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

TENNESSEE SECURITIES DIVISION and TENNESSEE INSURANCE DIVISION, Petitioners,	)	
vs.	)	**Sec. Order No.: 09-0034** **SI: 2006-002**
GORDON B. GRIGG; PROTRUST MANAGEMENT GROUP and PROTRUST FINANCIAL GROUP, INC. Respondents.	)	

CONSENT ORDER

The Tennessee Securities Division ("TSD") and the Tennessee Insurance Division ("TID") (collectively, the "Divisions") and Gordon B. Grigg ("Grigg") and Protrust Financial Group Inc. ("Protrust") agree to the entry of this Consent Order in accordance with T.C.A. § 48-2-116 of the Tennessee Securities Act of 1980, as amended, T.C.A. §§ 48-2-101, *et seq.* (the "Act"), which states that the Commissioner of the Department of Commerce and Insurance ("Commissioner") may from time to time make such orders as are necessary to carry out the provisions of the Act, and in accordance with the Tennessee Insurance Producer Licensing Act of 2002, T.C.A. §§ 56-6-101, *et seq.* (the "Law").

Respondents, Gordon B. Grigg and Protrust, hereby stipulate and agree, subject to the approval of 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. Solely for the purposes of these proceedings, this Consent Order is executed by the Respondent for the purpose of avoiding further administrative action and expense with respect to this cause and for no other purpose. 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 this matter or any administrative 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 or for facts or omissions that do not arise from the facts addressed in this Order. Respondent further understands that the acts or omissions addressed in this Consent Order may be used by the Commissioner in denying any application for registration or licensure which the Respondent may submit in the future. Respondent also understands that this Consent Order shall not preclude the Commissioner from referring this matter to any appropriate law enforcement agency and assisting such agency in any investigation or prosecution that such agency may undertake.

4. Respondent fully understands that this Consent Order will in no way preclude additional proceedings by 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 this Consent Order, 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, T.C.A. §§ 48-2-101 *et seq.* (the "Act"), places the responsibility for the administration of the Act on the Commissioner. The TSD is the lawful agent through which the Commissioner discharges this responsibility. T.C.A. § 48-2-115.

7. The Tennessee Insurance Law, as amended, T.C.A. §§ 56-1-101, *et seq.* (the "Law"), places the responsibility for the administration of the Law on the Commissioner. The TID is the lawful agent through which the Commissioner discharges this responsibility.

8. The Respondent, Gordon B. Grigg (CRD#2060142) ("Respondent"), is a citizen of Tennessee and a resident of Franklin, residing at 820 Legends Glen Court, Franklin, TN 37069.

9. At all times relevant to the events herein, Respondent was registered with the TSD as an Investment Advisor Representative (CRD#2060142) of Protrust Financial Group, Inc. (CRD # 122267).

10. At all times relevant to the events herein, Respondent has been licensed as an insurance producer by the TID to sell insurance in this state, having obtained said license (Lic. # 0744853) on September 1, 1998.

11. Respondent is the owner of Protrust Financial Group, Inc. ("Protrust") (CRD #

122267) with its principal place of business located at 213 Ben Brush Circle, Franklin, Tennessee 37069. Protrust is a Tennessee Corporation formed on January 21, 1999 and administratively dissolved on August 21, 2006.

12. Pamela Hagen("Hagen") is a citizen and resident of Fargo, North Dakota. Hagen had been a business client of Grigg and Protrust since approximately 1993.

13. In May of 2001, Hagen engaged the financial advisory services of Grigg and Protrust. The Advisory agreement executed by Hagen at that time stated that Protrust "shall have custody of any funds and securities of the Client".

14. The Advisory Agreement form filed by Protrust with the Securities Division on March 12, 2001 states that "[t]he Advisor shall not have custody of any funds or securities of the Client". In spite of the representations made to the Division on March 12, 2001, Grigg and Protrust did, in fact, take custody of Hagen's funds.

15. On or about June 24, 2005, in a written response to an inquiry from the North Dakota Securities Commission, Grigg stated that he had invested Hagen's money in a debenture. Additionally, he indicated that some of the funds had been used to make payments on an automobile that Hagen had purchased.

16. On or about August 2005, in a written response to an additional inquiry from the North Dakota Securities Commission, Grigg indicated that the "debenture" in which Hagen's money had been invested was issued in a company Grigg controlled, Protrust Management Group, Inc. ("PMG"). PMG, according to Grigg, maintained its offices at 213 Ben Brush Circle, Franklin, Tennessee 37067 and was a "sports agency and artist and professional management team". Grigg explained in this letter that PMG loaned money to its artist and athlete management clients with

expectation of repayment when the clients' "careers [have] matured and their income [has] increased".

CONCLUSIONS OF LAW

17. T.C.A. § 48-2-112(a)(2)(G) provides, in pertinent part, that the Commissioner may by order deny, suspend, or revoke any registration under this part if she finds that the order is in the public interest and necessary for the protection of investors; and the applicant or registrant has engaged in dishonest or unethical business practices in the securities business.

18. Based upon the Findings of Fact cited above, the Commissioner concludes that the actions of the Respondent provide sufficient grounds for the imposition of sanctions pursuant to T.C.A. § 48-2-112(a)(2)(G).

19. T.C.A. § 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: (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 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.

20. Based upon the Findings of Fact cited above, the Commissioner concludes that the actions of the Respondent provide sufficient grounds for the imposition of sanctions pursuant to T.C.A. § 48-2-121(a).

21. T.C.A. § 48-2-121(b)(3) states, in pertinent part, that it is unlawful for any person who receives any consideration from another person primarily for advising the other person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or

otherwise, in this state to take or have custody of any securities or funds of any client except as the Commissioner may by rule permit or unless the person is licensed as a broker-dealer under this part.

22. Based upon the Findings of Fact cited above, the Commissioner concludes that the actions of the Respondent provide sufficient grounds for the imposition of sanctions pursuant to T.C.A. § 48-2-121(b)(3).

23. T.C.A. § 56-6-112(a)(8) states, in pertinent part, that the Commissioner may 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.

24. Based upon the Findings of Fact cited above, the Commissioner concludes that the actions of the Respondent were in violation of T.C.A. § 56-6-112(a)(8), and provide grounds for the imposition of sanctions set forth under such section.

25. Respondent neither admits nor denies the Findings of Fact outlined above. The Respondent enters into this Consent Order for the sole purpose of avoiding further administrative action with respect to this cause. Respondent, however, does agree to the entry of an Order based on the Conclusions of Law contained herein.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and Respondent's waiver of the right to a hearing and appeal under the Tennessee Securities Act, the Tennessee Insurance Law, and Tennessee's Uniform Administrative Procedures Act, T.C.A. §§ 4-5-101, *et seq.*, and Respondent's admission of the jurisdiction of the Commissioner, the Commissioner finds that, for the purposes of these proceedings, the Respondent has no objections 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 T.C.A. § 48-2-116(a) of the Tennessee Securities Act that:

1. The agent registration (CRD #2060142) held by the Respondent, Gordon B. Grigg, and the registration held by Protrust (CRD#122267), are hereby **REVOKED**.

2. Respondent, Gordon B. Grigg is ordered to and agrees to cease and desist in any further conduct as a broker-dealer, agent of a broker-dealer, investment advisor, or investment adviser representative from or in the state of Tennessee, beginning on the date this Consent Order is executed by the Commissioner for the Department of Commerce and Insurance.

3. Respondent, Gordon B. Grigg shall be permanently barred from applying for or seeking registration with the Division as a broker-dealer, agent of a broker-dealer, investment advisor, or investment adviser representative from or in the state of Tennessee, beginning on the date this Consent Order is executed by the Commissioner for the Department of Commerce and Insurance.

4. The insurance producer license (Lic. # 0744853), held by the Respondent, Gordon B. Grigg, is hereby **REVOKED** pursuant to T.C.A. § 56-6-112(a) of the Tennessee Insurance Law.

5. Respondent, Gordon B. Grigg, shall be permanently barred from applying for or seeking licensure as an insurance producer with the Insurance Division of the Department of Commerce and Insurance, beginning the date this Consent Order is executed by the Commissioner for the Department of Commerce and Insurance.

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 his signature affixed below, Gordon B. Grigg, affirmatively states that he has freely agreed to the entry of this Consent Order, that he has been advised that he may consult legal counsel in this matter, and has had the opportunity to consult with legal counsel should he have desired to do so, 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 Divisions, 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.

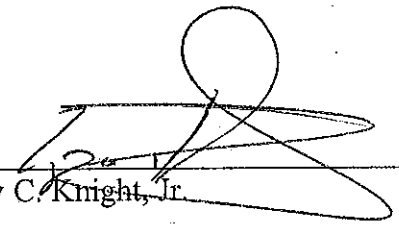
SO ORDERED.

Entered this the 27th day of April, 2009.

Leslie A. Newman

Leslie A. Newman, Commissioner
Department of Commerce and Insurance

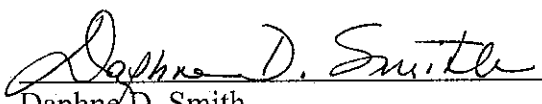
APPROVED FOR ENTRY:



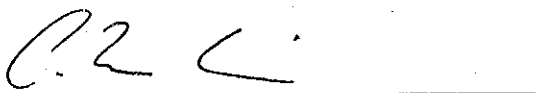
Larry C. Knight, Jr.

Assistant Commissioner for Insurance
Department of Commerce and Insurance
500 James Robertson Parkway
Fourth Floor, Davy Crockett Tower
Nashville, TN 37243

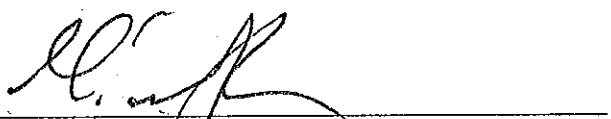
Gordon B. Grigg, Protrust Management Group
and Protrust Financial Group, Inc.
Respondents



Daphne D. Smith
Assistant Commissioner for Securities
Department of Commerce and Insurance
500 James Robertson Parkway
Sixth Floor – Suite 680, Davy Crockett Tower
Nashville, TN 37243



Mark Pickrell (BPR # 15605)
Attorney for the Respondent
Nashville City Center
511 Union Street, Suite 2700
Nashville, Tennessee 37219



Mary Griffin (BPR # 016711)
Deputy General Counsel for Securities and Insurance
Department of Commerce and Insurance
500 James Robertson Parkway
Second Floor, Davy Crockett Tower
Nashville, TN 37243
(615) 741-3388