



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

**TENNESSEE SECURITIES DIVISION,** )  
 )  
 **Petitioner,** )  
 )  
 **v.** ) **MATTER No.: 22-01295**  
 )  
 **JIMMY LEE AUSTIN,** )  
 )  
 **Respondent.** )

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**CONSENT ORDER**

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The Securities Division of the Tennessee Department of Commerce and Insurance (“Securities Division”), and Jimmy Lee Austin (“Respondent”), agree to the entry and execution of this Consent Order, subject to the approval of the Commissioner of the Department (“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 and execution of this Consent Order by the Commissioner. Entry and execution of this Consent Order by the Commissioner shall occur when the Commissioner signs and dates this Consent Order.

2. It is expressly understood that this Consent 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.

3. This Consent Order is executed by the Commissioner, the Division, and the Respondent to avoid further administrative action with respect to the findings of fact described herein. 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.

4. The Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts and/or omissions not specifically addressed in this Consent Order nor for facts and/or omissions that do not arise from the facts or transactions herein.

5. The Respondent fully understands that this Consent Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for acts or omissions addressed specifically in this Consent Order, violations of law under statutes, rules, or regulations of the State of Tennessee that arise out of the facts, acts, or omissions contained in this Consent Order, or acts or omissions addressed specifically herein that result from the execution of this Consent Order.

6. The Respondent waives all further procedural steps and all rights to seek judicial review of, or otherwise challenge the validity of this Consent Order, the stipulations and imposition of discipline contained herein, or the consideration and entry and execution of this Consent Order by the Commissioner.

#### **AUTHORITY AND JURISDICTION**

7. Pursuant to Tenn. Code Ann. § 48-1-115(a), the responsibility for the administration of the Act is vested in the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility pursuant to Tenn. Code Ann. § 48-1-

115(b).

8. Tenn. Code Ann. § 48-1-116 sets forth 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.

### **PARTIES**

9. The Commissioner administers the Act through the Securities Division and authorizes the Securities Division to bring this action for the protection of the public.

10. The Respondent is a Tennessee resident who was previously registered with the Securities Division. The Respondent held Central Registration Depository ("CRD") number 2043440, assigned by the Financial Industry Regulatory Authority ("FINRA").

11. The Respondent's registration went into effect in September 2008, and was voluntarily terminated in August 2010. The Respondent was at all times relevant, not registered with the Securities Division.

12. The Respondent is licensed with the Insurance Division as an insurance producer and holds resident producer's license number 0692047.

13. The Respondent was assigned National Insurance Producer Number 1338680 by the National Insurance Producer Registry ("NIPR"), a service of the National Association of Insurance Commissioners ("NAIC").

### **FINDINGS OF FACT**

14. On January 24, 2018, the Securities Division received a complaint filed by two (2) Tennessee citizens stating that in August 2017, they invested two hundred twenty-five thousand dollars (\$225,000.00) with the Woodbridge Group of Companies LLC ("Woodbridge").

Woodbridge filed for bankruptcy in December 2017, and the Securities and Exchange Commission (“SEC”) brought suit against Robert H. Shapiro (“Shapiro”) and Woodbridge, alleging that Mr. Shapiro and Woodbridge were operating a one-billion-dollar (\$1,000,000,000.00), Ponzi scheme.

15. The alleged investments were marketed as first position mortgage investments, where the investors would be “lenders” and their investments secured by property purchased with investor funds. The investors were led to believe this was a mortgage-backed investment that was exempt from securities rules and regulations.

16. On February 22, 2018, the Financial Services Investigation Unit (“FSIU”) of the Securities Division issued Order of Investigation Number 2018-004, commencing an investigation into Woodbridge.

17. Subsequently, Mr. Shapiro was sentenced to twenty-five (25) years in prison for conspiracy and tax evasion.

18. FSIU’s investigation revealed that the Respondent sold at least six (6) unregistered securities in Woodbridge, totaling three hundred sixty-five thousand dollars (\$365,000.00).

19. The securities sold by the Respondent were not exempt from registration.

20. The Respondent was not registered to sell securities in Tennessee and was not exempt from registration.

#### **IV. CONCLUSIONS OF LAW**

21. Tenn. Code Ann. § 48-1-102 states, in pertinent part:

...

- (3) “Agent” means any individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities from, in, or into this state. A partner, officer, director, or manager of a broker-dealer, or a person occupying similar status or performing similar functions, is an agent only if such person otherwise comes within this definition or receives compensation specifically related to purchases or sales of

securities from, in, or into this state. “Agent” does not include such other persons not within the intent of this subdivision (3) as the commissioner may, by rule, exempt from this definition as not in the public interest and necessary for the protection of investors;

- (4) “Broker-dealer” means any person engaged in the business of effecting transactions in securities for the account of others, or any person engaged in the business of buying or selling securities issued by one (1) or more other persons for such person’s own account and as part of a regular business rather than in connection with such person’s investment activities [;]

...

- (12) “Investment adviser” means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, buying, or selling securities, or who for compensation and as a part of a regular business issues or promulgates analyses or reports concerning securities [; and]

...

- (20) (A) “Security” means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, a life settlement investment or any fractional or pooled interest in a life insurance policy or life settlement investment, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease; or, in general, any interest or instrument commonly known as a “security,” or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing[.]

22. Tenn. Code Ann. § 48-1-104 states:

- (a) It is unlawful for any person to sell any security in this state unless:
- (1) It is registered under this part;
  - (2) The security or transaction is exempted under § 48-2-103;
- or

- (3) The security is a covered security.
- (b) The commissioner may, after notice and opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any rule or order adopted or issued under this section, in an amount not to exceed ten thousand dollars (\$10,000) per violation, or in an amount not to exceed twenty thousand dollars (\$20,000) per violation if an individual who is a designated adult is a victim.

23. Tenn. Code Ann. § 48-1-109 states, in pertinent part:

- (a) It is unlawful for any person to transact business from, in, or into this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent under this part . . .[.]

...

- (c) It is unlawful for any person to transact business from, in, or into this state as an investment adviser or investment adviser representative unless:

- (1) The person is registered as an investment adviser or investment adviser representative under this part[.]

...

- (e) The commissioner may, after notice and an opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any rule or order adopted or issued under this section, in an amount not to exceed ten thousand dollars (\$10,000) per violation, or in an amount not to exceed twenty thousand dollars (\$20,000) per violation if an individual who is a designated adult is a victim.

...

**ORDER**

**NOW, THEREFORE**, based on the foregoing, including the Respondent’s waiver of the right to a hearing and appeal under the Act and the Tennessee Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101 *et seq.*, and the Respondent’s admission of jurisdiction of the Commissioner, the Commissioner finds that the Respondent, for the purpose of settling this matter, admits the Findings of Fact and agrees to the entry and execution of this Order.

**IT IS ORDERED**, pursuant to Tenn. Code Ann. § 48-1-116, that:

1. The Respondent shall **COMPLY** with the Act, as amended, and all rules promulgated thereunder.

2. The Respondent shall **CEASE AND DESIST** from any activities requiring registration under Tenn. Code Ann. § 48-1-109.

3. The Respondent shall be **PERMANENTLY BARRED** from applying for registration with the Division and be **PERMANENTLY BARRED** from engaging in the business of securities in Tennessee.

4. The Respondent shall **PAY A CIVIL PENALTY** to the State of Tennessee's **Securities Investor Education Fund**. The payment of the civil penalty in the amount of twenty-four thousand dollars (\$24,000.00) shall be made by check payable to the **Tennessee Department of Commerce and Insurance**. Page one (1) of this Consent Order must accompany the payment for reference. Payment in the form of one (1) check in the amount of twenty-four thousand dollars (\$24,000.00), shall be made no later than December 23, 2022, and mailed to the attention of:

**State of Tennessee**  
**Department of Commerce and Insurance**  
**Attn: Lovemore N. Gororo**  
**Davy Crockett Tower**  
**500 James Robertson Parkway**  
**Nashville, Tennessee 37243**

5. The Respondent's failure to comply with the terms of this Consent Order, including the manner and method of payment of the civil penalty described above, shall result in further administrative disciplinary action, including the automatic suspension of the Respondent's resident insurance producer's license number 0692047.

6. **IT IS FURTHER ORDERED** that this Consent Order represents the complete and final resolution of and discharge of all administrative and civil claims, demands, actions, and

causes of action by the Commissioner against the Respondent for violations of the Act with respect to the transactions involved in the above-referenced facts. However, excluded from and not covered by this paragraph, are any claims by the Division arising from or relating to the enforcement of the Consent Order provisions contained herein.


7. This Consent Order is in the public interest and the best interests of the Parties. It represents a settlement of the controversy between the Parties and is for settlement purposes only. By the signatures affixed below, or in two (2) or more counterparts, the Respondent affirmatively states the following: the Respondent freely agreed to the entry and execution of this Consent Order; the Respondent waives the right to a hearing on, or a review of, the matters, the Findings of Fact, and the Conclusions of Law underlying this Consent Order or the enforcement of this Consent Order; and the Respondent encountered no threats or promises of any kind by the Commissioner, the Division, or any agent or representative thereof.

8. By signing this Consent Order, the Commissioner, the Division, and the Respondent 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 as set forth in this Consent Order, are binding upon them.

9. This Consent Order may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. The facsimile, email, or other electronically delivered signatures of the parties shall be deemed to constitute original signatures, and facsimile or electronic copies shall be deemed to constitute duplicate originals.

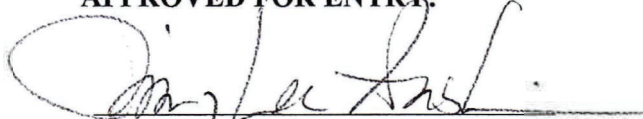


ENTERED AND EXECUTED February 11, 2023.

  
Carter Lawrence (Feb 11, 2023 12:03 CST)

Carter Lawrence, Commissioner  
Department of Commerce and Insurance

APPROVED FOR ENTRY:

  
Jimmy Lee Austin  
Respondent

  
Elizabeth H. Bowling (Nov 8, 2022 12:54 CST)

Elizabeth H. Bowling  
Assistant Commissioner for Securities  
Department of Commerce and Insurance

  
Lovemore N. Gororo (Nov 8, 2022 09:35 CST)

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