

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

TENNESSEE SECURITIES DIVISION,)	
Petitioner)	
)	
vs.)	Order No. 2009-010
)	SI-2009-006
AARON CAPITAL, INC.)	
Respondent)	

CONSENT ORDER

The Tennessee Securities Division (“Division”) and Aaron Capital, Inc. (“Respondent”) 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 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.

Respondent hereby stipulates and agrees, 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. 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 fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner 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.

PARTIES

1. The Act places responsibility for administration of the Act on the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility. TENN. CODE ANN. § 48-2-115.

2. The Respondent, Aaron Capital, Inc. (CRD# 28583) (“Aaron”), is a FINRA

member broker-dealer located in Encinitas, California. Aaron has been a FINRA member since 1991 and has been registered as a broker-dealer in California since at least 1998. It engages in selling corporate equities, mutual funds, variable annuities and private placements. It is registered as an investment adviser in California and is currently seeking broker-dealer and investment adviser registration in Tennessee. The firm became registered as a broker-dealer in Tennessee on May 2, 2007. Aaron failed to properly renew its broker-dealer registration for 2009. All existing state broker-dealer registrations (approximately thirty-six (36)) expired December 31, 2008.

3. The Division conducted an investigation of Aaron and determined that Aaron was unlawfully transacting business through unregistered broker-dealer agents from or in Tennessee without appropriate registration as broker-dealer as defined in TENN. CODE ANN. §§ 48-2-101 *et seq.*

4. Aaron has cooperated with regulators by responding to inquiries, providing documentary evidence and other materials, and halting further offers and sales until the broker-dealer and its broker-dealer agents are appropriately registered.

5. Aaron, as part of this settlement, agrees to appropriately register its agents with the Division before making further offers or soliciting sales, and to make certain payments.

6. Aaron neither admits nor denies the Findings of Fact and Conclusions of Law, but agrees to resolve the investigation relating to its offers and sales of securities through unregistered broker/dealer agents, by execution of this Consent Order (“Order”) in order to avoid protracted and expensive proceedings; and

7. NOW, THEREFORE, the Commissioner of the Tennessee Department of Commerce and Insurance, as administrator of TENN. CODE ANN. §§ 48-2-101 *et seq.*, hereby enters this Order:

FINDINGS OF FACT

8. Aaron is a small broker-dealer conducting a limited business as an introducing broker-dealer. The firm does not have custody of customer funds or securities and all transactions are cleared through Penson Financial Services, Inc. (CRD# 25966), a clearing broker-dealer registered in Tennessee. All clients are accredited investors. Total revenues for the fiscal year ending December 31, 2008 were \$561,305; total expenses were \$579,252, resulting in a net loss of \$17,947 for the year. As of June 30, 2009, Aaron's net worth was \$30,325 with Net Capital and Net Capital requirement at \$25,217 and \$5,000 respectively.

9. Aaron failed to properly renew its registration and the registrations of all of its broker-dealer agents for 2009. All existing state broker-dealer and broker-dealer agent registrations nationwide (representing approximately thirty-six (36) states) expired December 31, 2008. Aaron's former President, CEO and Chief Compliance Officer departed unexpectedly in August 2008. As a result of inexperience in the use of Web CRD, Aaron's current President/CEO along with Aaron's sole owner failed to adequately fund Aaron's renewal account in Web CRD in late 2008, resulting in the expiration of its registration and the registrations of all of its broker-dealer agents.

10. Aaron acted as an unregistered broker-dealer in Tennessee and employed unregistered broker-dealer agents. No exemption is available under the Act for a broker-dealer with a place of business in Tennessee. One hundred thirty-seven (137) equity transactions and

seventy-eight (78) mutual fund dividend reinvestment transactions resulting in 12b-1 fees occurred in Tennessee from January 1, 2009 through May 27, 2009. Total commissions derived from these transactions amount to \$626.14. Aaron advised that no commissions have been paid to any associated person of the broker-dealer relating to the Tennessee transactions referenced above.

11. Aaron has voluntarily complied with the Division's request that it CEASE AND DESIST from the offering and/or selling of securities to persons in or from Tennessee from May 27, 2009 until the execution of this order and the submission of complete applications for Broker-Dealer and Investment Adviser registrations.

12. Aaron is currently seeking to re-register in most states in which it was previously registered but remains pending in eleven (11) states including Tennessee. The firm's primary offices are located in California and its sole other branch office is located in Memphis, Tennessee.

CONCLUSIONS OF LAW

1. 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.

2. TENN. CODE ANN. § 48-2-109(a) provides in pertinent part that: It 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 this part.

3. TENN. CODE ANN. § 48-2-109 (b) provides in pertinent part that: It is unlawful for any broker-dealer to employ an agent to transact business as an agent unless the agent is registered under this part.

4. As described in the Findings of Fact section above, practices by the Respondent would provide grounds under TENN. CODE ANN. § 48-2-109(e) for the entry of an order of sanctions against Respondent and any other unregistered persons engaged in the unregistered transaction of business in Tennessee.

ORDER

IT IS HEREBY ORDERED:

1. Aaron's pending Broker-Dealer and Investment Adviser registrations with the Division will be made effective upon completion of all of the following: execution of this order by the Commissioner, and receipt of the Civil Penalty assessed below by the Division, and submission of complete applications for Broker-Dealer and Investment Adviser registrations by Aaron.

2. Aaron will comply with TENN. CODE ANN. §§ 48-2-101 *et seq.*

3. Within ten (10) days from the entry of this Order, Aaron shall pay the sum of one thousand dollars (\$1,000.00) in Civil Penalties to the Division. Payment in the form of a money order or cashier's check shall be mailed or delivered to:

State of Tennessee
Department of Commerce and Insurance
Securities Division
Attn: Broker-Dealer Section
6th Floor, Davy Crockett Tower, Suite 680
500 James Robertson Parkway
Nashville, Tennessee 37243

4. This Order concludes the investigation by the Division and any other action that the Division could commence under applicable Tennessee law on behalf of Tennessee as it relates to Aaron.

5. If payment is not made by Aaron, or if Aaron defaults in any of its obligations set forth in this Order, the Division may vacate this Order, at its sole discretion, upon ten (10) days notice to Aaron and without opportunity for administrative hearing, and commence separate action.

6. For any person or entity not a party to this Order, this Order does not limit or create any private rights or remedies against Aaron, does not limit or create liability of Aaron, or limit or create defenses of Aaron to any claims.

7. Nothing herein shall preclude Tennessee, its departments, agencies, boards, commissions, authorities, political subdivisions and corporations, other than the Division and only to the extent set forth in paragraph 1 in this section, (collectively, "State Entities") and the officers, agents or employees of State Entities from asserting any claims, causes of action, or applications for compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive relief against Aaron in connection with unregistered securities sales.

8. This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of Tennessee without regard to any choice of law principles.

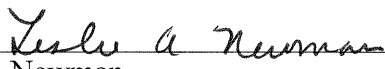
9. This Order is not intended to indicate that Aaron or any of its affiliates or current or former employees shall be subject to any disqualifications contained in the federal securities law, the rules and regulations thereunder, the rules and regulations of self-regulatory organizations or various states' securities laws including any disqualifications from relying upon the registration exemptions or safe harbor provisions. In addition, this Order is not intended to

form the basis for any such disqualifications.

10. This Order shall be binding upon Aaron and its successors and assigns as well as to successors and assigns of relevant affiliates with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

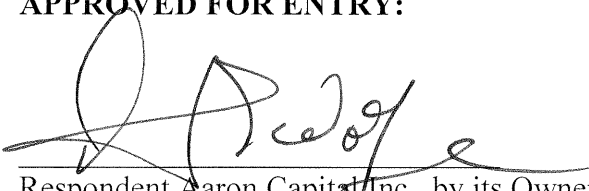
Dated this 14 day of August 2009.

BY ORDER OF:

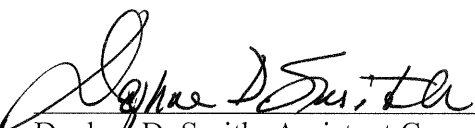


Leslie A. Newman
Commissioner, Tennessee Department of Commerce
and Insurance
Securities Division

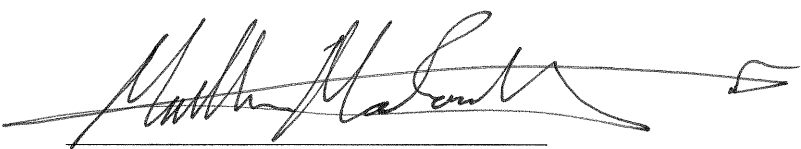
APPROVED FOR ENTRY:



Respondent Aaron Capital Inc., by its Owner
David S. Wolfe



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



Matthew McCarthy (BPR # 025550)
Assistant General Counsel
Department of Commerce and Insurance
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