

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

TENNESSEE SECURITIES DIVISION,
 Petitioner

vs.

WILLIAM ELLISTON HOPKINS,
 Respondent

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Order No. 05-010

CONSENT ORDER

The Tennessee Securities Division ("Division") and William Elliston Hopkins, Respondent herein, agree to the entry of this Consent Order in accordance with Tenn. Code Ann. § 48-2-116 of the Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. § 48-2-101, et seq. ("Act"), which states that the Commissioner of Commerce and Insurance ("Commissioner") from time to time may make such orders as are necessary to carry out the provisions of the Act.

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. 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.

3. 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 for facts and/or omissions that do not arise from the facts or transactions herein addressed.

4. The Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner for the Department of Commerce and Insurance or any other state government representative against the Respondent for violations of law under other statutes, rules, or regulations of the State of Tennessee, which may arise out of the facts, acts, or omissions contained in the Findings of Fact and Conclusions of Law stated herein, or which may arise as a result of the execution of this Consent Order by the Respondent.

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

1. The Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. § 48-2-101, et seq. (the "Act"), places the responsibility for the administration of the Act on the Commissioner of Commerce and Insurance ("Commissioner"). The Division is the lawful

agent through which the Commissioner discharges this responsibility. Tenn. Code Ann. § 48-2-115.

2. William Elliston Hopkins (“Hopkins”) (CRD#1883119) is a citizen and resident of Tennessee who maintains a work address of 3339 N. Highland Ave., Jackson, TN 38305. Hopkins is believed to be or have acted as an employee, agent, officer, director, owner or other affiliated person of McCarn’s Allstate Finance, Inc. (“MAF”). At relevant times herein, Hopkins was registered as an agent with the Division pursuant to the Act. At relevant times herein, Hopkins was a registered agent of William E. Hopkins & Associates, Inc. (“WEH&Assoc.”) and/or Dominion Investor Services.

3. Hopkins learned about an investment opportunity in McCarn’s Allstate Finance, Inc. (“MAF”) through a business associate named Charles Bolton on or about June of 1996. The MAF program was an investment opportunity involving the sale of high-interest promissory notes. The MAF program was marketed through companies called Partners Insurance Network and/or Partners Investment Network (“the Partners companies”). The Partners companies were run by Doug Cuthbert (“Cuthbert”) and Rhonda Jenkins (“Jenkins”). From 1993 until October of 1998, the Partners companies were the exclusive marketing organization for the MAF program. Thereafter, investment transactions went directly through MAF.

4. The Partners companies and associates of the Partners companies would locate agents in various states for the purpose of having the agents sell MAF promissory notes. The local agents would complete an Application for Agent Enrollment. Cuthbert and Jenkins would fax or mail to the local agents the forms necessary to achieve

investment in the MAF program, including Agreements of Understanding, Application Forms, and brochures for use in making sales called “Your Partner in Money.” Local agents would present the MAF program to clients, complete the necessary paperwork, and then forward the paperwork and investor monies to the Partners companies, and later to MAF itself, through the mail. Promissory notes from MAF would be sent to the investor evidencing the investment. Investors would also receive account statements through the mail from MAF, either from MAF itself or by and through the Partners companies.

5. The local agents were paid a commission on the sale of each high-interest promissory note, as well as any renewals of a note. The commissions ranged from 2% to 10%. Hopkins began selling the MAF promissory notes 1996. Hopkins sold and offered to sell MAF promissory notes through William E. Hopkins & Associates. Hopkins sold the MAF notes and was paid a commission related to the original sale and renewals of the notes. Jeffery L. Watt (“Watt”) was an employee of WEH&Assoc. Watt also sold and offered to sell MAF promissory notes through William E. Hopkins & Associates.

6. In making sales presentations to customers, Hopkins and Watt used the materials sent to them from the Partners companies and MAF, including specifically, the brochure entitled “Your Partner in Money.” The brochure represented that the investment opportunity was “safe” and “insured.” The brochure guaranteed a fixed rate of interest of 9.00% APR. The representations contained within the brochure were materially and willfully false and misleading.

7. The MAF high-interest promissory note program was the subject of significant regulatory action, including, but not limited to, a cease and desist order from Florida in

1996, a cease and desist order and regulatory action from Arizona in 1997, an action in Pennsylvania in June of 2001, an action by Alabama in March of 1998, an action by Illinois in 1994, an action by Oklahoma in 1998, and an action by Virginia in 1997.

8. Bassell Alexander (“Alexander”) is a citizen and resident of the State of Tennessee. Alexander met with Hopkins in September of 1996 at the WEH&Assoc. offices in Jackson, Tennessee. Hopkins presented the MAF opportunity by going over the “Your Partner In Money” brochure. Alexander states that Hopkins represented that the investment was secured. Based on the representations, Alexander invested in the MAF high-interest promissory note program on at least 4 occasions. Three of the notes in which Alexander invested have been included in the involuntary bankruptcy action in Florida: 1) 9/19/1996 in the original amount of \$66,000.00; 2) 1997 in the amount of \$50,000.00; and 3) 4/21/1999 in the amount of \$50,000.00. For all of Alexander’s investments, Hopkins completed the necessary paperwork for the investment. Hopkins received a commission on each of the sales to Alexander. Alexander states that he began doubting and becoming uneasy about the investment in 2000 and 2001. He states that he spoke with Hopkins on a number of occasions over a period of time about the security of the notes. Alexander states that he was informed by Hopkins that the investment was secure.

9. Joan Griswold (“Griswold”) is a citizen and resident of the State of Tennessee. Griswold visited with Hopkins at the WEH&Assoc. offices in Jackson, Tennessee on or about September 4, 1997 regarding the MAF investment opportunity. Hopkins presented the MAF opportunity by going over the “Your Partner In Money” brochure. Griswold states that Hopkins represented that the investment was safe and

guaranteed with surety bonds. Based on the representations, Griswold invested \$19,500.00 in a high-interest promissory note through MAF on September 4, 1997. Hopkins completed the necessary paperwork for the investment. Hopkins received a commission on the sale to Griswold.

10. Betty Sue Brashier is a citizen and resident of the State of Tennessee. Brashier became familiar with Hopkins and Watt at a seminar on insurance and investing that Hopkins put on at the Milan, TN library. Brashier's husband had originally invested \$50,000.00 in the MAF program through Hopkins and Watt on or about February of 1997, but he passed away. On March 22, 2002, Brashier visited with Watt at the offices of WEH&Assoc. in Jackson, Tennessee regarding the MAF investment opportunity. Watt recommended that Brashier continue the investment in MAF and have the promissory note transferred into her name. Watt went over the sales materials, and on March 22, 2002, Brashier signed an Agreement of Understanding for the investment. Watt was listed as the "investment counselor." The paperwork was transmitted to MAF through the offices of WEH&Assoc. Watt expected to receive a commission on this transaction.

Brashier renewed the promissory notes in July of 2002 and October of 2002. Watt expected to receive commissions on the renewals. Due to the bankruptcy of MAF, no commissions were actually received.

Hopkins and Watt executed a personal promissory note in the amount of \$10,000.00 with Brashier to settle any and all claims Brashier might have against Hopkins, Watt, and/or WEH&Assoc.

11. Helen Cooley is a citizen and resident of the State of Tennessee. Cooley

contacted Watt and set up an appointment to discuss investment opportunities. Cooley met with Hopkins. At the meeting, Cooley made arrangements for Hopkins to set up the Allen Trust.

After the Allen Trust was established, Hopkins and Watt met with Cooley at the WEH&Assoc. offices in Jackson, Tennessee to discuss the MAF investment opportunity. Cooley originally invested in the MAF program through the Allen Trust. Hopkins and Watt went over the MAF brochure entitled "Your Partner in Money." On August 17, 1998, Cooley invested \$50,000.00 in a MAF promissory note. Watt completed the paperwork for the investment, signing the Agreement of Understanding as the "investment counselor." The paperwork and investment monies were forwarded through WEH&Assoc. via mail. The investment was later transferred to the name of Cooley herself.

It is believed that Hopkins and Watt made approximately \$2,000.00 in commission related to Cooley's initial investment. The note was renewed, and Hopkins and Watt made commission on each renewal.

Cooley filed a lawsuit against Watt and Hopkins. Said lawsuit was settled for payment of \$65,000.00.

12. Lynne Reres ("Reres") is a citizen and resident of the State of Tennessee. Reres met with Hopkins at the WEH&Assoc. offices in Jackson, Tennessee on or about December of 1998 regarding the MAF investment opportunity. Hopkins presented the MAF opportunity by going over the "Your Partner In Money" brochure. Based on the representations, Reres invested \$57,893.66 in a high-interest promissory note through MAF. Hopkins completed the necessary paperwork for the investment. Hopkins received

a commission on the sale to Reres.

13. As a result of the investigation by the Division, it is known that Hopkins sold MAF promissory notes to the below-listed individuals:

Jerry Watson on or about May 1996 in the amount of \$64,687.00;
Dale Bowman on or about November 1996 in the amount of \$50,000.00;
Martha Meals on or about January 1997 in the amount of \$70,000.00;
The Watt Trust on or about 1998 in the amount of \$50,000.00;
Thomas Parham on or about September 1998 in the amount of \$90,000.00;
Patsy Bryant on or about May 1999 in the amount of \$100,000.00; and
David Graham on or about May 1999 in the amount of \$150,000.00.

14. Hopkins and Watt executed various personal promissory notes in order to settle any and all claims that other investors had or might have had against Watt, Hopkins, and WEH&Assoc. Said settlements include: Elizabeth Hailey, who invested \$61,000.00 in 1998, settled in the amount of \$12,200.00; Joel Fields, who invested \$79,000.00 on May 17, 2000, settled in the amount of \$15,800.00; and Robert James, who invested \$125,000.00 in July of 2002, settled in the amount of \$125,000.00 payable over time.

15. Norman Spencer is a citizen and resident of the State of Tennessee. He invested \$50,000.00 in a MAF promissory note on or about June 26, 2002. Spencer filed a lawsuit regarding the MAF note. Said lawsuit was settled for \$45,000.00 payable over time. Hopkins is paying the settlement.

16. Cooley, mentioned above, filed a complaint with the National Association of Securities Dealers ("NASD"). The NASD conducted an investigation of Hopkins and Watt related to their sales of MAF notes. Without admitting or denying the allegations, Hopkins consented to the finding of the allegations and was fined \$5,000.00 and suspended from association with any NASD member in any capacity for 2 years. Additionally, Hopkins was

ordered to disgorge profits in the amount of \$43,000.00, said monies to be paid in partial restitution to Hopkins's customers.

17. The MAF promissory notes are a security under the Act. At the time of all of the sales or offers to sell mentioned herein, the MAF promissory notes were not registered with the Division pursuant to the Act.

18. Hopkins did not inform the investors that the promissory notes were securities under the Act, and as such, they were required to be registered with the Division.

19. Hopkins offered to sell and sold MAF high-interest promissory notes to the above mentioned investors of MAF promissory notes, which notes were securities under the Act and were required to be registered under the Act, at a time when the promissory notes were not so registered with the Division pursuant to the Act.

20. At all times relevant to the facts stated herein, Hopkins maintained a Tennessee insurance license #330813.

CONCLUSIONS OF LAW

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

22. Tennessee Code Annotated §48-2-104(a) provides that it is unlawful for any person to sell any security in this state unless (1) it is registered, (2) the security or transaction is exempted under Tenn. Code Ann. §48-2-103, or (3) the security is a covered security.

23. Tenn. Code Ann. § 48-2-121(a) states 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: (2) ...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... .

24. The averments in paragraphs two – twenty of this Consent Order constitute practices by William Elliston Hopkins, which would provide grounds under Tenn. Code Ann. § 48-2-104 for the entry of an order of sanctions against William Elliston Hopkins.

25. The averments in paragraphs two – twenty of this Consent Order constitute practices by William Elliston Hopkins, which would provide grounds under Tenn. Code Ann. § 48-2-121 for the entry of an order of sanctions against William Elliston Hopkins.

26. Tenn. Code Ann. § 56-6-112(a)(8) states, in pertinent part, that the Commissioner may place on probation, suspend, revoke, or refuse to issue or renew any license under this part if she finds that one holding a license to sell insurance has used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere.

27. Based upon the Findings of Fact cited above, the Commissioner concludes that the actions of the Respondent were in violation of Tenn. Code Ann. § 56-6-112(a)(8), and provides grounds for the imposition of sanctions set forth under such section.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and the Respondent's waiver of 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

Respondent's admission of jurisdiction of the Commissioner, the Commissioner finds that Respondent, William Elliston Hopkins, for the purpose of settling this matter, admits the matters herein, has agreed 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 Tennessee Code Annotated §48-2-116(a) of the Tennessee Securities Act that:

1. Respondent IS ORDERED AND AGREES to fully comply with the Tennessee Securities Act, as amended, and all rules promulgated thereunder.

2. Respondent IS ORDERED AND AGREES to permanently cease and desist in further conduct as a broker-dealer and/or agent of a broker-dealer from, into, or in the State of Tennessee. Respondent IS ORDERED AND AGREES to permanently cease and desist offering to sell or selling securities from, into, or in the State of Tennessee.

3. Respondent IS ORDERED AND AGREES to permanently cease and desist from committing violations of the Tennessee Securities Act of 1980, as amended.

4. Respondent IS ORDERED AND AGREES that Respondent shall state on Form U-4 this action, pursuant to the instructions of said form and as required by the NASD, and file the appropriate Disclosure Reporting Page to disclose the details of this filed administrative action. Respondent IS FURTHER ORDERED AND AGREES that disclosure of the existence and terms of this Consent Order shall be disclosed in any offer to sell, private placement memoranda, or other sales tool which in any manner relates to the issuance, sale, or offer to sell a security.

5. Respondent IS ORDERED AND AGREES that Insurance License #330813 in the name of William Elliston Hopkins, which license is issued by the Department of Commerce and Insurance, is hereby PERMANENTLY REVOKED.

6. Respondent IS FURTHER ORDERED AND AGREES to be permanently barred from applying for or seeking any registration and/or licensure administered by and/or handled through the State of Tennessee, Department of Commerce and Insurance.

7. Respondent IS ORDERED AND AGREES to be permanently prohibited from applying for or seeking registration as a broker-dealer, agent of a broker-dealer, investment adviser, or investment adviser representative through the State of Tennessee, Department of Commerce and Insurance, Division of Securities. Any registration held by Respondent as related to any securities registration within the State of Tennessee, as related in any manner to CRD#1183119, is hereby PERMANENTLY REVOKED. Respondent is barred from transacting any securities business on behalf of others in, from, or into the State of Tennessee.

8. Respondent hereby AGREES AND ACKNOWLEDGES AND IT IS ORDERED that failure to comply with all of the requirements and prohibitions contained in this Order shall result in the denial of any application by Respondent for any registration and/or licensure of any type, which registration and/or licensure is administered by the Division of Securities and/or the Department of Commerce and Insurance.

Execution of this Consent Order is due on or before April 22, 2005.

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 Securities Division against William Elliston Hopkins for violations of the Tennessee Securities Act of 1980, as amended, alleged to have occurred with respect to facts contained herein. Nothing herein may be construed as preventing a separate division or section of the Department of Commerce and Insurance or a separate entity of the State of Tennessee from taking other appropriate action against the Respondent based on the Findings of Fact and Conclusions of Law enumerated herein or the existence of this executed Consent Order.

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, William Elliston Hopkins affirmatively states that he has freely agreed to the entry of this Consent Order, that he waives the 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.

ENTERED this 21st day of April, 2005.

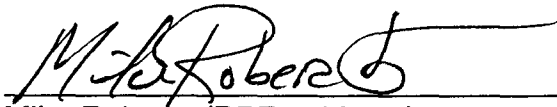
Paula A. Flowers
Paula A. Flowers, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:



William Elliston Hopkins

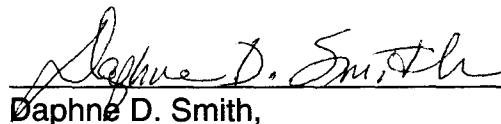
Dated: 4-12-05



Mike Roberts (BPR#000001)

Attorney for William E. Hopkins

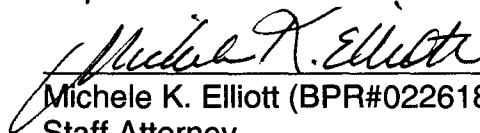
Dated: 4/14/05



Daphne D. Smith,

Assistant Commissioner for Securities

Department of Commerce and Insurance



Michele K. Elliott (BPR#022618)

Staff Attorney

Department of Commerce and Insurance

500 James Robertson Parkway, Fifth Floor

Nashville, Tennessee 37243

(615) 741-2199

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the final, executed Consent Order has been served to counsel of record for Respondent in accordance with the Tennessee Rules of Civil Procedure via certified mail, return receipt requested to:

Mike Roberts
Attorney at Law
707 Adams Ave.
Memphis, TN 38105

this 27th day of April, 2005.


Michele Komorowski Elliott