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

IN THE MATTER OF:	)	
	)	**Order No. 15-011**
CHARLES SIMS, JR.	)	

CONSENT ORDER

The Tennessee Securities Division ("TSD"), the Tennessee Insurance Division ("TID") and Charles Sims, Jr. ("Sims") agree, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance ("Commissioner"), to the entry of this Consent Order ("Order") in accordance with TENN. CODE ANN. §48-1-116 of the Tennessee Securities Act of 1980, as amended, TENN. CODE ANN. §§ 48-1-101, *et seq.* (the "Act"), which state that the Commissioner may from time to time make such orders as are necessary to carry out the provisions of the Act, and provisions of the Tennessee Insurance Law (the "Law") found under TENN. CODE ANN. § 56-2-112 and TENN. CODE ANN. § 56-2-305.

GENERAL STIPULATIONS

1. It is expressly understood that this 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 Order is executed by Sims for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

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

4. Sims fully understands that this Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for the violations of the Act addressed specifically in this Order, against Sims for violations of law under 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 Order by Sims.

GENERAL PROVISIONS

WHEREAS, Respondent Sims is a resident and citizen of Memphis, Shelby County, Tennessee, with a current business address of 855 Ridge Lake Drive, Suite 303, Memphis, TN 38120; and

WHEREAS, Sims was previously registered as a broker-dealer agent and investment adviser representative in the State of Tennessee (CRD #708070); and

WHEREAS, Sims was registered with ProEquities, Inc. (CRD#15708) ("ProEquities") in

Memphis, Tennessee, until his suspension on April 29, 2011, followed by his resignation from ProEquities on May 3, 2011; and

WHEREAS, in December of 2012, Sims was suspended by the Financial Industry Regulatory Authority ("FINRA") from association with any FINRA member for nine (9) months and fined five thousand dollars ($5,000) for seven (7) separate instances of borrowing money from clients while holding registration as a broker-dealer agent, which is a prohibited act under FINRA and Departmental rules. For his admitted complicity in these acts, Sims was suspended for nine (9) months from association with any FINRA member; and

WHEREAS, borrowing money from clients while holding registration as a broker-dealer agent is considered a "dishonest or unethical business practice" and is a prohibited act under TENN. COMP. R. & REGS. 0780-04-03-.02(6)(b)(1.) and TENN. COMP. R. & REGS. 0780-04-03-.02(6)(b)(17.); and

WHEREAS, Sims has returned much of the principal and made payment of interest as agreed to in the promissory notes that secured the loans to customers; and

WHEREAS, Sims advised the TSD of his desire to resolve the matter relating to the previous instances of borrowing funds from clients; and

WHEREAS, Sims has agreed to be placed on Probation within the scope of his Insurance Producer's License until all loans from clients past or present have been repaid according to the following terms:

1. Current copies of the loan repayment agreements presently in place shall be provided to counsel for the TID and the TSD prior to the entry of this Consent Order.

2. The repayment agreements presently in place between Sims and his creditor clients

shall not be altered or modified without the prior knowledge and consent of the Assistant Commissioner for the TSD and the Assistant Commissioner for the TID.

3. During the Term of Probation, Sims shall report to the TID and the TSD twice annually, on or before June 30, and on or before December 31 of each year, the status of each outstanding loan, and amounts paid in satisfaction of each loan.

4. All of the aforementioned reports to the TID and the TSD shall be certified as true and accurate by Sims and the individual creditor client as being true and accurate and accompanied by supporting information, including but not limited to, copies of cancelled checks.

5. In order to allow his current employees time to obtain alternate employment upon the completion of the loan repayment schedule, Sims shall be granted and agrees to surrender his Insurance Producer's License within ninety (90) days of the satisfaction of the last of the outstanding loans.

6. Sims agrees to notify the TSD and the TID immediately of any arrest for any reason.

7. Sims agrees to an automatic revocation of his Insurance Producer's License in the event of being charged with any felony or any misdemeanor involving theft, financial transactions, fraud or misrepresentation, or moral turpitude.

8. Sims agrees to an automatic revocation of his Insurance Producer's License without appeal in the event of the receipt of a complaint by any of the creditor clients with a pending balance related to the repayment of such loan.

9. Sims agrees to an automatic ninety (90) day suspension for any justified consumer complaint related to the business of insurance. The severity of any such complaint may

require further penalty; and

WHEREAS, Sims 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 Order by the Commissioner; and

WHEREAS, Sims elects to permanently waive any right to a hearing and appeal under TENN. CODE ANN. §§ 4-5-101 *et seq.*, with respect to this Order.

NOW THEREFORE, the Commissioner, as Administrator of the Act (TENN. CODE ANN. §§ 48-1-101 *et seq.*), and the Law (TENN. CODE ANN. §§ 56-1-101, *et seq.*), hereby enters this Order.

FINDINGS OF FACT

5. TENN. CODE ANN. § 48-1-116 provides that the Commissioner may make, promulgate, amend, and rescind such rules, forms and orders as are necessary to carry out this part 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.

6. The suspension of a Tennessee registrant by FINRA is a violation by that registrant of TENN. CODE ANN. § 48-1-112(a)(2)(F)(i)(*a*).

7. The borrowing of money from clients is deemed a "dishonest and unethical business practice" under Tennessee Law as expressed by TENN. CODE ANN. § 48-1-112(a)(2)(G) and TENN. COMP. R. & REGS. 0780-04-03-.02(6)(b)(1.).

8. The violation of FINRA Rules is itself a violation of TENN. COMP. R. & REGS. 0780-

04-03-.02(6)(b)(17.).

9. TENN. CODE ANN. § 48-1-112(d) provides for a civil penalty of up to five thousand dollars ($5,000) per violation of the aforementioned statutes and rules.

10. TENN. CODE ANN. § 56-6-112 provides that the Commissioner may impose disciplinary sanctions on Insurance Licensees to include probation, suspension, revocation of licenses, and civil penalties under TENN. CODE ANN. § 56-2-305.

11. Sims has voluntarily complied and fully cooperated with the investigation by the TSD and the TID and with all requests for information.

12. To date, no client from whom Sims borrowed money has been harmed financially or otherwise as a result of the subject loan activity.

CONCLUSIONS OF LAW

Pertaining to the Commissioner's Authority to Carry Out the Provisions of the Tennessee Securities Act of 1980

13. The State of Tennessee has jurisdiction over this matter pursuant to the Tennessee Securities Act of 1980, as amended (the "Act") (TENN. CODE ANN. §§ 48-1-101 *et seq.*).

14. TENN. CODE ANN. § 48-1-116 provides 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.

Pertaining to Sims's Rule Violations

15. The suspension of a Tennessee registrant by FINRA is a violation by that registrant of TENN. COMP. R. & REGS. 0780-04-03-.02(6)(a)(3.) and TENN. CODE ANN. §48-1-112(a)(2)(F)(i)(*a*).

16. The borrowing of money from clients is deemed a "dishonest and unethical business practice" under Tennessee Law as expressed by TENN. CODE ANN. § 48-1-112(a)(2)(G) and TENN. COMP. R. & REGS. 0780-04-03-.02(6)(b)(1.).

17. TENN. CODE ANN. § 48-1-112(d) provides for a civil penalty of up to five thousand dollars ($5,000) per violation of the aforementioned statutes and rules.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and Sims's waiver of the right to a hearing and appeal under the Tennessee Securities Act, the Tennessee Uniform Administrative Procedures Act, TENN. CODE ANN. §§ 4-5-101 *et seq.*, and Sims's admission of jurisdiction of the Commissioner, the Commissioner finds that Sims, for the purpose of settling this matter, admits the Findings of Fact and neither admits nor denies the Conclusions of Law 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 TENN. CODE ANN. § 48-1-116(a) of the Act, that Sims:

1. **COMPLY** with the provisions of the Tennessee Securities Act, as amended;

2. **CEASE AND DESIST** in any future conduct in violation of any Rule, Regulation or Statute under the Act;

3. **SUBMIT** to the TSD a written statement of agreement to never again seek to be registered with the TSD in any capacity;

4. **REPAY IN FULL** all sums borrowed from individual clients, with appropriate interest, according to the previously agreed upon schedule(s) between Sims and the lending clients;

5. **COMPLY WITH and ADHERE** to the terms of Probation that attach to his Insurance Producer's License as enumerated above in the General Provisions section of this Consent Order;

6. **PAY A CIVIL PENALTY** to the State of Tennessee in the total amount of five thousand dollars ($5,000) in eleven (11) equal monthly installments of four hundred fifteen dollars ($415) and one (1) final installment of four hundred thirty-five dollars ($435), commencing on or before July 28, 2016, and continuing on or before the 28th of each and every subsequent month until the total amount of five thousand dollars ($5,000) is paid in full. Payment shall be mailed to:

State of Tennessee
Department of Commerce and Insurance
Securities Division – Enforcement Section
Attn: Charles S. Herrell, Attorney
8th Floor, Davy Crockett Tower
500 James Robertson Parkway
Nashville, Tennessee 37243

7. If payment is not made by Sims according to the terms described above, the TSD and the TID may vacate this Order, at their sole discretion, upon ten (10) days' notice to Sims, and without opportunity for an administrative hearing.

IT IS FURTHER 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 Sims for violations of the Act alleged by the TSD or the TID to have occurred with respect to the transactions involving the above-referenced facts. However, excluded from and not covered by this paragraph, are any claims by the TSD or the TID arising from or relating to enforcement of the Order provisions contained herein.

This 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, Sims affirmatively states that he has freely agreed to the entry of this Order, that he waives the right to a hearing on the matters underlying this 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 to him by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Order, affirmatively state their agreement to be bound by the terms of this 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 Order, are binding upon them.

ENTERED this 3 day of August, 2016.

Julie Mix McPeak, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:

Frank Borger-Gilligan
Assistant Commissioner for Securities

Michael Humphreys
Assistant Commissioner for Insurance

Charles S. Herrell (BPR # 18035)
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(615) 253-1378/Fax (615) 741-4000

Madeleine Savage-Townes (BPR # 27517)
Attorney for Respondent
P.O. Box 172001
Memphis, Tennessee38187
(901) 680-7514

CONSENT TO ENTRY OF ORDER BY
CHARLES SIMS, JR.

1. Charles Sims, Jr. ("Sims"), hereby acknowledges that he has been served with a copy of this Order, has read the foregoing Order, is aware of his right to a hearing and appeal in this matter, and has waived the same.

2. Sims admits the jurisdiction of the State of Tennessee, admits the Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by the Commissioner, Tennessee Department of Commerce and Insurance, as settlement of the issues contained in this Order.

3. Sims states that no promise of any kind or nature whatsoever was made to induce him to enter into this Order and that he has entered into this Order voluntarily.

Dated this 21st day of JUNE, 2016.

Charles Sims, Jr.

Madeleine Savage-Townes
Attorney for Charles Sims, Jr.