

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. The Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner for the Department 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. Ronald Mashburn (“Mashburn”) is believed to be an employee, agent, officer, director, owner or other affiliated person of McCarn’s Allstate Finance, Inc. (“MAF”). Mashburn maintains his address at 4 Ward Rd., Loretto, TN 38469. Mashburn was not and is not registered with the Division in any capacity pursuant to the Act.

3. On September 22, 2000, Eugene Mashburn went out to dinner with his brother, Ronald Mashburn. Ronald Mashburn told his brother about an investment. The investment opportunity was a high-interest promissory note available through MAF. Mashburn had learned about the investment opportunity from Raymond Mercer (“Mercer”). The only knowledge that Mashburn had about the investment opportunity through McCarn’s Allstate Finance, Inc. stemmed from representations made in the “Your Partner in Money” brochure produced by McCarn’s Allstate Finance, Inc. and representations made by Mercer.

4. Eugene Mashburn met with Mercer (“Mercer”), who was a business associate of Ronald Mashburn, and Mashburn at Dixon Insurance Agency.

5. Mercer and Mashburn visited with Eugene Mashburn about the investment opportunity. Eugene Mashburn was told that the investment paid 9% interest. Eugene Mashburn was told that the money he invested was supposed to be used to loan to car dealers. Eugene Mashburn was told by Mercer that the investment through MAF was heavily insured. The statements made to Eugene Mashburn were untrue.

6. On September 28, 2000, Mercer faxed papers to Dixon Insurance Agency

related to MAF. The papers included a promissory note. Eugene Mashburn invested \$71,208.51 in the MAF promissory note. Peggy Dixon (“Dixon”) completed the paperwork necessary for the original investment. The note was renewed once on June 28, 2001.

7. Dixon received a commission from MAF through Mercer for the sale and referral. Both Dixon and Mashburn shared in the commission.

8. The MAF promissory notes are a security under the Act. At the time of the sale to Eugene Mashburn, the MAF promissory notes were not registered with the Division pursuant to the Act. At the time of the sale to Eugene Mashburn, Ronald Mashburn was not a registered agent or broker-dealer with the Division pursuant to the Act.

9. Mashburn offered to sell and sold a MAF high-interest promissory note, which note was a security under the Act, at a time when Mashburn was not registered with the Division pursuant to the Act as a broker-dealer or agent of a broker-dealer. Mashburn offered to sell and sold a MAF high-interest promissory note, which note was a security required to be registered under the Act, at a time when the promissory note was not registered with the Division pursuant to the Act.

CONCLUSIONS OF LAW

10. 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.

11. Tennessee Code Annotated §48-2-104(a) provides that it is unlawful for any person to sell any security in this state unless (1) it is registered, (2) the security or

transaction is exempted under Tenn. Code Ann. §48-2-103, or (3) the security is a covered security.

12. Tennessee Code Annotated §48-2-109(a) provides that it is unlawful for any person to transact business from or in this state as a broker-dealer or agent or investment advisor unless such person is registered as a broker-dealer or agent or investment advisor under this part.

13. The averments in paragraphs two - nine of this Consent Order constitute practices by Ronald Mashburn, which would provide grounds under Tenn. Code Ann. § 48-2-104 for the entry of an order of sanctions against Ronald Mashburn.

14. The averments in paragraphs two - nine of this Consent Order constitute practices by Ronald Mashburn, which would provide grounds under Tenn. Code Ann. § 48-2-109(a) for the entry of an order of sanctions against Ronald Mashburn.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and the Respondent's waiver of 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 the Respondent's admission of jurisdiction of the Commissioner, the Commissioner finds that Respondent, Ronald Mashburn, for the purpose of settling this matter, admit 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 IS ORDERED AND AGREES to fully comply with the Tennessee Securities Act, as amended, and all rules promulgated thereunder;

2. Respondent IS ORDERED AND AGREES to permanently cease and desist in further conduct as a broker-dealer and/or agent of a broker-dealer from, into, or in the State of Tennessee.

3. Respondent IS ORDERED AND AGREES to permanently cease and desist offering to sell or selling securities from, into, or in the State of Tennessee.

4. Respondent IS ORDERED AND AGREES to permanently cease and desist from committing violations of the Tennessee Securities Act of 1980, as amended.

5. Respondent IS ORDERED AND AGREES that should any Respondent seek registration with the Division as a broker-dealer, agent of a broker-dealer, investment adviser, or agent of an investment adviser, such Respondent shall state on Form U-4 this action, pursuant to the instructions of said form and as required by the NASD, and file the appropriate Disclosure Reporting Page to disclose the details of this filed administrative action. Respondent IS FURTHER ORDERED AND AGREES that disclosure of the existence and terms of this Consent Order shall be disclosed in any offer to sell, private placement memoranda, or other sales tool which in any manner relates to the issuance, sale, or offer to sell a security.

6. Respondent is hereby ORDERED TO DISGORGE profits related to the sale to Eugene Mashburn in the amount of two thousand dollars (\$2,000.00). Said disgorged funds shall be paid to Eugene Mashburn as partial restitution. Said disgorged funds shall be due and paid in full upon execution of this document, but in no event later than February

25, 2005. Payment in the form of a money order or cashier's check shall be mailed or delivered to:

Eugene Mashburn
170 Shackelford Rd.
Leoma, Tennessee 38468.

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

Securities Division
Attention: Michele K. Elliott, Staff Attorney
500 James Robertson Parkway, 5th Floor
Nashville, Tennessee 37243.

7. Respondent IS ORDERED AND AGREES to pay one thousand dollars (\$1,000.00) to the State of Tennessee Investor Education Fund. Said sum shall be due and paid in full upon execution of this document, but in no event later than February 25, 2005. Payment in the form of a money order or cashier's check, made payable to the State of Tennessee Investor Education Fund, shall be mailed or delivered to:

State of Tennessee
Department of Commerce and Insurance
Securities Division
Attention: Michele K. Elliott, Staff Attorney
500 James Robertson Parkway, 5th Floor
Nashville, Tennessee 37243.

8. Respondent hereby AGREES AND ACKNOWLEDGES AND IT IS ORDERED that failure to comply with all of the requirements and prohibitions contained in this Order shall result in the denial of any application by Respondent for any registration and/or licensure of any type, which registration and/or licensure is administered by the Division of Securities and/or the Department of Commerce and Insurance.

Execution of this Consent Order is due on or before January 14, 2005.

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 Securities Division against Ronald Mashburn for violations of the Tennessee Securities Act of 1980, as amended, alleged to have occurred with respect to facts contained herein. Nothing herein may be construed as preventing a separate division or section of the Department of Commerce and Insurance or a separate entity of the State of Tennessee from taking other appropriate action against the Respondent based on the Findings of Fact and Conclusions of Law enumerated herein or the existence of this executed Consent 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 signature affixed below, Ronald Mashburn 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 2nd day of January, 2005.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:

Ronald Mashburn

Ronald Mashburn

Daphne D. Smith

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

Michele K. Elliott

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