

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

IN THE MATTER OF:
FRANCIS H. PHILLIPS

)
)
)

No.: 01-007

CONSENT ORDER

WHEREAS, Respondent, Francis H. Phillips, hereby stipulates and agrees, subject to the approval of the Commissioner of Commerce and Insurance (hereinafter referred to as the "Commissioner") as follows:

GENERAL STIPULATIONS

- 1 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 of the Commissioner.
- 2 The Commissioner has determined that the resolution set forth in this Consent Order is fair and reasonable, and in the best public interest.
- 3 This Consent Order is executed by the Respondent for the purpose of avoiding further administrative action with respect to this cause. Furthermore, 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.

4. Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts or omissions not specifically addressed in this Consent Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

5. Respondent expressly waives all further procedural steps, and expressly waives all rights to seek judicial review of or to otherwise challenge or contest the validity of the Consent Order, the stipulations and imposition of discipline contained herein, and the consideration and entry of said Consent Order by the Commissioner.

FINDINGS OF FACT

6. The Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. § 48-2-101, *et seq.*, places the responsibility for the administration of the Act on the Commissioner of Commerce and Insurance (hereinafter referred to as the “Commissioner”). The Division is the lawful agent through which the Commissioner discharges this responsibility. Tenn. Code Ann. § 48-2-115.

7. Francis H. Phillips (hereinafter referred to as “Phillips”) is a citizen of the State of Tennessee residing at 3629 Central Avenue, Nashville, Tennessee 37205. Phillips currently has an application pending with the Division as an agent of Raymond James Financial Services, Inc.

8. During the year 1995, Phillips did engage in the sale of securities, to wit membership interests in a limited liability corporation, which were not registered with the Division.

CONCLUSIONS OF LAW

9. Pursuant to Tenn. Code Ann. § 48-2-115(a), the responsibility for the administration of the Act is upon the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility

10. Tenn. Code Ann. § 48-2-112(a)(2)(B) provides that, the Commissioner, by order may deny, suspend, or revoke any registration under this part if the Commissioner finds that the order is in the public interest, necessary for the protection of investors, and if he finds that the registrant, or in the case of a broker-dealer, any officer, director, or any person occupying a similar status or performing similar functions has willfully violated or willfully failed to comply with any provision of this part or a predecessor chapter or rule or order under this part or a predecessor chapter, including, without limitation, any net capital requirements.

Tenn. Code Ann. § 48-2-104(a) provides that it is unlawful for any person to sell any security in this state unless it has been registered under the Act, is exempt from the registration requirements pursuant to Tenn. Code Ann. § 48-2-103, or is a covered security, as that term is defined by Tenn. Code Ann. § 48-2-102.

12. Tenn. Code Ann. § 48-2-112(a) provides that the Commissioner may by order deny any registration under the Act if the Commissioner finds that (1) the order is in the public interest and necessary for the protection of investors, and (2)(B) the applicant has willfully violated or willfully failed to comply with any provision of this part or a predecessor chapter or any rule or order under this part or a predecessor chapter, including, without limitation, any net capital requirements.

3. Tenn. Code Ann. § 48-2-112(a) provides that the Commissioner may by order deny any registration under the Act if the Commissioner finds that (1) the order is in the public interest and necessary for the protection of investors, and (2)(G) the applicant has engaged in dishonest or unethical practices in the securities business.

14. Tenn. Comp. R. & Regs. Tit. Dep't of Commerce and Ins., ch. 0780-4-3-.02(6)(b)14. provides that an agent shall be deemed to have committed a "dishonest or unethical business practice" if that agent is found to have executed orders for the purchase or sale of a securities which the agent knew or should have known were not registered under the Act unless the securities or transactions are exempt under the Act.

15. Based upon the Findings of Fact, Phillips has violated Tenn. Code Ann. § 48-2-104 by selling securities in this state which were not registered under the Act. Such violation is a ground for sanctions pursuant to Tenn. Code Ann. § 48-2-112(a)(2)(B).

16. Based upon the Findings of Fact, Phillips committed a dishonest or unethical practice, as enumerated by Tenn. Comp. R. & Regs. Tit. Dep't of Commerce and Ins., ch. 0780-4-3-.02, by selling securities in this state which were not registered under the Act. Such violation is a ground for sanctions pursuant to Tenn. Code Ann. § 48-2-112(a)(2)(G).

17. The Respondent, Phillips, admits to the above Findings of Fact and Conclusions of Law. In order to avoid any further expenses or costs associated with litigating this matter, however, the Respondent hereby desires to enter into this Consent Order.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and the waiver by Phillips of his right to a hearing and appeal under the Tennessee Securities Act and Tennessee's Uniform Administrative Procedures Act, Tenn. Code Ann. § 4-5-101, *et seq.*, and the admission by Phillips of the above Findings of Fact and Conclusions of Law, the Commissioner finds that Phillips has consented to the entry of this Order and that the following Order is appropriate, in the public interest and necessary for the protection of investors.

IT IS ORDERED, pursuant to Tenn. Code Ann. § 48-2-116 of the Tennessee Securities Act that the agent registration application of Francis H. Phillips currently pending before the Division shall be approved and become effective as of the date of the entry of this order under the following conditions:

1 Phillips shall file with the Division no later than seven (7) days from receipt all written consumer complaints he receives from any clients or customers.

2. The Division may conduct a semi-annual audit of Phillips and Phillips' customer accounts at his place of business in order to determine whether Phillips is complying with the Act and this Order.

3. Phillips shall agree to cease and desist any sale of securities in this state which do not comply with Tenn. Code Ann. § 48-2-104(a).

4. Phillips' agent registration shall be placed on probation for a period of three (3) years. Should the Commissioner find Phillips, after notice and hearing, to be in violation of any provision of the Act or this Order during the probationary period, Phillips' agent registration shall be revoked.

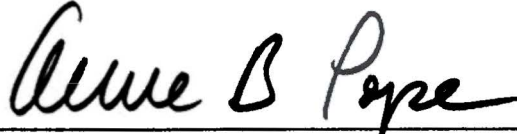
These conditions are to remain in effect for the applicable periods of time regardless of which broker-dealer Phillips becomes registered with. Furthermore, the subsequent granting of any initial or renewal registration application on behalf of the Division will have no effect on the terms of this Order unless it is expressly stated therein in the Order granting such further registration request.

IT IS ORDERED that this Order represents the complete and final resolution of, and discharge with respect to all administrative and civil, claims, demands, actions and causes of action by the Commissioner against Phillips for the above violations of the Act.

This Consent Order is in the public interest and in the best interests of the parties, and represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By the signature affixed below, Phillips affirmatively states that he has freely agreed to the entry of this Consent Order, that he has been advised by the undersigned counsel of record in this matter, that he waives his right to a hearing on the matters underlying this Consent Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Consent Order, 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 set forth in this Consent Order, are binding upon them.

Nothing in this Consent Order shall be construed as limiting any rights or responsibilities conferred upon the Commissioner, or her lawful designees, by the Act.

ENTERED this 5th day of November, 2001.

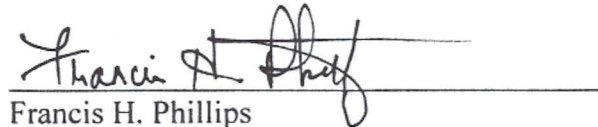
A handwritten signature in black ink that reads "Anne B. Pope". The signature is written in a cursive style with a horizontal line underneath it.

Anne B. Pope, Commissioner
Department of Commerce and Insurance

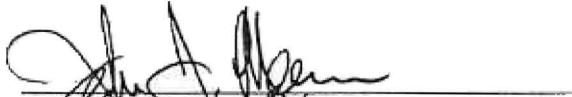
APPROVED FOR ENTRY:



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



Francis H. Phillips



John F. Morris (BPR #019144)
Staff Attorney
Department of Commerce and Insurance
25th Floor, William Snodgrass Tower
312 Eighth Avenue North
Nashville, Tennessee 37243
615 741 2199



Edwin M. Walker, III (BPR#)
Garfinkle, McLemore & Walker, PLLC
2000 Richard Jones Road, Suite 250
Nashville, Tennessee 37215-8249
615 383 9495
Attorney for Phillips