

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

TENNESSEE SECURITIES DIVISION,)	
Petitioner)	
)	Order No. 04-015
vs.)	
)	
ADRIAN ALLIE BOND,)	
Respondent)	

CONSENT ORDER

The Tennessee Securities Division (“Division”), and Adrian Allie Bond, Respondent herein, agree to the entry of this Agreed 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. 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. Respondent, Adrian Allie Bond, ("Bond") (CRD#4003860) is a citizen and resident of Shelby County, Tennessee. He maintains his address at 3972 Gavick Dr., Memphis, TN 38125. Bond has a pending application for registration as an agent of Syndicated Capital, Inc. Bond is a former agent of Wachovia Securities, L.L.C.

Eugene Turner Incident

3. Eugene Turner ("Turner") is a citizen and resident of Shelby County,

Tennessee. He maintains his address at 2397 Vollintine Ave., Memphis, TN 38108.

4. Turner states that Bond called him at his home on or about August 15, 2003 with an investment opportunity. Bond told Turner that he had a client who was going to lose the return on his investment because he had taken too much out of his account and did not have the funds to cover a buyout. If the client could borrow the funds, then he could get his full return and avoid losing \$6,000. The person lending the money would receive a gain from the full payout.

5. Turner states that Bond proposed using Turner's funds from an IRA account as an investment to keep the loss from occurring. Bond told Turner that the funds would be out of his account for about 30 days and that the return on his investment was certain. Bond said there was no risk.

6. Turner states that he questioned Bond about funds being taken from an IRA account. Bond assured Turner that the funds could be moved in and out of the account with safety and without penalty for 60 days. Turner agreed to the proposal on August 21, 2003. Turner believed Bond because he had been his financial adviser on previous purchases.7. On August 25, 2003, Bond called Turner and told him everything was in place to remove the funds from the IRA account and asked that a cashier's check be issued to the client's wife, Tykisha Harrison. Turner met Bond at First Tennessee Bank and Turner purchased a cashier's check for \$19,980.00 and gave it to Bond.

8. Turner states that Bond gave him a written summary of the investment which called for an investment of \$19,890.00 on August 20, 2003 for QLGC stock at \$50.20 and a buyout at \$63.75 on September 26, 2003. The yield on investment would be \$26,120.00,

which would represent a 31.3% return.

9. In mid-September, 2003, Bond called Turner and told him everything was going well, and the transaction would take place. When Turner received his September statements from Wachovia, the funds were not back in the account. Turner tried to contact Bond, and when Bond returned the call, he told Turner that he had been assigned to work in Atlanta, but assured Turner that the transaction had taken place.

10. Turner attempted to contact Bond in early October 2003 to no avail. Turner was told that Bond was no longer employed at Wachovia. On October 10, 2003, Bond contacted Turner telling him that he had moved to another firm. Turner made an appointment for Bond to come to his home to transfer his accounts to the new firm. Bond completed the Brokerage Account Transfer Form and asked for a copy of Turner's last Wachovia Account statement.

11. Turner asked Bond about the whereabouts of the funds that had been previously transferred. Bond told him that they were in his client's account. Turner requested that the funds be returned to his account as a cashier's check. Bond took no immediate action.

12. On November 13, 2003, Turner requested that his initial investment be returned. On November 19, 2003, Bond called and said that he had a cashier's check but he had to open an account to deposit it. Bond went to the Turner home with a book of blank checks. Bond wrote two checks to Turner. One was for the initial investment and one was for the investment gain. They made an appointment to meet at the bank to redeem the checks after the 24 hour period for holding funds had expired.

13. Bond rescheduled the meeting, but when they did meet, Bond said that the check had not cleared. The funds were to be released the next day. Turner could not reach Bond the next day. Turner then took the checks to the bank himself and was told that the checks were not negotiable.

14. On November 26, 2003, Bond delivered a check to Turner for \$19,915 with Tim Harrison listed as the remitter. Turner attempted to deposit the check into his Wachovia IRA account and was told that the funds had been out of the account over 30 days and would be considered income for tax purposes.

15. The withdrawn funds were taxed as ordinary income which tripled Turner's tax liability for 2003.

16. An affidavit executed by Tykisha Harrison dated June 23, 2004 indicates that On August 25, 2003, Mrs. Harrison met Adrian Bond at a First Tennessee bank branch in Memphis and that Bond gave Mrs. Harrison a cashier's check payable to her in the amount of \$19,890.00 with a remitter name of Eugene Turner. Mrs. Harrison states that she endorsed the check according to Bond's instructions and gave the check to Bond. Mrs. Harrison states that she is unaware of what happened to the proceeds of the check from that point.

Ruby Dennis Incident

17. Ruby Dennis ("Dennis") is a citizen and resident of the State of Tennessee. Dennis is a former client of Wachovia and Bond.

18. In 2001, Dennis opened an account with now Wachovia Securities in the amount of \$47,000.00. There were two disbursements from the account—one for

\$10,015.00 and the other was for \$15,015. The wire transfers were sent to Tieriney Hendricks.

19. Dennis states that the withdrawals were for investments that Bond had told her about. Dennis states that she did not sign the Letter of Authorization for the wire transfers and she did not know Tieriney Hendricks.

20. Dennis states that Bond had been sending her interest checks on her investment. One check written by Bond on his AmSouth account bounced.

Derin Winfield Incident

21. Derin Winfield ("Winfield") is a citizen and resident of the State of Tennessee. Winfield was a client of Wachovia and Bond.

22. Winfield states that Bond informed him of an investment opportunity outside of those offered by and through Wachovia Securities. Winfield states that on February 5, 2003, after having transferred funds from his Wachovia accounts, he gave Bond, through AB Consulting, a check for \$9,000.00 with the understanding that he was guaranteed to earn 2-4% interest on his investment.

Marcus Houston Incident

23. Marcus Houston ("Houston") is a citizen and resident of Tennessee. Houston was a client of Wachovia and Bond.

24. Houston states that Bond informed him of an investment opportunity outside of those offered by Wachovia. Houston states that Bond advised him to withdraw \$10,000.00 from his IRA in order to fund an outside investment. Houston states that he gave Bond a cashier's check in the amount of \$10,000.00 for the outside investment.

Sean Lyles Incident

25. Sean Lyles ("Lyles") is a citizen and resident of Tennessee. Lyles was a client of Wachovia and Bond.

26. Lyles states that on December 18, 2002 a transfer was made from his account. The transfer was for \$10,000.00 and the recipient was Ty Harrison. Lyles states that he did not sign the Letter of Authorization did not authorize the transfer, and he does not know Ty Harrison. Bond was the agent for Lyles.

27. In an affidavit executed by Tykisha Harrison, Mrs. Harrison states that in late December 2002, funds in the amount of \$10,000.00 were transferred to an account held by Mrs. Harrison at American Savings Credit Union. Mrs. Harrison states that Bond instructed her to make several checks payable to him. Mrs. Harrison states that she was unaware of the purpose of the funds being transferred into her account, and she is unaware of what happened to the funds when she gave them to Bond.

28. Bond states that he has executed an Acceptance, Waiver, and Consent related to this incident with the NASD.

Mary Jones Incident

29. Mary Jones ("Jones") is a citizen and resident of the State of Tennessee. Jones was a client of Wachovia and Bond.

30. Jones contacted the Memphis branch of Wachovia Securities questioning a \$7,500.00 transfer from her account to an individual by the name of Mike Harris on April 4, 2003. Jones states that Bond had informed her of an investment outside of those offered by Wachovia Securities. Jones states that Bond guaranteed her a return of \$10,000.00 by

May 1, 2003.

31. Jones stated that Bond had contacted her in order to settle the matter. He provided her a check for \$2,000.00, which check bounced. Bond later provided Jones checks for \$2,000.00 and \$16,000.00.

Larry Jones Incident

32. Larry Jones ("Jones") is a citizen and resident of the State of Tennessee. Jones was a client of Wachovia and Bond.

33. On February 18, 2003 a wire transfer from Jones' Wachovia account in the amount of \$10,100.00 was completed to Alisa Keel. Jones states that he does not know an Alisa Keel. Jones states that the funds were for the purpose of making an investment about which Bond had told him. The investment was outside of the investment opportunities offered by and through Wachovia Securities.

Veronica Kemp Incident

34. Veronica Kemp ("Kemp") is a citizen and resident of the State of Tennessee. Kemp is a former client of Wachovia and Bond.

35. Kemp states that she gave Bond \$5,000.00 from her Wachovia investment accounts in the form of a cashier's check in order for Bond to invest in options. Kemp complained because the monies had not been redeposited in her account at Wachovia. A review of Kemp's accounts indicated two additional withdrawals in the amount of \$6,600.00 and \$3,465.00. Both transfers went to a recipient by the name of Mike McGhee. Kemp states that she did not signed the Letters of Authorization related to the wire withdrawals.

CONCLUSIONS OF LAW

36. 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.

37. 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: (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.

38. Tennessee Code Annotated §48-2-112(a)(2)(G) states, in pertinent part, that the Commissioner by order may deny, suspend, or revoke any registration under this part if she finds that the order is in the public interest, necessary for the protection of investors, and if she 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 engaged in dishonest or unethical practices in the securities business.

39. Tenn. Comp. R. & Regs. tit. Dep't of Commerce and Ins., ch. 0780-4-3-.02(6)(b)(8), state that it shall be deemed a dishonest or unethical business practice by an agent when an agent recommends to a customer the purchase, sale, or exchange of any security without reasonable grounds to believe that the recommendation is suitable for the customer on the basis of information furnished by the customer after reasonable inquiry

concerning the customer's investment objective, financial situation and needs, and any other information known by the broker-dealer.

40. Tenn. Comp. R. & Regs. tit. Dep't of Commerce and Ins., ch. 0780-4-3-.02(6)(b)(1) states that it shall be deemed a dishonest or unethical business practice by an agent when an agent borrows money or securities from a customer.

41. Tenn. Comp. R. & Regs. tit. Dep't of Commerce and Ins., ch. 0780-4-3-.02(6)(b)(2) states that it shall be deemed a dishonest or unethical business practice by an agent when an agent acts as a custodian for money, securities, or an executed stock power of a customer.

42. Tenn. Comp. R. & Regs. tit. Dep't of Commerce and Ins., ch. 0780-4-3-.02(6)(b)(5) states that it shall be deemed a dishonest or unethical business practice by an agent to share directly or indirectly in profits or losses in the account of any customer without the authorization of the customer and the broker-dealer which the agent represents.

43. Tenn. Comp. R. & Regs. tit. Dep't of Commerce and Ins., ch. 0780-4-3-.02(6)(b)(17), states that it shall be deemed a dishonest or unethical business practice by an agent under Tenn. Code Ann. § 48-2-112(a)(2)(G) when an agent violates any rule of a national securities exchange or national securities dealers association of which it is a member with respect to any customer, transaction or business in this state.

44. NASD Conduct Rule 2330(a) states that no member or person associated with a member shall make improper use of a customer's securities or funds.

45. NASD Conduct Rule 2330(b) states that every member in the conduct of its business shall adhere to the provisions of SEC Rule 15c3-3 under the Act with respect to obtaining possession and control of securities and the maintenance of appropriate cash reserves. For the purposes of this Rule, the definitions contained in Rule 15c3-3 apply.

46. NASD Conduct Rule 2330(c) states that no member shall lend, either to himself or to others, securities carried for the account of any customer, which are eligible to be pledged or loaned unless such member shall first have obtained from the customer a written authorization permitting the lending of securities thus carried by such member.

47. NASD Conduct 2310(a) states that in recommending to a customer the purchase, sale, or exchange of any security, a member shall have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs.

48. NASD Conduct Rule 2310(b) states that prior to the execution of a transaction recommended to a non-institutional customer, other than transactions with customers where investments are limited to money market mutual funds, a member shall make reasonable efforts to obtain information concerning (1) the customer's financial status, (2) the customer's tax status, (3) the customer's investment objectives, and (4) such other information used or considered to be reasonable by such member or registered representative in making recommendations to the customer. For purposes of this Rule, the term "non-institutional customer" shall mean a customer that does not qualify as an "institutional account" under NASD Rule 3110(c)(4).

49. NASD Conduct Rule 2370 states that no person associated with a member in any registered capacity may borrow money from or lend money to any customer of the member unless: (1) the member has written procedures allowing the borrowing and lending of money between such registered persons and customers of the member; (2) the lending or borrowing arrangement meets one of the following conditions: (A) the customer is a member of such person's immediate family; (B) the customer is a financial institution that regularly engages in the business of providing credit, financing, or loans, or other entity or person that regularly arranges or extends credit in the ordinary course of business; (C) the customer and the registered person are both registered persons of the same member firm; (D) the lending arrangement is based on a personal relationship with the customer, such that the loan would not have been solicited, offered, or given had the customer and the associated person not maintained a relationship outside of the broker/customer relationship; or (E) the lending arrangement is based on a business relationship outside of the broker-customer relations; and (3) the member has pre-approved in writing the lending or borrowing arrangement. The term immediate family shall include parents, grandparents, mother-in-law or father-in-law, husband or wife, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in-law, children, grandchildren, cousin, aunt or uncle, or niece or nephew, and shall also include any other person whom the registered person supports, directly or indirectly, to a material extent.

50. NASD Conduct Rule 2110 states that a member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade.

51. 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 or application for registration under this part if the commissioner finds that the order is in the public interest and necessary for the protection of investors, and the registrant has willfully violated or willfully failed to comply with any provision of this part.

52. The averments in paragraphs one – thirty-five of this Consent Order, constitute practices by Adrian Bond which would provide grounds under Tenn. Code Ann. §48-2-121(a)(3) for the entry of an order of sanctions.

53. The averments in paragraphs one – thirty-five of this Consent Order, constitute practices by Adrian Bond which would provide grounds under Tenn. Code Ann. §48-2-112(a)(2)(G) for the entry of an order of sanctions.

54. The averments in paragraphs one – thirty-five of this Consent Order, constitute practices by Adrian Bond which would provide grounds under Tenn. Code Ann. §48-2-112(a)(2)(B) for the entry of an order of sanctions.

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 and Tennessee's Uniform Administrative Procedures Act, Tenn. Code Ann. § 4-5-101 et seq., and Respondent's admission of jurisdiction of the Commissioner, the Commissioner finds that Respondent, 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. It is **ORDERED** that the application of Adrian Allie Bond for registration as an agent of Syndicated Capital, Inc., which application is dated November 24, 2003, is hereby **DENIED**.

2. Respondent, Adrian Allie Bond, **IS ORDERED TO AND AGREES** to fully comply with the Tennessee Securities Act, as amended, and all rules promulgated thereunder.

3. Respondent, Adrian Allie Bond, **IS ORDERED TO AND AGREES** to permanently cease and desist in the further conduct as a broker-dealer, agent of a broker-dealer, investment adviser, or investment adviser representative from, in or into the State of Tennessee. Adrian Allie Bond **IS ORDERED TO AND AGREES** to permanently cease and desist in conducting securities transactions on behalf of other from, in , or into the State of Tennessee. Adrian Allie Bond **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. Adrian Allie Bond **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.

4. Respondent, Adrian Allie Bond, **IS ORDERED AND AGREES** to amend form U-4 and/or U-5, pursuant to the instructions of said forms and as required by the NASD, and file the appropriate Disclosure Reporting Page to disclose the details of this action.

5. Respondent, Adrian Allie Bond, is hereby **ASSESSED** civil penalties in the amount of twenty thousand dollars (\$20,000.00). Said sum shall be due and paid in full upon execution of this document, but in no event later than July 25, 2004. Payment, in the form of a cashier's check, ***made payable to the State of Tennessee***, shall be mailed to:

State of Tennessee
Department of Commerce and Insurance
Securities Division
Attention: Michele K. Elliott, Staff Attorney
500 James Robertson Parkway, 5th Floor
Nashville, Tennessee 37243.

6. Respondent, Adrian Allie Bond, is hereby **ASSESSED and ORDERED** to pay cost recovery related to the costs of the investigation in the amount of eight hundred fifty-six dollars (\$856.00). Said sum shall be due and paid in full upon execution of this document, but in no event later than July 25, 2004. Payment in the form of a cashier's check or money order ***made payable to the State of Tennessee***, shall be mailed or delivered to:

State of Tennessee
Department of Commerce and Insurance
Securities Division
Attention: Michele K. Elliott, Staff Attorney
500 James Robertson Parkway, 5th Floor
Nashville, Tennessee 37243.

7. Respondent hereby **AGREES** that failure to comply with all the requirements and prohibitions contained in this Order shall result in further enforcement action by the

Division, the Department of Commerce and Insurance, and/or the State of Tennessee in order to enforce the provision contained herein.

Execution of this Consent Order is due on or before July 26, 2004.

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 Adrian Allie Bond for violations of the Act alleged by the Tennessee Securities Division to have occurred with respect to facts contained herein.

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, Adrian Allie Bond, 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 2nd day of September, 2004.

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

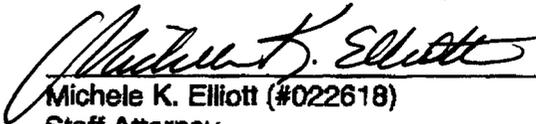
APPROVED FOR ENTRY:



Adrian Allie Bond



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



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