries which were sold to investors in Tennessee, meet the definition of "security" pursuant to TENN. CODE ANN. § 48-1-102(17)(A). Further, the Innova One and Patients Mutual shares of stock were not registered with the TSD as required by

TENN. CODE ANN. § 48-1-104, was not covered securities and were not subject to any exemption under TENN. CODE ANN. § 48-1-103.

3. By effecting transactions in securities for the accounts of Dr. Perchetti, Pasco, the Browns, and Mr. Fulton as set out above, Respondents Finchum and Mitchell both acted as a “broker-dealer” pursuant to TENN. CODE ANN. § 48-1-102(4).

4. It is unlawful for any person to sell any security unless it is registered under the Act, the security or transaction is exempt under the Act, or the security is a covered security. TENN. CODE ANN. §§ 48-1-102(17)(A), 48-1-103 & 48-1-104(a).

5. The Petitioner has shown, by a preponderance of the evidence that the Respondents sold securities in Tennessee that were not registered with the TSD to be sold in Tennessee.

6. TENN. CODE ANN. § 48-1-104(b) provides:

The commissioner may, after notice and opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any regulation, rule or order adopted or issued under this section, in an amount not to exceed ten thousand dollars (\$10,000) per violation.

7. It is determined that the proof adduced at trial provides adequate grounds for the imposition of a civil penalty on Respondents in the amount of sixty thousand dollars (\$60,000) for their six (6) sales of unregistered securities in violation of TENN. CODE ANN. § 48-1-104(a) to Dr. Perchetti (two (2) sales transactions), Sherman and Gloria Brown (three (3) sales transactions), and Mr. Fulton (one (1) sales transaction), or ten thousand dollars (\$10,000) for each of these six (6) violations.

8. It is unlawful for any person to transact business from or in this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent under the Act. TENN. CODE ANN. § 48-1-109(a). In addition, it is unlawful for any person to

transact business from or in this state as an investment adviser or investment adviser representative unless such person is registered as an investment adviser or investment adviser representative under the Act. TENN. CODE ANN. § 48-1-109(c).

9. The Petitioner has shown by a preponderance of the evidence that Respondents Finchum and Mitchell transacted securities business from and in Tennessee for the accounts of others, by selling securities to Dr. Perchetti, Pasco, the Browns, and Mr. Fulton, without either Finchum or Mitchell being registered under the Act to sell securities in Tennessee, in violation of TENN. CODE ANN. § 48-1-109(a).

10. These Respondents' effecting transactions in securities for the accounts of others without being registered in Tennessee to engage in the business of a broker-dealer or agent of a broker-dealer to offer and sell securities from, in, or into Tennessee, provide adequate grounds for the imposition of a civil penalty on these Respondents not to exceed ten thousand dollars (\$10,000) per violation under TENN. CODE ANN. § 48-1-109(e). It is determined that the proof adduced at trial provides adequate grounds for the imposition of a civil penalty against Respondents Finchum and Mitchell in the amount of twenty thousand dollars (\$20,000), or \$10,000 as to each Respondent, since neither of them were registered by the TSD for any of these sales transactions in securities for the accounts of these four (4) investors.

11. TENN. CODE ANN. § 48-1-121(a) provides:

It is unlawful for any person, in connection with the offer, sale or purchase of any security in this state, directly or indirectly, to:

- (1) Employ any device, scheme, or artifice to defraud;
- (2) Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or

(3) Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

12. The Petitioner has shown, by a preponderance of the evidence, that Respondents Innova One, Patients Mutual, Finchum and Mitchell, in connection with the offer and sale of securities to the above investors, omitted to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading by failing to disclose the lack of registration with the TSD of the securities offered, and that all Respondents had never been registered with FINRA or with the TSD as a broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative, in violation of TENN. CODE ANN. § 48-1-121(a)(2).

13. The Petitioner has shown, by a preponderance of the evidence, that Finchum and Mitchell, in connection with the offer and sale of securities to the Browns and Dr. Perchetti, made untrue statements of material fact to the effect that Patients Mutual would be filing an IPO, that Innova One would be filing a Rule 504 Form D with the SEC as to its limited offering in the spring of 2009, and that Dr. Perchetti could get his entire principal investment back at 8% interest no later than 3 years from February 2009. These statements are also in violation of TENN. CODE ANN. § 48-1-121(a)(2).

14. The Petitioner has shown, by a preponderance of the evidence, that Finchum and Mitchell, in connection with the offer and sale of securities to the Browns and Dr. Perchetti, employed fraudulent devices and/or schemes by promising large rates of returns and full repayment of principal to these individuals in order to secure additional investment funds, by never filing the promised IPO registration or SEC notice of exempt securities offering, and by never repaying the principal investments to these individuals as promised in writing, in violation of TENN. CODE ANN. § 48-1-121(a)(1).

15. The Petitioner has shown, by a preponderance of the evidence that Finchum, in connection with the sale of a security to Pasco, engaged in an act which operated as a fraud on Pasco, by misappropriating the \$66,000 in entrusted funds given to him by Pasco in June of 2011, in violation of TENN. CODE ANN. § 48-1-121(a)(3).

16. TENN. CODE ANN. § 48-1-121(d) provides:

The commissioner may, after notice and opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any regulation, rule or order adopted or issued under this section, in an amount not to exceed five thousand dollars (\$5,000) per violation.

17. The Petitioner has shown, by a preponderance of the evidence, that there are adequate grounds for the imposition of a civil penalty on these Respondents not to exceed five thousand dollars (\$5,000) per violation. It is determined that the proof adduced at trial provides adequate grounds for the imposition of a civil penalty on Respondents in the amount of twenty thousand dollars (\$20,000), for the four (4) instances detailed above in paragraphs 12-15 of this ordering section in which they committed securities fraud in violation of TENN. CODE ANN. §§ 48-1-121(a)(1), (2), & (3).

**IT IS, THEREFORE, ORDERED** that:

1. Respondents Chartered Medical, Inc., (formerly known as Innova One, Inc.), Patients Mutual, Inc., Roger D. Finchum, Sr. and Barry E. Mitchell shall fully **COMPLY** with the Act, and all rules promulgated thereunder.

2. Respondents Chartered Medical, Inc., (formerly known as Innova One, Inc.), Patients Mutual, Inc., Roger D. Finchum, Sr. and Barry E. Mitchell are **PERMANENTLY BARRED** from any further conduct as a broker-dealer, agent of a broker-dealer, investment adviser, or investment adviser representative from or in the

State of Tennessee.

3. Respondents Chartered Medical, Inc., (formerly known as Innova One, Inc.), Patients Mutual, Inc., Roger D. Finchum, Sr. and Barry E. Mitchell are **PERMANENTLY BARRED** from conducting securities transactions on behalf of others from, in, or into the State of Tennessee.

4. All persons in any way assisting, aiding, or helping the aforementioned Respondents in any of the aforementioned violations of the Act shall **CEASE AND DESIST** all such activities in violation of the Act.

5. Respondents Chartered Medical, Inc., (formerly known as Innova One, Inc.), Patients Mutual, Inc., Roger D. Finchum, Sr. and Barry E. Mitchell, jointly and severally, are assessed and shall pay a total of one hundred thousand dollars (\$100,000) in **CIVIL PENALTIES** pursuant to TENN. CODE ANN. §§ 48-1-104(b), 48-1-109(e) and 48-1-121(d), calculated as follows:

a) for the six (6) sales of unregistered securities to Dr. Perchetti, Sherman and Gloria Brown, and Robert Fulton in violation of TENN. CODE ANN. § 48-1-104(a), as set forth in Count One of the NOTICE OF HEARING AND CHARGES, a civil penalty of ten thousand dollars (\$10,000) for each such violation, or a subtotal of sixty thousand dollars (\$60,000) as to this Count, pursuant to TENN. CODE ANN. § 48-1-104(b);

b) for the actions of Respondents Finchum and Mitchell in transacting securities business in Tennessee as a broker-dealer without either Respondent being registered in violation of TENN. CODE ANN. § 48-1-109(a), as set forth in Count Two of the NOTICE OF HEARING AND CHARGES, a civil penalty of ten thousand dollars (\$10,000) for each of these two (2) separate violations, or a subtotal of twenty thousand dollars (\$20,000) as to this Count, pursuant to TENN. CODE ANN. § 48-1-109(e); and

c) for the four (4) instances in which Respondents engaged in securities fraud in violation of TENN. CODE ANN. §§ 48-1-121(a)(1), (2), & (3), as set forth in Count Three of the NOTICE OF HEARING AND CHARGES, a civil penalty of five thousand dollars (\$5,000) for each of these four (4) violations, or a subtotal of twenty thousand dollars (\$20,000) as to this Count, pursuant to TENN. CODE ANN. § 48-1-121(d).

6. The Petitioner's NOTICE OF HEARING AND CHARGES is amended, pursuant to TENN. R. CIV. P. 15.02, to conform to the issues tried by implied consent and the evidence introduced at hearing, so as to ensure that the NOTICE OF HEARING AND CHARGES is consistent with the INITIAL ORDER entered herein and the evidence introduced at the August 8, 2016 hearing.

7. All costs associated with the investigation and hearing of this matter shall be assessed against the Respondents Chartered Medical, Inc., (formerly known as Innova One, Inc.), Patients Mutual, Inc., Roger D. Finchum, Sr. and Barry E. Mitchell, jointly and severally. The Division shall file its Itemized Assessed Bill of Costs within fifteen (15) days of the filing of this INITIAL ORDER, and said costs will be incorporated within this INITIAL ORDER.

8. This INITIAL ORDER, imposing sanctions against Respondents Chartered Medical, Inc., (formerly known as Innova One, Inc.), Patients Mutual, Inc., Roger D. Finchum, Sr. and Barry E. Mitchell, is entered to protect the public and investors in the State of Tennessee, consistent with the purposes fairly intended by policy and provisions of the Act.

It is so **ORDERED**.

This INITIAL ORDER entered and effective this the 26<sup>TH</sup> day of AUGUST, 2016.

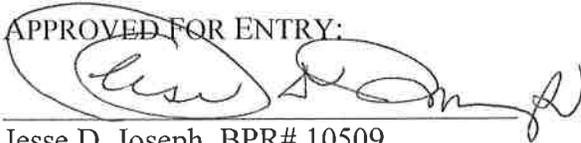
  
\_\_\_\_\_  
JOYCE CARTER-BALL  
ADMINISTRATIVE JUDGE  
ADMINISTRATIVE PROCEDURES DIVISION  
OFFICE OF THE SECRETARY OF STATE

Filed in the Administrative Procedures Division, Office of the Secretary of State, this the 26<sup>TH</sup> of AUGUST 2016.

*J Richard Collier*

J. RICHARD COLLIER, DIRECTOR  
CHIEF ADMINISTRATIVE LAW JUDGE  
ADMINISTRATIVE PROCEDURES DIVISION  
OFFICE OF THE SECRETARY OF STATE

APPROVED FOR ENTRY:



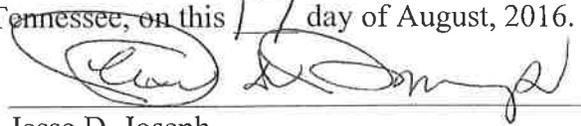
Jesse D. Joseph, BPR# 10509  
Assistant General Counsel-Litigation  
TN Department Of Commerce and Insurance  
500 James Robertson Parkway, 8<sup>th</sup> Floor  
Nashville, Tennessee 37243  
Telephone: (615) 253-4701  
Facsimile: (615) 741-4000  
[Jesse.Joseph@tn.gov](mailto:Jesse.Joseph@tn.gov)

**Certificate of Service**

I hereby certify that I have forwarded by first class mail a copy of the Petitioner's Proposed Initial Order to Respondents Chartered Medical, Inc., (formerly known as Innova One, Inc.), Patients Mutual, Inc., Roger D. Finchum, Sr. and Barry E. Mitchell, by forwarding, via first class mail, a copy of same to:

- (1) NVRA Services, Inc., 120 Hwy 50, Suite 1, Dayton, NV 89403;
- (2) Roger D. Finchum, Sr., 112 Larkway Drive, Tullahoma, TN 37388; and
- (3) Barry E. Mitchell, 28915 Canmore Street, Agoura Hills, CA 91301;

and that I have filed the original of this Petitioner's Proposed Initial Order with the Office of the Secretary of State, Administrative Procedures Division, 8<sup>th</sup> Floor, Wm. R. Snodgrass Tennessee Tower, Nashville, Tennessee, on this 17 day of August, 2016.



Jesse D. Joseph

## **APPENDIX A TO INITIAL ORDER NOTICE OF APPEAL PROCEDURES**

### **Review of Initial Order**

This Initial Order shall become a Final Order (reviewable as set forth below) fifteen (15) days after the entry date of this Initial Order, unless either or both of the following actions are taken:

(1) A party files a petition for appeal to the agency, stating the basis of the appeal, or the agency on its own motion gives written notice of its intention to review the Initial Order, within fifteen (15) days after the entry date of the Initial Order. If either of these actions occurs, there is no Final Order until review by the agency and entry of a new Final Order or adoption and entry of the Initial Order, in whole or in part, as the Final Order. A petition for appeal to the agency must be filed within the proper time period with the Administrative Procedures Division of the Office of the Secretary of State, 8<sup>th</sup> Floor, William R. Snodgrass Tower, 312 Rosa L. Parks Avenue, Nashville, Tennessee, 37243-1102. (Telephone No. (615) 741-7008). See Tennessee Code Annotated, Section (T.C.A. §) 4-5-315, on review of initial orders by the agency.

(2) A party files a petition for reconsideration of this Initial Order, stating the specific reasons why the Initial Order was in error within fifteen (15) days after the entry date of the Initial Order. This petition must be filed with the Administrative Procedures Division at the above address. A petition for reconsideration is deemed denied if no action is taken within twenty (20) days of filing. A new fifteen (15) day period for the filing of an appeal to the agency (as set forth in paragraph (1) above) starts to run from the entry date of an order disposing of a petition for reconsideration, or from the twentieth day after filing of the petition, if no order is issued. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Initial Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

### **Review of Final Order**

Within fifteen (15) days after the Initial Order becomes a Final Order, a party may file a petition for reconsideration of the Final Order, in which petitioner shall state the specific reasons why the Initial Order was in error. If no action is taken within twenty (20) days of filing of the petition, it is deemed denied. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Final Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

### **YOU WILL NOT RECEIVE FURTHER NOTICE OF THE INITIAL ORDER BECOMING A FINAL ORDER**

A person who is aggrieved by a final decision in a contested case may seek judicial review of the Final Order by filing a petition for review in a Chancery Court having jurisdiction (generally, Davidson County Chancery Court) within sixty (60) days after the entry date of a Final Order or, if a petition for reconsideration is granted, within sixty (60) days of the entry date of the Final Order disposing of the petition. (However, the filing of a petition for reconsideration does not itself act to extend the sixty day period, if the petition is not granted.) A reviewing court also may order a stay of the Final Order upon appropriate terms. See T.C.A. §4-5-322 and §4-5-317.