

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

<b>TENNESSEE SECURITIES DIVISION</b>	)	
	)	
<b>Petitioner,</b>	)	
	)	
vs.	)	<b>File No.: 03-011</b>
	)	
<b>JAMES D. HORN D/B/A</b>	)	
<b>QUALITY FINANCIAL CONCEPTS</b>	)	
	)	
<b>Respondent.</b>	)	

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**CONSENT ORDER**

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The Tennessee Securities Division [the "Division"], and James D. Horn d/b/a Quality Financial Concepts ["QFC"] 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. James D. Horn d/b/a Quality Financial Concepts ("QFC") (CRD# 118886) conducts business as an investment advisor. QFC has maintained a primary business address at 115 West Broadway Avenue, Maryville, Tennessee 37801 since approximately August 2001.

QFC has never been registered with the Division as an investment advisor.

3. QFC was domiciled in the state of Texas prior to August 2001, and was registered with the Texas Securities Commission as an investment adviser from December 18, 1995 through December 31, 2002. QFC recently registered as an investment adviser with the Texas Securities Commission on March 12, 2003.

4. QFC applied for investment adviser registration with the Division on March 19, 2003.

5. Since moving offices from the state of Texas in August, 2001, QFC has conducted business as an investment adviser from the state of Tennessee for forty-eight (48) clients residing in nine (9) states.

6. Since moving offices from the state of Texas in August, 2001, QFC has conducted business as an investment adviser in the state of Tennessee for two (2) Tennessee resident clients.

7. QFC maintains a publicly accessible internet website located at <http://www.qualityfinancial.com>. On this website QFC advertises and offers investment advisory services. On the home page of the website, QFC makes the following statement:

**Due to various state regulations and registration requirements concerning the dissemination of information regarding investment products and services, we are currently required to limit access of the following pages to individuals residing in states where we are currently registered.**

**Securities offered is strictly intended for individuals residing in the states Of AL; AZ; CA; GA; IL; KY; MD; MO; NM; OH; TN; TX; VA; WA**

**IMPORTANT CONSUMER INFORMATION**

**A broker-dealer, investment adviser, BD agent, or IA rep may only transact business in a state if first registered, or is excluded or exempt from state broker/dealer, investment adviser, BD agent, or IA registration requirements, as appropriate. Follow-up, individualized responses to**

**persons in a state by such a firm or individual that involve either effecting or attempting to effect transactions in securities, or the rendering of personalized investment advice for compensation, will not be made without first complying with appropriate registration requirements, or an applicable exemption or exclusion. For information concerning the licensing status or disciplinary history of a broker/dealer, investment advisor, BD agent, or IA rep, a consumer should contact his or her state securities law administrator.**

**I acknowledge that I am a resident of one of the states listed above.**

**I am not a resident of one of the states listed above.**

### **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(c) states, in pertinent part, that it is unlawful for any person to transact business from or in this state as an investment adviser unless the person is registered as an investment adviser under this part or required to register as an investment adviser pursuant to

§ 203 of the Investment Advisers Act of 1940, or the person's only clients in this state are insurance companies.

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

### **ORDER**

**NOW, THEREFORE**, on the basis of the foregoing, and James D. Horn d/b/a Quality Financial Concepts' waiver of his 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 James D. Horn d/b/a Quality Financial Concepts, 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. James D. Horn d/b/a Quality Financial Concepts shall fully comply with the Tennessee Securities Act, as amended, and all rules promulgated thereunder;
2. James D. Horn d/b/a Quality Financial Concepts shall be assessed a civil penalty in the amount of Five Thousand Eight Hundred (\$ 5,800.00) 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 investment adviser registration application shall be made effective by the Division upon the satisfaction of the obligations placed upon James D. Horn d/b/a Quality Financial Concepts 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 James D. Horn d/b/a Quality Financial Concepts for all violations of the Act alleged by the Tennessee Securities Division to have occurred because of the investment adviser's lack of registration during the period of time between August 2001 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, James D. Horn d/b/a Quality Financial Concepts affirmatively states that he has freely agreed to the entry of this Consent Order, that he waives his 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 20<sup>th</sup> day of May, 2003.

Paula A. Flowers

Paula A. Flowers, Commissioner  
Department of Commerce and Insurance

**APPROVED FOR ENTRY:**

James D. Horn  
James D. Horn d/b/a  
Quality Financial Concepts

Daphne D. Smith  
Daphne D. Smith, Assistant Commissioner  
Tennessee Securities Division

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