

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

**TENNESSEE SECURITIES DIVISION,**  
    **Petitioner**

**vs.**

**Jeffrey L. Cassman,**  
    **Respondent.**

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**Order No. 08-001**

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**CONSENT ORDER**

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The Tennessee Securities Division ("Division"), and Jeffrey Lynn Cassman ("Cassman"), Respondent herein, 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 Commerce and Insurance ("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 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 of Commerce and Insurance 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.

#### **FINDINGS OF FACT**

1. The Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. § 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. Tenn. Code Ann. § 48-2-115.

2. Respondent, Jeffrey Lynn Cassman, ("Cassman") (CRD# 29853111) is a citizen and resident of Rutherford County, Tennessee. He maintains his address at 2132 Academy Way, LaVergne, Tennessee 37086. Cassman was registered to sell securities through Walnut Street Securities, Inc. (CRD# 15840) until September 12, 2002. Respondent has not been registered to sell securities since that time.

3. Larry M. Kirk ("Kirk") is a citizen and resident of White County, Arkansas. He maintains his address at 182 Dugger Road, Beebe, Arkansas 72012.

4. On September 29, 2005 the Division received a complaint from Kirk alleging that he had entrusted a total of forty-six thousand, five hundred dollars (\$46,500.00) to Cassman for investment in so called "tax liens." Cassman advised Kirk that a tax lien was a claim registered against a property by a government authority for non-payment of taxes and that investments in them were "as safe as municipal bonds."

5. Kirk has never received any interest payments from Cassman, although Cassman informed Kirk that his investment had earned interest. There is no evidence that Cassman used any of these funds to purchase tax liens. Cassman has never returned any of the funds to Kirk.

6. Barry and Esther Vandenberghe ("Vandeborghes") are citizens and residents of Williamson County, Tennessee. They maintain their address at 2199 Springdale Drive, Franklin, Tennessee 37064.

7. On August 11, 2006, the Division received a complaint from the Vandeborghes alleging that they had transferred a total of fifty thousand dollars (\$50,000.00) to Cassman for investment in tax liens in the states of Ohio and New Jersey.

Cassman made similar representations to the Vandeborghes that investments in tax liens were backed by the municipalities or state governments and were "guaranteed."

8. On August 11, 2003, the Vandeborghes received three thousand, seventy-five dollars (\$3,075.00) from Cassman which was described to them as an "interest payment" on their original thirty thousand dollar (\$30,000.00) investment. In fact, this money originated from Kirk's investment of July 9, 2003. There is no evidence that Cassman used any of these funds to purchase tax liens. The Vandeborghes have received no other payments and their principal amount has not been returned.

9. Rose L. Elston ("Elston") is a citizen and resident of Dickson County, Tennessee. She maintains her address at 100 Shady Oak Drive, Dickson, Tennessee 37055. On or about January 29, 2003, Elston paid ten thousand dollars (\$10,000.00) to Cassman for investment in tax liens. On or about June 20, 2003, Elston paid another twenty thousand dollars (\$20,000.00) to Cassman for investment. There is no evidence that Cassman used any of these funds to purchase tax liens. To date, Elston has received no payments from Cassman and her principal has not been returned.

10. Al and Sheila Priebels ("Priebels") are citizens and residents of Dickson County, Tennessee. They maintain their address at 4072 Highway 47 East, White Bluff, Tennessee. On or about February 3, 2003, the Priebels transferred ten thousand dollars (\$10,000.00) to Cassman for investment in Southern Diversified Investments. On or about March 29, 2005, the Priebels transferred twenty thousand dollars (\$20,000.00) to Cassman for investment in Cassman's Golden Legends Productions. There is no evidence that Cassman used any of these funds to purchase tax liens or that any action was ever taken

on Golden Legends Productions. To date, the Priebels have not received any payments from Cassman and their principal has not been returned.

11. William R. Baker ("Baker") is a citizen and resident of Cheatham County, Tennessee. He maintains his address at 121 Marable Street, Ashland City, Tennessee 37015. On or about February 15, 2002, Baker paid an amount in excess of fifty-five thousand dollars (\$55,000.00) to Cassman for investment in tax liens. There is no evidence that Cassman used any of these funds to purchase tax liens. Baker has received no payments from Cassman and his principal has not been returned.

#### **CONCLUSIONS OF LAW**

12. 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.

13. Tennessee Code Annotated § 48-2-104 states that 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.

14. Tennessee Code Annotated § 48-2-109(a) states 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.

15. Tennessee Code Annotated § 48-2-121(a) states that it is unlawful for any person, in connection with the offer, sale or purchase of any security in this state, directly

or indirectly, to: (1) employ any device, scheme, or artifice to defraud; (2) make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; or (3) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

16. The averments in paragraphs one – eleven of this Consent Order, constitute practices by Jeffrey Lynn Cassman which would provide grounds under Tenn. Code Ann. § 48-2-104 for the entry of an order of sanctions.

17. The averments in paragraphs one – eleven of this Consent Order, constitute practices by Jeffrey Lynn Cassman which would provide grounds under Tenn. Code Ann. § 48-2-109(a) for the entry of an order of sanctions.

18. The averments in paragraphs one – eleven of this Consent Order, constitute practices by Jeffrey Lynn Cassman which would provide grounds under Tenn. Code Ann. § 48-2-121(a)(1)(2)(3), for the entry of an order of sanctions.

### ORDER

**NOW, THEREFORE**, on the basis of the foregoing, and Respondent's waiver of the right to a hearing and appeal under the Tennessee Securities Act and Tennessee's Uniform Administrative Procedures Act, Tenn. Code Ann. § 4-5-101 *et seq.*, and Respondent's admission of jurisdiction of the Commissioner, the Commissioner finds that Respondent, 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 Tennessee Code Annotated § 48-2-116(a) of the Tennessee Securities Act that:

1. Respondent, Jeffery Lynn Cassman, **IS ORDERED TO AND AGREES** to cease and desist in any further conduct as a broker-dealer, agent of a broker-dealer, investment adviser, or investment adviser representative from or in the state of Tennessee, beginning on the date this Consent Order is executed by the Commissioner for the Department of Commerce and Insurance.

2. Respondent, Jeffrey Lynn Cassman, shall be permanently barred from applying for or seeking registration with the Division as a broker-dealer, agent of a broker-dealer, investment adviser, or investment adviser representative, beginning on the date this Consent Order is executed by the Commissioner for the Department of Commerce and Insurance.

3. Respondent, Jeffrey Lynn Cassman, shall be permanently barred from applying for or seeking licensure as an insurance producer with the Insurance Division of the Department of Commerce and Insurance, beginning on the date this Consent Order is executed by the Commissioner for the Department of Commerce and Insurance.

4. Respondent, Jeffrey Lynn Cassman, is hereby **ASSESSED** civil penalties in the amount of sixty-thousand dollars (\$60,000.00). Said sum shall be due and payable upon execution of this document by the Commissioner for the Department of Commerce and Insurance. Payment, in the form of a cashier's check or money order, ***made payable to the State of Tennessee***, shall be mailed to:

State of Tennessee  
Department of Commerce and Insurance  
Securities Division  
Attention: Broker Dealer Section  
500 James Robertson Parkway, Room 680  
Nashville, Tennessee 37243.

5. Respondent, Jeffrey Lynn Cassman, **IS ORDERED TO AND AGREES** to pay restitution, in the amount of one hundred, ninety-one thousand, five hundred dollars (\$191,500.00) to be paid as indicated in the schedule as set out in "Exhibit A" to this Consent Order, with payment due upon execution of this document by the Commissioner for the Department of Commerce and Insurance. Payment in the form of a money order or cashier's check shall be mailed or delivered to the individuals identified in Exhibit A.

Proof of each such payment shall be mailed or delivered within 10 days of payment to:

State of Tennessee  
Department of Commerce and Insurance  
Securities Division  
Attention: Enforcement Division  
500 James Robertson Parkway, Room 680  
Nashville, Tennessee 37243.

5. Respondent hereby **AGREES** that failure to comply with all the requirements and prohibitions contained in this Order may result in further enforcement action by the Division, the Department of Commerce and Insurance, and/or the State of Tennessee in order to enforce the provisions contained herein.

6. Respondent further **AGREES** that failure to comply with the payment requirements contained in this Order may result in the forfeiture of the "Exhibit A" schedule



of payments and therefore the total amount of all assessments shall become due and payable in full, immediately.

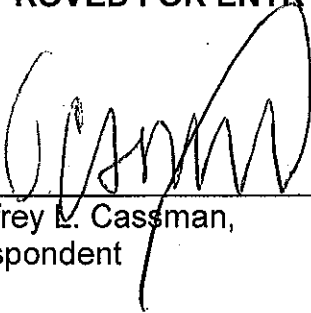
**IT IS ORDERED** that this Order represents the complete and final resolution of, and discharge with respect to all administrative and civil, claims, demands, actions and causes of action by the Commissioner against Jeffrey Lynn Cassman for violations of the Act alleged by the Tennessee Securities Division to have occurred with respect to the facts contained herein.

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 signature affixed below, Jeffrey Lynn Cassman, affirmatively states that he has freely agreed to the entry of this Consent Order, that he waives the 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 28<sup>th</sup> day of February, 2008.

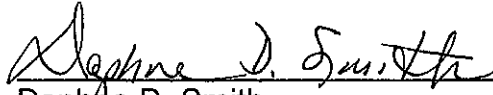
Leslie A. Newman  
Leslie A. Newman, Commissioner  
Department of Commerce and Insurance

**APPROVED FOR ENTRY:**



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Jeffrey L. Cassman,  
Respondent



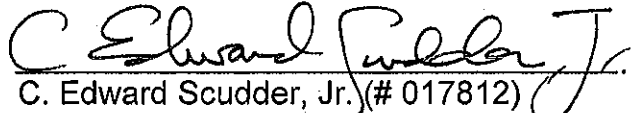
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Daphne D. Smith,  
Assistant Commissioner for Securities  
Department of Commerce and Insurance



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(615) 259-2300



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C. Edward Scudder, Jr. (# 017812)  
Assistant General Counsel - Securities Division  
Department of Commerce and Insurance  
500 James Robertson Parkway, 12th Floor  
Nashville, Tennessee 37243  
(615) 253-1378

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EXHIBIT A

Barry and Esther Vandenberghe	\$ 50,000.00
Jerry and Rose Elston	20,000.00
Larry Kirk	46,500.00
Al and Sheila Priebe	20,000.00
William Baker	55,000.00
TOTAL	\$ 191,500.00