BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE OF THE STATE OF TENNESSEE AT NASHVILLE

TENNESSEE SECURITIES DIVISION	)	
Petitioner,	)	
VS.	)	
	)	**File No.: 03-025**
H.F. I., INC., PREMIER DEBT, INC., AND JASEN CHRISTAPHE HOWELL	)	
Respondents.	)	

ORDER TO CEASE AND DESIST

This Order issues as a result of a Petition and its exhibits attached hereto filed by the Tennessee Securities Division of the Department of Commerce and Insurance and is predicated upon the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. H.F.I., Inc. ("HFI") was a Tennessee chartered corporation, with its principal place of business being 2000 Mallory Lane, Suite 130, Franklin, Tennessee 37064. H.F.I. was dissolved on January 29, 2001. The agent for service of process was Jasen Christaphe Howell. H.F.I. should be served c/o Jasen Christaphe Howell, 4064 Nolensville Rd., Nashville, TN 37211.

2. Premier Debt, Inc. ("Premier Debt") is a Tennessee chartered corporation, with its principal place of business being 1113 Murfreesboro Road, Suite 106, Franklin,

Tennessee 37064. The agent for service of process is Jasen Christaphe Howell, 4064 Nolensville Rd., Nashville, TN 37211.

3. Jasen Christaphe Howell ("Howell") is a natural person, believed to be an employee, agent, officer, director, owner or other affiliated person of HFI and/or Premier Debt, with his address being 4064 Nolensville Rd., Nashville, TN 37211.

4. Catalino Moreno ("Moreno") is a citizen and resident of Davidson County, Tennessee. His address is 110 21st Ave. South, Suite 104, Nashville, TN 37203.

5. Victor Carl Jones ("Jones") is a citizen and resident of North Carolina. His address is 305 Rochelle Drive, Knightdale, NC 27545.

6. Howard Cannon ("Cannon") is a citizen and resident of Alabama. His address is 65 Woodbury Dr., Sterrett, Alabama 35147.

7. HFI, or a successor entity, is or has offered and/or sold securities from and/or in the state of Tennessee.

8. Premier Debt is currently offering and/or selling securities from and/or in the state of Tennessee.

9. Howell is currently offering and/ or selling securities from and/or in the state of Tennessee.

10. On or about December, 2002, it was brought to the attention of the Division that HFI and Howell were in the business of selling debt. Moreno, a citizen and resident of Tennessee, had been sold $151,525.00 of delinquent credit card debt for $4,500.00. For the investment, Moreno would receive the proceeds of the debt collected minus the cost of collection.

11. Dale B. Clements, Chief of Enforcement for the Division of Securities, began a

preliminary investigation regarding the matter. He learned HFI had been incorporated on July 9, 1997 in Tennessee. He further learned that the corporation was administratively dissolved on April 16, 1999 and was reinstated on March 29, 2000. Articles of Termination were filed on January 29, 2001. HFI is now inactive.

12. Mr. Clements interviewed Moreno by phone on December 13, 2002. Moreno stated that Howell informed him that he would be able to recoup three-fourths of the debt purchased and that he would be able to double his money on the investment. Howell further told Moreno that there was "no risk" and that the investment was a "sure thing."

13. Howell additionally advised Moreno that the quality of the credit card debt was very good. Howell told Moreno that he had already made arrangements with Craig & Associates to collect the debt and that no activity was required on Moreno's part to collect the debt.

14. The credit card debt had been placed for collection with Craig & Associates which soon went out of business. Moreno contacted another collection agency. Moreno was advised, however, that the accounts were uncollectible. Some accounts were over ten years old. Additionally, Howell had not provided any contact information or social security numbers. Moreno was told that it would be impossible to collect the debts and that he had been sold a bogus business.

15. In early 2003, the Division received a complaint from Jones regarding Premier Debt. A preliminary investigation of Premier Debt indicated that it is a Tennessee corporation chartered on January 29, 2001. It was further determined that Premier Debt was basically a successor to HFI and that Howell was running the Premier Debt business.

16. The complaint from Jones indicated that he had seen an advertisement in

USA Today which read "$100,000 in debt for $2,500." Jones called the telephone number and spoke with Howell. Howell stated that he had a large overload of credit debt that he could not service. Howell advised Jones that he could purchase the debt, send settlement letters to the delinquent account holders, and that Jones could expect a response within 10 days. Howell promised to provide current contact information, social security numbers, and current phone numbers for the account holders.

17. Jones invested $2,500.00 and received a list of 52 accounts. After sending settlement letters, 60% of the letters were returned as undeliverable. Additionally, Jones began receiving calls from attorneys representing clients who claimed they had never incurred the debts. Despite numerous attempts to contact Howell, the calls were never returned.

18. An additional referral for fraudulent activity was received by the Division on September 17, 2003 from the Franklin Police Department in Williamson County, Tennessee. The information provided indicated that Cannon had also purchased delinquent credit accounts from Howell through Premier Debt. Again, the debts were uncollectible.

19. It is unknown how many Tennesseans or individuals from other states have invested, have been solicited to invest, or will be solicited to invest in Premier Debt and/or HFI debt purchasing scheme. The amount invested known to the Division at this time is $27,495.00 by ten (10) investors, but the total amount could potentially be thousands of dollars more depending on the number of investors. Based on the most recent referral and complaint received, the Division has no information to indicate that Respondents are not currently soliciting more [potential] investors from or in the state of Tennessee and other

states.

20. HFI is not currently, nor has the company ever been, registered as a broker-dealer, agent of a broker-dealer, or investment adviser with the Division pursuant to the Tennessee Securities Act of 1980, as amended. Moreover, HFI has never registered a securities offering with the Division.

21. Premier Debt is not currently, nor has the company ever been, registered as a broker-dealer, agent of a broker-dealer, or investment adviser with the Division pursuant to the Tennessee Securities Act of 1980, as amended. Moreover, Premier Debt has never registered a securities offering with the Division.

22. Howell is not currently, nor has he ever been, registered as a broker-dealer, agent of a broker-dealer, or investment adviser with the Division pursuant to the Tennessee Securities Act of 1980, as amended.

23. The Respondents are presently and will continue to offer and/or sell unregistered securities, without the proper registration, from or in the state of Tennessee. As result of this activity the public will suffer immediate and irreparable injury, loss or damage.

24. The Respondents, in connection with the offer, sale and purchase of the security in this state, will continue to violate Tennessee Code Annotated § 48-2-121(b) by stating that 1) that there is no risk in the investment, 2) that the investment is a sure thing, 3) that the quality of debt is very good, 4) that the investor will be able to recoup certain percentages of the debt purchased, and 5) that the investor will be able to profit on the investment.

25. It is unknown how many Tennesseans or individuals from other states have invested, have been solicited to invest, or will be solicited to invest in Premier Debt and/or HFI debt purchasing scheme. The amount invested known to the Division at this time is $27,495.00 by ten (10) investors, but the total amount could potentially be thousands of dollars depending on the number of investors. Based on the most recent referral and complaint received, the Division has no information to indicate that Respondents are not currently soliciting more [potential] investors from or in the state of Tennessee and other states.

26. This Order is in the public interest and necessary for the protection of investors, and consistent with the purposes fairly intended by the Act.

CONCLUSIONS OF LAW

1. Tennessee Code Annotated §48-2-104 provides that it is unlawful for any person to sell any security in this state unless it is registered with the Division, qualified for an exemption pursuant to §48-2-103, or a covered security.

2. Tennessee Code Annotated § 48-2-102 provides that a security includes investment contracts. In *King v. Pope*, 91 S.W.3d 314, 320-322 (Tenn. 2002), the court held that an instrument or agreement would be considered an investment contract when (1) an offeree furnishes initial value to an offeror, (2) a portion of this initial value is subjected to the risks of the enterprise, (3) the furnishing of the initial value is induced by the offeror's promises or representations which give rise to a reasonable understanding that a valuable benefit of some kind, over and above the initial value, will accrue to the offeree as a result of

the operation of the enterprise, and (4) the offeree does not receive the right to exercise practical and actual control over the managerial decisions of the enterprise.

3. Tennessee Code Annotated §48-2-102 provides that a security includes notes.

4. Based upon the Findings of Fact and the Exhibits filed by the Petitioner, the Respondents have violated and are violating Tennessee Code Annotated §48-2-104 by offering, issuing, and/or selling unregistered securities to Tennessee residents.

5. Tennessee Code Annotated §48-2-102(3) provides that a "broker-dealer" means any person engaged in the business of effecting transactions in securities for the account of others, or any person engaged in the business of buying or selling securities issued by one (1) or more other persons for such person's own account and as part of a regular business rather than in connection with such person's investment activities.

6. Tennessee Code Annotated §48-2-102(2) provides that an "agent" means any individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities from or in this state.

7. Tennessee Code Annotated §48-2-109(a) provides that 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 this part.

8. Tennessee Code Annotated §48-2-109(b) provides that it is unlawful for any broker-dealer to employ an agent to transact business as an agent unless the agent is registered under this part.

9. Based upon the Findings of Fact and the Exhibits filed by the Petitioner, Respondents have violated and are violating Tennessee Code Annotated §48-2-109(a) and

(b) by acting as unregistered broker-dealers and/or employing unregistered agents to solicit Tennessee residents.

10. Based upon the Findings of Fact and the Exhibits filed by the Petitioner, Respondents have violated and are violating Tennessee Code Annotated §48-2-109(a) by acting as broker-dealers and/or unregistered agents of a broker-dealer from and in the state of Tennessee.

11. Tennessee Code Annotated § 48-2-121(b) provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security in this state, directly or indirectly, to make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.

12. Based upon the Findings of Fact, the Respondents have violated and are violating Tennessee Code Annotated § 48-2-121(a) by stating that 1) that there is no risk in the investment, 2) that the investment is a sure thing, 3) that the quality of debt is very good, 4) that the investor will be able to recoup certain percentages of the debt purchased, and 5) that the investor will be able to profit on the investment.

13. Tennessee Code Annotated §48-2-116 provides that the Commissioner may make, promulgate, amend, and rescind such Orders as are necessary to carry out the provisions of the Tennessee Securities Act of 1980, as amended, and that such Order is in the public interest, necessary for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act.

14. Tennessee Code Annotated §48-2-116(e)(2) states, in pertinent part, that no Order may be entered without: 1) prior notice to affected parties, unless the Commissioner

determines that prior notice would not be in the public interest and would be detrimental to the protection of investors; 2) an opportunity for a hearing before the Commissioner; and 3) written Findings of Fact and Conclusions of Law.

15. Based upon the Findings of Fact, it would not be in the public interest and it would be detrimental to the protection of investors if prior notice of this Order were given to affected parties.

NOW, THEREFORE, in consideration of the foregoing, it is **ORDERED** that:

1. The Respondents, H.F.I., Inc., Premier Debt, Inc., and Jasen Christaphe Howell, shall comply with the provisions of the Tennessee Securities Act of 1980, as amended.

2. The Respondents, H.F.I., Inc., Premier Debt, Inc., and Jasen Christaphe Howell, shall cease and desist in the further conduct as a broker-dealers from or in the state of Tennessee until such time as it is effectively registered with the Division to engage in such activity. Specifically, the Respondents, H.F.I., Inc., Premier Debt, Inc., and Jasen Christaphe Howell, shall immediately cease and desist from the sale of investment contracts and/or notes in the form of delinquent credit accounts to individuals in Tennessee and in other states, as well as immediately cease and desist from any activity associated with the sale of these and other securities.

3. The Respondents, , shall cease and desist in further conduct as agents of a broker-dealer from or in the State of Tennessee until such time each is effectively registered with the Division to engage in such activity. Specifically, the Respondents, H.F.I., Inc., Premier Debt, Inc., and Jasen Christaphe Howell, shall immediately cease and desist from the sale of investment contracts and/or notes in the form of delinquent credit accounts to

individuals in Tennessee and in other states, as well as immediately cease and desist from any activity associated with the sale of these and other securities.

4. All Respondents shall cease and desist the further offer and/or sale and/or issuance of unregistered securities from and in the state of Tennessee. Specifically, the Respondents, H.F.I., Inc., Premier Debt, Inc., and Jasen Christaphe Howell, shall immediately cease and desist from the sale of investment contracts and/or notes in the form of delinquent credit accounts to individuals in Tennessee and in other states, as well as immediately cease and desist from any activity associated with the sale of these and other securities.

5. The Respondents shall cease and desist, from and in the state of Tennessee, in making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.

6. All persons in any way assisting, aiding, or helping any of the aforementioned Respondents in any of the aforementioned violations of the Tennessee Securities Act of 1980, as amended, Tennessee Code Annotated §§48-2-101 et seq. shall cease and desist from all such activities in violation of the Tennessee Securities Act of 1980, as amended.

This Order is not intended to prohibit any lawful conduct in which any of the Respondents might be engaged.

Entry of this Order shall not in any way restrict the Tennessee Securities Division or the Commissioner of Commerce and Insurance from taking further action with respect to these or other possible violations by Respondents of the Act or any of the Rules promulgated there under.

This Order shall become a Final Order 30 days from the date of its entry, unless written notification requesting a hearing is made within that 30 day period.

You are advised that you have the right to a hearing as to all matters raised in this Order. If you wish to exercise your right to a hearing, please notify:

DAPHNE D. SMITH
ASSISTANT COMMISSIONER FOR SECURITIES
STATE OF TENNESSEE, DEPARTMENT OF COMMERCE AND INSURANCE
DAVY CROCKETT TOWER, SUITE 680
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243

Such request must be received within 30 days of the date of entry of this Order.

Entered this 8th day of October, 2003.

Paula A. Flowers
Paula A. Flowers,
Commissioner

APPROVED FOR ENTRY:

Daphne D. Smith
Daphne D. Smith
Assistant Commissioner for Securities
Department of Commerce and Insurance

Michele Komorowski Elliott
Michele Komorowski Elliott, #022618
Staff Attorney, Securities Division
Department of Commerce and Insurance
500 James Robertson Parkway
Davy Crockett Building, 5th Floor
Nashville, Tennessee 37243
(615) 741-2199
Fax (615) 741-4000