

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

TENNESSEE SECURITIES DIVISION,)
Petitioner)
vs.)
RUSSELL HUNT,)
Respondents)

Order No. 04-010

CONSENT ORDER

The Tennessee Securities Division ("Division"), and Russell Hunt, Respondent herein, agrees to the entry of this Agreed 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 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. The Respondent, Russell Hunt (hereinafter referred to as "Hunt"), is a citizen and resident of Tennessee, who may be contacted through his attorney, Carson William Beck, Esq., at 4205 Gallatin Road, Nashville, TN 37216-2111. Hunt was a Director, Officer, Proprietor, and/or other controlling or affiliated person of Ikon Development Corporation. Hunt is not currently registered with the Division as a broker-dealer or agent of a broker-dealer or investment adviser in Tennessee.

3. On June 5, 2001, the Division received a complaint from an investor

regarding Ikon Development Corporation (hereinafter "Ikon"), Mr. Randall James (hereinafter "James"), and Dr. Russell Hunt. The complaint involved an inquiry to the legitimacy of IKON, as the complainant had invested monies for the purchase of shares in IKON, which he had never received.

4. Dr. Hal Farmer, the complainant who is a citizen and resident of the State of Tennessee, informed the Division that he had been approached by Hunt about investing in Ikon. Dr. Farmer stated that Hunt represented to him that the company's prospects were excellent and that another company would soon acquire Ikon. When the acquisition took place, the value of investments made would increase by ten times. Based on the information, an investment of \$5,000 for the purchase of 500 shares of Ikon stock was made. Farmer received a stock certificate which was signed by Randall James and Russell Hunt.

5. Dr. Farmer states that Hunt approached him again with an additional request for investment in Ikon. Dr. Farmer states that Hunt advised that Randall James, who was also involved in Ikon, was trying to sell some of his shares of stock. Dr. Farmer purchased an additional 500 shares of Ikon stock for \$500.00. Dr. Farmer never received a stock certificate for these shares.

6. Through the course of the investigation, another investor by the name of Timothy Clark, who is also a citizen and resident of the State of Tennessee, provided deposition testimony. Mr. Clark testified that Hunt approached him regarding the investment opportunity in Ikon. As a result of the information provided by Hunt, as well as information later provided by Randall James in a personal meeting, Mr. Clark invested

\$10,000 for the purchase of 1,000 shares of Ikon stock. The stock certificate received by Mr. Clark is signed by Russell Hunt and Randall James.

7. Investigation revealed that neither James nor Hunt was registered as broker-dealers, agents of broker-dealers, or investment advisers. Investigation additionally revealed that no securities related to Ikon Development Corporation had been registered with the Division.

CONCLUSIONS OF LAW

8. 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.

9. 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, agent of a broker-dealer, or investment adviser unless such person is registered as a broker-dealer, agent of a broker-dealer, or investment adviser under this part.

10. Tennessee Code Annotated §48-2-109(b) provides that it is unlawful for any broker-dealer to employ an agent to transact business as an agent unless the agent is registered under this part.

11. Tennessee Code Annotated §48-2-104 provides 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, or (3) the security is a covered security.

12. The averments in paragraphs two - seven of this Consent Order, constitute practices by Hunt which would provide grounds under Tenn. Code Ann. §48-2-109 for the entry of an order of sanctions against Hunt.

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

ORDER

NOW, THEREFORE, on the basis of the foregoing, and Russell Hunt's waiver of his 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 Russell Hunt's admission of jurisdiction of the Commissioner, the Commissioner finds that Russell Hunt, 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. Respondents shall fully comply with the Tennessee Securities Act, as amended, and all rules promulgated thereunder;

2. Respondent shall cease and desist from participating in any manner as a broker-dealer, an agent of a broker-dealer, an investment adviser, and/or issuer of securities in the State of Tennessee until such time as he is effectively registered with the Division to engage in such activity.

3. Respondent agrees to testify truthfully against Randall James should Randall James not resolve this matter with the Division amicably in the event that further action is brought by the Department of Commerce and Insurance, Division of Securities, or any other enforcement agency, whether civilly, administratively, or criminally.

4. Russell Hunt is hereby **ASSESSED** a civil penalty in the amount of five thousand two hundred and fifty dollars (\$5,250.00). Said sum shall be due and paid in full upon execution of this document, but in no event later than July 1, 2004. Payment shall be by money order, cashier's check, or attorney trust fund check, and it 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.

5. Respondent is **ORDERED** to pay restitution as follows:

- a. Debra Wallace Farmer: \$2,500.00
127 Caldwell Drive
Hendersonville, TN 37075;
- b. Timothy Clark: \$10,000.00
c/o James Bryan Lewis
Attorney at Law
217 Second Avenue North
Nashville, TN 37201.

Said restitution amounts shall be paid directly to the recipients named above upon mutual release and terms agreed upon contemporaneously with this Order, which terms shall not conflict with the terms of this Consent Order. Respondent agrees that failure to

comply with the payment of restitution shall result in the permanent denial of any application by Respondent for any type of registration with the Division of Securities and/or with the Department of Commerce and Insurance. Respondent is ORDERED to provide proof of settlement of the restitution ordered within 15 days of the signing of this Consent Order.

6. Respondent is hereby ORDERED to pay the one-half of the costs of the investigation in the amount of one thousand four hundred and eight dollars (\$1,408.00). Said sum shall be due and paid in full upon execution of this document, but in no event later than July 1, 2004. Payment in the form of a cashier's check or money order made payable to the order of the Department of Commerce and Insurance 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.

7. Respondent hereby agrees that his failure to comply with all the requirements and prohibitions contained in this Order shall result in the denial of any application by Respondent for registration with the Division.

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 Russell Hunt for violations of the Act alleged by the Tennessee Securities Division to have occurred with respect to transactions involving 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, Russell Hunt 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 9th day of July, 2004.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:

Russell Hunt 6/21/04
Russell Hunt

Daphne D. Smith

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

William Carson Beck
William Carson Beck (BPR # 18334)
Attorney for Russell Hunt

Michele K. Elliott
Michele K. Elliott (#022618)
Staff Attorney
Department of Commerce and Insurance