

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

TENNESSEE SECURITIES DIVISION)	
)	
Petitioner,)	
)	
vs.)	File No.: 03-013
)	
CUSO EQUITIES, INC. aka "CUE")	
)	
Respondent.)	

CONSENT ORDER

The Tennessee Securities Division (the "Division"), and Cuso Equities, Inc. ("CUE") agree to the entry of this Consent Order in accordance with T.C.A. §48-2-116 of the Tennessee Securities Act of 1980, as amended, T.C.A. §§48-2-101, et seq. (the "Act"), which states that the Commissioner from time to time may make such orders as are necessary to carry out the provisions of the Act.

FINDINGS OF FACT

1 The Tennessee Securities Act of 1980, as amended, T.C.A. §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. T.C.A. §48-2-115.

2. Cuso Equities, Inc. ("CUE") (CRD# 21033) conducts business as a broker-dealer. CUE maintains its primary business address at 3200 N. Central Avenue, Suite 200, Phoenix, Arizona 85012. CUE has never been registered with the Division as a broker-dealer.

3 CUE applied for registration as a broker-dealer with the Division on January 3,

2003. This application is currently pending before the Division.

4. On January 3, 2003, CUE also filed agent registration applications for James D. Horn (CRD #1721412) and Theresa A. Horn (CRD #403069). These applications are currently pending before the Division.

5 Mr. and Mrs. Horn are Maryville, Tennessee residents. Mr. Horn conducts business as an investment advisor under the name Quality Financial Concepts.

6. Beginning in March of 2003, CUE began executing transactions through its Tennessee resident agent, James D. Horn ("Horn"). During the period of time between March of 2003 and June 9, 2003, CUE has executed thirty-seven (37) transactions from, in or into the state of Tennessee through its Tennessee resident agent, Horn.

CUE maintains a publicly accessible internet website located at <http://www.cuefinancial.com>. On this website CUE advertises and offers broker-dealer services to the public. The Horns are listed on the website as CUE's Tennessee representatives.

CONCLUSIONS OF LAW

8. Pursuant to Tennessee Code Annotated Section 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.

9. T.C.A 48-2-112(a)(2)(B) states, in pertinent part, that the Commissioner by order may deny, suspend, or revoke any registration under this part if he finds that the order is in the public interest, necessary for the protection of investors, and if he finds that the applicant or registrant, or in the case of a broker-dealer or investment adviser, any officer, director, or any

person occupying a similar status or performing similar functions has willfully failed to comply with any provision of this part or a predecessor chapter or any rule or order under this part or a predecessor chapter, including, without limitation, any net capital requirements.

10. T.C.A. § 48-2-109(a) states, in pertinent part, that it is unlawful for any person to **transact business from or in this state as a broker-dealer unless the person is registered as a broker-dealer under this part.**

11. T.C.A. § 48-2-109(b) states, 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. The registration of an agent is not effective during any period when the agent is not **associated with a particular broker-dealer registered under this part.**

12. The averments in paragraphs 2 through 7 of this Consent Order, constitute acts by CUE that would provide grounds under T.C.A. § 48-2-112(a)(2)(B) for the entry of an order of **sanctions against the broker-dealer.**

13. T.C.A. 48-2-112(a)(2)(J) states, in pertinent part, that the Commissioner by order may deny, suspend, or revoke any registration under this part if he finds that the order is in the **public interest, necessary for the protection of investors, and if he finds that the applicant or registrant, or in the case of a broker-dealer or investment adviser, any officer, director, or any person occupying a similar status or performing similar functions has failed to reasonably supervise such person's agents if the person is a broker-dealer.**

14. The averments in paragraphs 2 through 7 of this Consent Order, constitute acts by CUE that would provide grounds under T.C.A. § 48-2-112(a)(2)(J) for the entry of an order of **sanctions against the broker-dealer.**

ORDER

NOW, THEREFORE, on the basis of the foregoing, and Cuso Equities, Inc.'s waiver of its right to a hearing and appeal under the Tennessee Securities Act and Tennessee's Uniform Administrative Procedures Act, T.C.A. §§4-5-101 et seq., and the Respondent's admission of jurisdiction of the Commissioner, the Commissioner finds that Cuso Equities, Inc.'s, 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 T.C.A. §48-2-116(a) of the Tennessee Securities Act that:

Cuso Equities, Inc. shall fully comply with the Tennessee Securities Act, as amended, and all rules promulgated thereunder;

2. Cuso Equities, Inc. shall be assessed a civil penalty in the amount of Five Thousand Five Hundred (\$ 5,500.00) dollars. Said civil penalty shall be paid by a check made payable to the Tennessee Department of Commerce and Insurance and mailed to the attention of:

**Broker-Dealer Registration Section
Tennessee Securities Division
500 James Robertson Parkway
Nashville, Tennessee 37243**

3 The pending broker-dealer registration application shall be made effective by the Division upon the satisfaction of the obligations placed upon Cuso Equities, Inc. by the entry of this Consent Order.

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

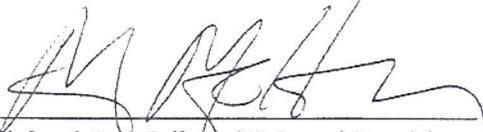
action by the Commissioner against Cuso Equities, Inc. for all violations of the Act alleged by the Tennessee Securities Division to have occurred because of the broker-dealer's lack of registration and employment of an unregistered agent during the period of time between March 2003 and the date of entry of this order.

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 signatures affixed below, Cuso Equities, Inc. affirmatively states that it has freely agreed to the entry of this Consent Order, that it waives its 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.

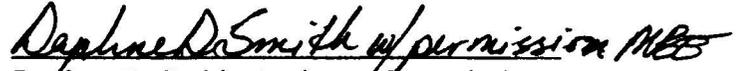
ENTERED this 27th day of June, 2003.

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

APPROVED FOR ENTRY:



Michael R. Melby, CEO and President
Cuso Equities, Inc.



Daphne D. Smith, Assistant Commissioner
Tennessee Securities Division



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