

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

**IN THE MATTER OF:** )  
 ) **No.: 00-013**  
**LEGENDS RESORTS, INC.,** )  
**LEGENDS ENTERTAINMENT GROUP, INC.,** )  
**and BUEL E. LOMBARD** )

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**CONSENT ORDER**

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The Tennessee Securities Division (hereinafter the "Division"), Legends Resorts, Inc. (Hereinafter referred to as "LRI"), Legends Entertainment Group, Inc. (hereinafter referred to as "LEGI"), and Buel E. Lombard (hereinafter referred to as "Lombard") agree to the entry of this Consent Order in accordance with the Tenn. Code Ann. § 48-2-116 of the Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-2-101, *et seq.*, which states that the Commissioner of Commerce and Insurance from time to time may make such orders as are necessary to carry out the provisions of the Act.

**FINDINGS OF FACT**

The Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-2-101, *et seq.* (hereinafter the "Act"), places the responsibility for the administration of the Act on the Commissioner of Commerce and Insurance (hereinafter the "Commissioner"). The Division is the lawful agent through which the Commissioner discharges this responsibility. Tenn. Code Ann. § 48-2-115

2. LRI is a business entity whose principal place of business is 509 Emerald Avenue, P. O. Box 758, Kodak, Tennessee 37764. LRI made a notice filing of an exempted offering pursuant to Tenn. Code Ann. § 48-2-103(b)(11) on June 5, 1995

3. LEGI is a business entity whose principal place of business is 509 Emerald Avenue, P. O. Box 758, Kodak, Tennessee 37764. LEGI has never registered a securities offering with the Division.

3 Lombard is a citizen and resident of the State of Tennessee with his residence located at 509 Emerald Avenue, Kodak, Tennessee 37764. Lombard has never been registered with the Division as a broker-dealer, or as an agent of a broker-dealer.

4. LEGI, and Lombard have engaged in the offer and sale of stock in LEGI. This stock is not registered with the Division. Furthermore, LRI, LEGI, and Lombard have made false statements of material fact in furtherance of the offer and/or sale of the stock of LRI and LEGI.

5 LEGI and Lombard admit that their actions were in violation of Tenn. Code Ann. § 48-2-104. Lombard admits that his actions were also in violation of Tenn. Code Ann. § 48-2-109(a). LRI, LEGI and Lombard admit that their actions were in violation of Tenn. Code Ann. § 48-2-121. LRI, LEGI, and Lombard hereby also acknowledge the Commissioner's authority to administer said statute and concede that the Commissioner's interpretation of the statute is reasonable and enforceable. Therefore, LRI, LEGI, and Lombard, in order to avoid any further expenses or costs associated with litigating this matter, hereby desire to enter into this Consent Order.

#### **CONCLUSIONS OF LAW**

6. Pursuant to Tennessee Code Annotated § 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.

7. Pursuant to Tennessee Code Annotated § 48-2-116, the Commissioner may make, promulgate, amend, and rescind such orders as are necessary to carry out the provisions of this Act

and 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 provision of the Act. Cease and Desist orders have been held to be proper orders issued under this part. *Wolcotts Financial Services, Inc., v. McReynolds*, 807 S.W.2d 708 (Tenn. App. 1990).

8. Tennessee Code Annotated § 48-2-104, states that “it is unlawful for any person to sell any security in this state unless it is registered under this part, the security transaction is exempted under § 48-2-103, or the security is a covered security.”

9. 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.”

10. Tennessee Code Annotated § 48-2-121, states that “it is unlawful for any person, in connection with the sale or purchase of any security in this state, directly or indirectly, to make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.”

Based upon the Findings of Fact cited above and the Conclusions of Law contained herein, the Commissioner considers the actions of LRI to be in violation of Tenn. Code Ann. § 48-2-121, the actions of LEGI to be in violation of Tenn. Code Ann. §§ 48-2-104, and 48-2-121, and the actions of Lombard to be in violation of Tenn. Code Ann. §§ 48-2-104, 48-2-109(a), and 48-2-121 and to provide grounds for imposition of sanctions set forth under same.

### **ORDER**

**NOW, THEREFORE**, on the basis of the foregoing, and the waiver by LRI, LEGI, and Lombard of their rights to a hearing and appeal under the Tennessee Securities Act and Tennessee’s

Uniform Administrative Procedures Act, Tennessee Code Annotated §§ 4-5-101 *et seq.*, and the admission by LRI, LEGI, and Lombard of the jurisdiction of the Commissioner, the Commissioner finds that LRI, LEGI, and Lombard have consented to the entry of this Order and that this 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 of the Tennessee Securities Act that:

1. LEGI, and Lombard shall cease and desist from any further offer and/or sale of any security from or in the State of Tennessee, until such time at which the security offered and/or sold is granted registration by the Commissioner in this state.

2. Lombard shall cease and desist from any further sale of any security from or in the State of Tennessee, until such time at which they are granted registration by the Commissioner as a broker-dealer or an agent of a broker-dealer in this state.

3. LRI, LEGI, and Lombard shall cease and desist all further violations of the anti-fraud provisions of the Tennessee Securities Act, including Tenn. Code Ann. § 48-2-121

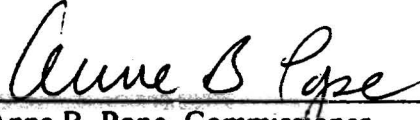
**IT IS FURTHER ORDERED** that this Order represents the complete and final resolution of, and discharge with respect to all administrative and civil, claims, demands, actions and causes of action by the Commissioner against LRI, LEGI, and Lombard for violations of the Act.

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, LRI, LEGI, and Lombard affirmatively state that they have freely agree to the entry of this Consent Order, that it has been advised that they may consult legal counsel in this matter, and have had the opportunity to consult with legal counsel should

they have desired to do so, that they waive their 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.

**SO ORDERED.**

Entered this the 25<sup>th</sup> day of October, 2000.

  
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Anne B. Pope, Commissioner  
Department of Commerce and Insurance

**APPROVED FOR ENTRY:**

Legends Resort, Inc

*Buel E. Lombard*  
By: *President*  
Title:

Legends Entertainment Group, Inc

*Buel E. Lombard*  
By: *President*  
Title:

*Buel E. Lombard*  
Buel E. Lombard  
Respondent

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

*John F. Morris*  
John F. Morris (BPR #019144)  
Staff Attorney  
Twenty Fifth Floor, William Snodgrass Tower  
312 Eighth Avenue North  
Nashville, Tennessee 37243  
615 741 2199