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

TENNESSEE SECURITIES DIVISION,	)	
Petitioner,	)	
	)	
vs.	)	**Nos.: 12.06-009797J**
	)	
PHYMED PARTNERS, INC.,	)	
OLDE SOUTH TRUST, LLC,	)	
LAMAR McMICHAEL, MICHAEL CASPER,	)	
WALTER E. PHILLIPS, and RAY MERCER,	)	
Respondents.	)	

TENNESSEE SECURITIES DIVISION,	)	
Petitioner,	)	
	)	
vs.	)	**No.: 12.06-049909J**
	)	
WALTER EUGENE PHILLIPS, JR.	)	
Respondent.	)	

AGREED ORDER

The Tennessee Securities Division (hereinafter referred to as the "Division") and Walter E. Phillips, Jr. (hereinafter referred to as the "Respondent") agree to the entry of this Agreed Order in the above actions (No. 12.06-009797J Tennessee Securities Division v. Phymed Partners Inc., et al; and No. 12.06-049909J Tennessee Securities Division v. Walter Eugene Phillips, Jr., hereinafter referred to as the "Actions") in accordance with § 48-2-116 of the Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-2-101, *et seq.*, which states that the Commissioner of Commerce and Insurance 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 Agreed Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the signature of the Commissioner and entry of this Agreed Order by the Commissioner.

2. Respondent has submitted an offer of settlement in the Actions which the Division has determined to accept, subject to entry of this Agreed Order by the Commissioner, for the purpose of avoiding the costs of further administrative action with respect to these causes. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Division, or to which the Division is a party, and without admitting the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, Respondent consents to the entry of this Agreed Order, as set forth below. Should this Agreed Order not be entered by the Commissioner, it is agreed by the parties that presentation to and consideration of this Agreed Order by the Commissioner shall not prejudice the Commissioner from further participation in or resolution of these proceedings.

3. Respondent fully understands that this Agreed Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts or omissions not specifically addressed in this Agreed Order that do not arise from the facts or transactions herein addressed, nor does it preclude additional proceedings against the Respondent based upon these facts or transactions herein addressed by any other government agency or law enforcement authority.

4. 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 Agreed Order,

the stipulations and imposition of discipline contained herein, and the consideration and entry of said Agreed Order by the Commissioner.

5. Upon the execution of this Agreed Order by both Parties, the Division shall dismiss the Actions with prejudice with each Party bearing its own costs and attorney fees.

FINDINGS OF FACT

1. The Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-2-101, *et seq*. (hereinafter referred to as the "Act"), 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.

2. Respondent is a citizen and resident of the State of Tennessee, with his residence being 2326 Crown Hill Drive, Murfreesboro, Tennessee 37129. Respondent registered with the Division as an agent of a broker-dealer on or around April 16, 2002.

3. Respondent has engaged in the offer and sale of promissory notes issued by PhyMed Partners, Inc., and Worldvision Entertainment, Inc., in this State without registration as an agent under the Act, and the promissory notes sold were not registered under the Act. However, Respondent did not know that the promissory notes were securities when he engaged in their offer and sale.

4. The Petitioners allege that the Respondent withheld disclosure of information on his Form U-4 application and did not properly disclose customer complaints and legal actions regarding fraud and negligent misrepresentation filed against him to his employer.

CONCLUSIONS OF LAW

5. Pursuant to Tennessee Code Annotated § 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.

6. Pursuant to Tennessee Code Annotated § 48-2-116, the Commissioner may make, promulgate, amend, and rescind such orders as are necessary to carry out the provisions of the Act if the Commissioner finds 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.

7. Tennessee Code Annotated § 48-2-104, states that "[i]t is unlawful for any person to sell any security in this state unless: (1) It is registered under [the Act]; (2) the security or transaction is exempted under § 48-2-103; or (3) the security is a covered security."

8. Tennessee Code Annotated § 48-2-109(a), states that "[i]t 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 [the Act]."

9. Tennessee Code Annotated § 48-2-121(a) states, in pertinent part, that "[i]t is unlawful for any person, in connection with the offer, sale or purchase of any security in this state, directly or indirectly, to: (1) [e]mploy any device, scheme, or artifice to defraud; (2) [m]ake 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) [e]ngage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person."

10. Tennessee Code Annotated § 48-2-112(a)(2)(B) provides, in pertinent part, that the Commissioner may by order deny, suspend, or revoke any registration under the Act if the Commissioner finds that the order is in the public interest and necessary for the protection of investors, and if the Commissioner finds that the applicant has willfully violated or willfully failed to comply with any provision of the Act.

11. Tennessee Code Annotated § 56-6-112(a)(2) provides, in pertinent part, that the Commissioner may place on probation, suspend, revoke or refuse to issue or renew an insurance producer license upon finding that one holding such a license has violated any law, rule, regulation, subpoena or order of the Commissioner.

12. Based upon the Findings of Fact cited above and the Conclusions of Law contained herein, the Commissioner considers the actions of the Respondent to be in violation of Tennessee Code Annotated §§ 48-2-104 and 48-2-121 and to provide grounds for imposition of sanctions set forth in Tennessee Code Annotated §§ 48-2-112(a)(2)(B) and 56-6-112(a)(2).

13. The Respondent hereby acknowledges the Commissioner's authority to administer said statutes. Therefore, the Respondent, in order to avoid any further expenses or costs associated with litigating this matter, hereby desires to enter into this Agreed Order.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and the waiver by the Respondent of his rights to a hearing and appeal under the Act, the Tennessee Insurance Law and Tennessee's Uniform Administrative Procedures Act, Tennessee Code Annotated §§ 4-5-101, *et seq.*, and the admission by the Respondent of the jurisdiction of the Commissioner, the Commissioner finds that the Respondent has agreed to the entry of this Order and that this Order is appropriate, 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.

IT IS ORDERED, pursuant to Tennessee Code Annotated §§ 48-2-116 and 56-6-112 that:

1. The Respondent shall cease and desist from committing any violations of the Act.

2. The Respondent's registration authorizing the Respondent to do business in the State of Tennessee as an agent of a broker-dealer is hereby revoked.

3. The Respondent's insurance producer license authorizing the Respondent to sell insurance in the State of Tennessee is hereby revoked.

IT IS FURTHER ORDERED that this Order represents the complete and final resolution of, and discharge with respect to all administrative actions and causes of action by the Commissioner against the Respondent for violations of the Act known to the Commissioner, or unknown and arising from the same facts or transactions known to the Commissioner, as of the date of the entry of this Order.

This Agreed 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 signatures affixed below, the Respondent affirmatively states that he has freely agreed to the entry of this Agreed 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 Agreed 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 Agreed Order, affirmatively state their agreement

to be bound by the terms of this Agreed Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement set forth in this Agreed Order, are binding upon them.

SO ORDERED.

Entered this the 11th day of March, 2004.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance