



**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

TENNESSEE SECURITIES DIVISION,)
)
 Petitioner,)
)
 v.) **TSD No.: 20-008**
)
 JONES WEALTH MANAGEMENT, LLC)
 AND BRIAN JONES)
)
 Respondents.)

CONSENT ORDER

The Securities Division of the Tennessee Department of Commerce and Insurance (“Division”), Jones Wealth Management, LLC, and Brian Jones (“Respondents”), by and through undersigned counsel, agree to the entry and execution of this Consent Order in accordance with Tennessee Code Annotated (“Tenn. Code Ann.”) § 48-1-116 of the Tennessee Securities Act of 1980 (“Act”), as amended, and Tenn. Code Ann. §§ 48-1-101 to 48-1-201, subject to the approval of the Commissioner of the Department (“Commissioner”).

I. PARTIES

1. Jones Wealth Management, LLC is a registered investment adviser with Central Registration Depository number (“CRD #”) 156953. Brian Jones, with CRD # 2543001, is its only registered investment adviser representative. Its principal place of business is in Tennessee at: 4446 Wellesley Drive, Suite 600, Ooltewah, Tennessee 37363.

2. The Division is the lawful agent through which the Commissioner discharges the administration of the Act pursuant to Tenn. Code. Ann. § 48-1-115.

II. GENERAL STIPULATIONS

3. It is expressly understood that this Consent Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry and execution of this Consent Order by the Commissioner. Entry and execution of this Consent Order by the Commissioner shall occur when the Commissioner signs and dates this Consent Order.

4. It is expressly understood that this Consent 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.

5. This Consent Order is executed by the Commissioner, the Division, and the Respondents to avoid further administrative action with respect to the findings of fact described herein. Should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

6. The Respondents fully understand that this Consent Order will in no way preclude additional proceedings by the Commissioner against the Respondents for acts and/or omissions not specifically addressed in this Consent Order nor for facts and/or omissions that do not arise from the facts or transactions herein.

7. The Respondents fully understand that this Consent Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for acts or omissions addressed specifically in this Consent Order, violations of law under statutes, rules, or regulations of the State of Tennessee that arise out of the facts, acts, or omissions contained in this Consent Order, or acts or omissions addressed specifically herein that result from the execution of this Consent Order.

8. The Respondents waive all further procedural steps and all rights to seek judicial review of, or otherwise challenge the validity of this Consent Order, the stipulations and imposition of discipline contained herein, or the consideration and entry and execution of this Consent Order by the Commissioner.

III. FINDINGS OF FACT

9. In October 2019, Ethan Rosenberg, Securities Examiner II for the Division, conducted an examination of the books and records of the Respondents pursuant to Tenn. Code Ann. § 48-1-111, throughout which the Respondents remained cooperative.

10. In or about December 2019, Mr. Rosenberg completed his examination and found several deficiencies, which are outlined below, and referred the matter to the Office of Legal Counsel for the Division in January of 2020. Several phone calls ensued with Mr. Jones and/or his counsel to settle this matter without pursuing litigation.

11. In 2018 and 2019, Mr. Jones filed two (2) balance sheets with the Division, for the fiscal years 2017 and 2018. Both of these balance sheets purported to show a business savings account belonging to the Respondents that held fifteen thousand dollars (\$15,000) liquid cash; however, in December 2019, Mr. Jones admitted that the firm did not have such an account, but instead maintained the required minimum net capital based on the value of personal physical assets and funds held in a personal account.

12. When Mr. Rosenberg requested appraisals for Mr. Jones' personal physical assets, the Respondents were unable to provide such appraisals nor any documentation establishing the value of the physical assets. Additionally, Mr. Jones could not produce bank statements confirming that he maintained fifteen thousand dollars (\$15,000) in a personal account, when he originally claimed he could provide such bank statements.

13. As a result, the Respondents provided no documentation establishing that it kept the minimum net capital of fifteen thousand dollars (\$15,000) for the period of September 2017 through September 2019.

14. Lastly, the Respondents provided third party money manager agreements in lieu of agreements entered into between the Respondents and their clients that set forth the fees to be charged and the manner of computation and method of payment thereof, and copies of all communications, correspondence, and other records relating to securities transactions per Tenn. Comp. Rules & Regs. 0780-04-03-.02(3)(a)8.; however, the Division only issues a warning and pursues no civil penalties based on this fact.

IV. CONCLUSIONS OF LAW

15. Pursuant to Tenn. Code Ann. § 48-1-115(a), the responsibility for the administration of the Act is vested in the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility pursuant to Tenn. Code Ann. § 48-1-115(b).

16. Tenn. Code Ann. § 48-1-116 sets forth that the Commissioner may make, promulgate, amend, and rescind such orders as are necessary to carry out the provisions of the Act upon a finding 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.

17. Tenn. Code Ann. § 48-1-111(a) provides that every investment adviser shall make and keep such accounts, correspondence, memoranda, papers, books, and other records as the Commissioner by rule prescribes.

18. Pursuant to Tenn. Code Ann. § 48-1-111(d)(1), all records referred to in Tenn. Code Ann. § 48-1-111(a) are subject to such reasonable examinations by representatives of

the Commissioner, as the Commissioner deems necessary or appropriate in the public interest or for the protection of investors.

19. As authorized by Tenn. Code Ann. § 48-1-110(d), the Commissioner may by Rule require a minimum net capital for registered investment advisers.

20. Tenn. Comp. Rules & Regs. 0780-04-03-.01(6)(a) and (d) requires every investment adviser, unless its principal place of business is in another state, to have and maintain a minimum net capital of fifteen thousand dollars (\$15,000).

21. Tenn. Code Ann. § 48-1-112(a)(2)(G) provides that the Commissioner may by order deny, suspend, or revoke any registration if the Commissioner finds that the investment adviser “[h]as engaged in dishonest or unethical practices in the securities business[.]”

22. Per Tenn. Comp. Rules & Regs. 0780-04-03-.02(6)(c)26., failing to provide information requested by the Division pursuant to the Act or the Rules constitutes dishonest or unethical business practices by an investment adviser under Tenn. Code Ann. § 48-1-112(a)(2)(G).

23. Tenn. Code Ann. § 48-1-112(d) authorizes the Commissioner to, in lieu of or in addition to a denial, revocation, or suspension of a registration, “. . . impose a civil penalty in an amount not to exceed five thousand dollars (\$5,000) for all violations for any single transaction, or in an amount not to exceed ten thousand dollars (\$10,000) per violation if an individual who is a designated adult is a victim.”

24. Tenn. Code Ann. § 48-1-121(c) sets forth that it is “unlawful for any person to make or cause to be made, in any document filed with the Commissioner or in any proceeding under this part, any untrue statement of a material fact or to 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.”

25. Per Tenn. Code Ann. § 48-1-121(d), “[t]he [C]ommissioner 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 rule or order adopted or issued under this section, in an amount not to exceed ten thousand dollars (\$10,000) per violation, or in an amount not to exceed twenty thousand dollars (\$20,000) per violation if an individual who is a designated adult is a victim.

26. The Findings of Fact detailed above prove that the Respondents failed to maintain the required minimum net capital from September 2017 through September 2019 in violation of Tenn. Code Ann. § 48-1-110(d) and Tenn. Comp. Rules & Regs. 0780-04-03-.01(6)(a) and (d).

27. Additionally, the Findings of Fact detailed above show that the Division requested the documentation supporting the Respondents net worth, but the Respondents failed to provide such documentation to the Division in violation of Tenn. Code Ann. § 48-1-112 and Tenn. Comp. Rules & Regs. 0780-04-03-.02(6)(c)26.

28. The Findings of Fact detailed above also establish that the Respondents violated Tenn. Code Ann. § 48-1-121(c) by making or causing to be made, balance sheets filed with the Commissioner that contain untrue statements of material facts. The Respondents also omitted to state material facts to the Division about its minimum net capital.

29. The Commissioner finds the following relief appropriate, in the public interest, and necessary for the protection of investors.

V. ORDER

NOW, THEREFORE, based on the foregoing, including the Respondents’ waiver of the right to a hearing and appeal under the Act and the Tennessee Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101 *et seq.*, and the Respondents’ admission to the jurisdiction of

the Commissioner, the Commissioner finds that the Respondents agree to the entry and execution of this Consent Order to settle this matter as evidenced by the Respondents' signature.

IT IS ORDERED, pursuant to Tenn. Code Ann. § 48-1-116, that the Respondents shall:

1. **COMPLY** with the Act, as amended, and all rules promulgated thereunder;
2. **BE SUSPENDED FOR FIFTEEN (15) CALENDAR DAYS** starting the day after this Consent Order is entered and executed;
3. **PROVIDE** to the Division all workpapers, documents, and/or records, including but not limited to bank statements, depreciation schedules, or appraisals, that exhibit, calculate, or establish the Respondents' net worth. These workpapers, documents, and or/ records shall be provided to the Division no later than the following dates: July 1, 2020; September 1, 2020; January 4, 2021; April 1, 2021; July 1, 2021; September 1, 2021; January 3, 2022; and April 1, 2022. If these workpapers, documents, and/or records are not provided to the Division on or before the due dates listed above, the Respondents' registrations will be automatically suspended until such a date when the workpapers, documents, and/or records are provided to the Division; and
4. **PAY A CIVIL PENALTY** to the State of Tennessee of fifteen thousand dollars (\$15,000.00) on behalf of the Respondents. The payment of such civil penalty shall be made by check payable to the Tennessee Department of Commerce and Insurance. Page one (1) of this Consent Order must accompany the payment for reference. Payment shall be remitted within thirty (30) days after the entry and execution of this Consent Order, as evidenced by the Commissioner's signature, and mailed to the attention of:

State of Tennessee
Department of Commerce and Insurance
Attn: Virginia Smith
Davy Crockett Tower
500 James Robertson Parkway
Nashville, Tennessee 37243

3. The Respondents' failure to comply with the terms of this Consent Order, including the manner and method of payment of the civil penalty described above, shall result in further administrative disciplinary action, which may include the assessment of additional civil penalties.

4. **IT IS FURTHER ORDERED** that this Consent Order represents the complete and final resolution of and discharge of all administrative and civil claims, demands, actions, and causes of action by the Commissioner against the Respondents for violations of the Act with respect to the transactions involved in the above-referenced facts. However, excluded from and not covered by this paragraph, are any claims by the Division arising from or relating to the enforcement of the Consent Order provisions contained herein.


5. This Consent Order is in the public interest and the best interests of the Parties. It represents a settlement of the controversy between the Parties and is for settlement purposes only. By the signatures affixed below, or in two (2) or more counterparts, the Respondents affirmatively state the following: the Respondents freely agree to the entry and execution of this Consent Order; the Respondents waive the right to a hearing on, or a review of, the matters, the Findings of Fact, and the Conclusions of Law underlying this Consent Order or the enforcement of this Consent Order; and the Respondents encountered no threats or promises of any kind by the Commissioner, the Division, or any agent or representative thereof.

6. By signing this Consent Order, the Commissioner, Division, and the Respondents affirmatively state their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement as set forth in this Consent Order, are binding upon them.

7. This Consent Order may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document.


The facsimile, email or other electronically delivered signatures of the parties shall be deemed to constitute original signatures, and facsimile or electronic copies shall be deemed to constitute duplicate originals.

ENTERED AND EXECUTED this _____ day of _____, 2020.

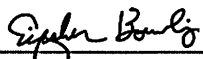


Hodgen Mainda (Apr 24, 2020)
Hodgen Mainda, Commissioner
Department of Commerce and Insurance

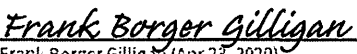
APPROVED FOR ENTRY AND EXECUTION:



Brian Karl Jones (Apr 23, 2020)
Brian Jones, CCO
Individually, and on behalf of,
Jones Wealth Management, LLC



E B (Apr 23, 2020)
Elizabeth Bowling
Assistant Commissioner for Securities
Department of Commerce and Insurance



Frank Borger Gilligan (Apr 23, 2020)
Frank Borger-Gilligan BPR #027111
Attorney for Respondents

Virginia Smith, BPR #31248
Associate General Counsel
Department of Commerce and Insurance