

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

TENNESSEE SECURITIES DIVISION)	
)	
Petitioner,)	
)	File No.: 06-005
vs.)	
)	
HATTIER, SANFORD)	
& REYNOIR, LLP)	
)	
Respondent.)	

CONSENT ORDER

The Tennessee Securities Division (the "Division"), and Hattier, Sanford & Reynoir, LLP (hereinafter occasionally referred to as "HSR") 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.

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 Hattier, Sanford & Reynoir, LLP for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should the Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of the Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

3. Hattier, Sanford & Reynoir, LLP fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against Hattier, Sanford & Reynoir, LLP for acts or omissions not specifically addressed in this Consent Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed, nor does it preclude additional proceedings by the Commissioner against Hattier, Sanford & Reynoir, LLP based upon these facts or transactions herein addressed by some other Division of the Department of Commerce and Insurance.

4. Hattier, Sanford & Reynoir, LLP 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.

5. Hattier, Sanford & Reynoir, LLP fully understands that this Consent Order must be disclosed on the Form BD in the WebCRD.

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 (the “Commissioner”). The Division is the lawful agent through which the Commissioner discharges this responsibility. T.C.A. § 48-2-115.

2. Hattier, Sanford & Reynoir, LLP conducts business as a broker-dealer. HSR maintained its primary business at 201 St. Charles Avenue, Suite 4204, New Orleans, Louisiana 70170. HSR has since moved its primary business to 3340 Players Club Parkway, Suite 150, Memphis, Tennessee 38125. HSR has never been registered with the Division.

3. HSR currently has registration pending with the Division.

4. HSR’s request to register with the Division is based on circumstances resulting from Hurricane Katrina.

5. Hurricane Katrina forced HSR to relocate its business to the Memphis, Tennessee office. The relocation resulted from a suggestion by NASD District 5 staff. Memphis, Tennessee was the suggested location because Michael T. McGinnis (“McGinnis”) and Lowell S. Wilson (“Wilson”), newly equal owners of HSR, were Memphis residents.

6. In its filing for broker-dealer registration, HSR has identified McGinnis and nine (9) others as the initial individuals for whom HSR plans to seek securities agent registration in Tennessee. McGinnis has been previously registered in Tennessee on behalf of broker-dealers unaffiliated with HSR.

7. McGinnis is a resident of Memphis, Tennessee, and eight (8) of the other nine (9) individuals seeking to be registered are residents of State of Tennessee. McGinnis has been employed by HSR since May of 2005.

8. On or about August 25, 2005, HSR began executing transactions as an unregistered broker-dealer in Tennessee. Since August 25, 2005, HSR has executed eight hundred forty-nine (849) transactions while not being registered as a broker-dealer in the State of Tennessee.

CONCLUSIONS OF LAW

9. Pursuant to Tennessee Code Annotated § 48-2-115(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.

10. 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 broker-dealer or investment adviser, any officer, director, or any person occupying a similar status or performing similar functions has willfully violated or 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.

11. 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.

12. The averments in paragraphs 2 and 8 of this Consent Order, constitute acts by HSR 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.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and Hattier, Sanford & Reynoir, LLP's waiver of its rights 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 Hattier, Sanford & Reynoir, LLP, 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:

1. Hattier, Sanford & Reynoir, LLP shall fully comply with the Tennessee Securities Act, as amended, and all rules promulgated thereunder;

2. HSR shall be on probation for a period of one (1) year commencing on the date of entry of this Consent Order.

3. HSR must fulfill the following conditions during the one (1) year probationary period:

- a. File the quarterly FOCUS reports with the Tennessee Securities Division, simultaneously with the routine filing of the reports with the SEC and the NASD;

- b. Immediately transmit any written customer complaint to the Tennessee Securities Division within 24 hours of the firm's receipt of the complaint;
- c. Immediately transmit any written inquiry from any federal or state securities regulator or SRO to the Tennessee Securities Division within 24 hours of the firm's receipt of the inquiry;
- d. Submit to the Tennessee Securities Division a true and exact copy of the firm's Supervisory Procedures Manual;
- e. Submit to the Tennessee Securities Division a true and exact copy of the improvement recommendations made by Securities Resource Professionals, Inc. related to broker-dealer and agent filings; and
- f. Submit to the Tennessee Securities Division satisfactory evidence that enhanced procedures have been implemented to insure that appropriate registrations are obtained in a timely manner and appropriately renewed.

4. During the probationary period, HSR's broker-dealer registration shall be automatically suspended without a hearing conducted pursuant to Tenn. Code Ann. §48-2-116(e) if the firm fails to meet the minimum net capital requirement. The suspension shall be removed upon satisfactory demonstration to the Tennessee Securities Division that the firm has resumed net capital compliance.

5. During the probationary period, HSR's broker-dealer registration shall be automatically suspended for two weeks without a hearing conducted pursuant to Tenn. Code Ann. §48-2-116(e) if any federal or state securities regulator or self-regulatory organization formally commences a regulatory proceeding naming HSR, or its principals.

6. HSR shall be assessed a civil penalty in the amount of \$ 25,000.00 dollars. Said civil penalty shall be paid in four (4) quarterly installments of \$6,250.00 each. The payments shall be by checks 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**

7. The pending broker-dealer registration application shall be made effective by the Division upon confirmed receipt of the first installment payment of the civil penalty. Each successive installment payment must be received by the tenth (10th) day of the first month beginning the quarter in which the payment is due.

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 Hattier, Sanford & Reynoir, LLP 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 August 25, 2005 and the date of entry of this Order.

This Consent Order is in the public interest and in the best interest 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, Hattier, Sanford & Reynoir, LLP affirmatively states that it has freely agreed to the entry of 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 30th day of January, 2007.

Leslie A. Newman

Leslie A. Newman, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:

Michael T. McGinnis

Michael T. McGinnis,
Partner – Principal
Hattier, Sanford & Reynoir, LLP

Daphne D. Smith

Daphne D. Smith, Assistant Commissioner
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