

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

<b>TENNESSEE SECURITIES and</b>	)	
<b>INSURANCE DIVISIONS,</b>	)	
<b>Petitioners,</b>	)	
<b>v.</b>	)	
<b>HENRY JOHN "TRAE" WIENIEWITZ III,</b>	)	
<b>Respondent.</b>	)	

**Docket No. 12.01-156173J**

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**AGREED FINAL ORDER**

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The Tennessee Securities and Insurance Divisions of the Tennessee Department of Commerce and Insurance ("TSD" and "TID, respectively), and Henry John "Trae" Wieniewitz III ("Respondent"), stipulate and agree, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance ("Commissioner") as follows:

**GENERAL STIPULTIONS**

1. It is expressly understood that this Agreed Final Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry and execution of the Commissioner. Execution of this Agreed Final Order by the Commissioner shall occur when the Commissioner signs and dates this Agreed Final Order.

2. This Agreed Final Order is executed by the Respondent for the purpose of avoiding further administrative action with respect to this cause, currently continued indefinitely. Further, should this Agreed Final Order not be accepted by the Commissioner, it is agreed that presentation

to and consideration of this Agreed Final Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

3. The Respondent fully understands that this Agreed Final Order will in no way preclude additional proceedings by the Commissioner for acts and/or omissions not specifically addressed in this Agreed Final Order, or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

4. Other than this proceeding brought by the Commissioner for violations of Title 56 and Title 48 of Tennessee Code Annotated addressed specifically in this Agreed Final Order, the Respondent fully understands that this Agreed Final Order will in no way preclude proceedings by state or local officers, agencies, or civil or criminal law enforcement authorities against the Respondent for violations of law under statutes, rules, or regulations of the State of Tennessee, which may arise out of the facts, acts, or omissions contained in the Statements of Fact and Conclusions of Law stated herein, or which arise as a result of the entry and execution of this Agreed Final Order by the Respondent.

5. The Respondent expressly waives all further procedural steps, and expressly waives the right to seek judicial review of or to otherwise challenge or contest the validity of this Agreed Final Order, the stipulations and imposition of discipline contained herein, and the consideration and entry and execution of this Agreed Final Order.

6. This Agreed Final Order will become effective on the date it is filed with the Administrative Procedures Division of the Tennessee Secretary of State.

### **AUTHORITY AND JURISDICTION**

7. The Commissioner has jurisdiction over this matter pursuant to Tenn. Code Ann. §§ 56-1-101, 56-1-202, and 56-6-112 (“ Law”) and Tenn. Code Ann. §§ 48-1-101 to 48-1-201 (“Act”). The Law and Act places on the Commissioner the responsibility of the administration of its provisions.

### **PARTIES**

8. The TSD and the TID are the lawful agents through which the Commissioner administers the Law and Act and are authorized to bring this action for the protection of the public.

9. The Respondent is a citizen and resident of the State of Tennessee, with a residential address of 8558 River Club Way, Knoxville, Tennessee 37922. The Respondent was previously a registered representative, but filed to terminate that registration in November 2018 and is now barred by the Securities Exchange Commission of the United States (“SEC”). The Respondent is also licensed as a Tennessee insurance producer, license number 0937140 with an expiration date of January 31, 2021.

### **STATEMENTS OF FACT**

10. In December 2017, a referral was made to the Financial Services Investigations Unit (“FSIU”) concerning the Respondent. The referral concerned the statements made in a deposition with the Tennessee Attorney General’s Office and revealed that the Respondent referred eight (8) of his Tennessee clients to the Respondent’s close friend in Louisiana, Chris Dantin (“Dantin”). Dantin is the owner of National Pension Services a/k/a National QDRO Services (“National”).

11. National then prepared a qualified domestic relations order (QDRO) for the referred clients and did so without review or use of a licensed Tennessee attorney. Once prepared and approved by a Tennessee Court, the Respondent instructed clients that the Respondent would invest the funds in a more profitable investment.

12. In the sworn deposition before Travis Brown, an attorney with the State of Tennessee Attorney General Consumer Protection and Advocate Division, the Respondent provided documents concerning these investments wherein the potential client was told, "The process has been legally vetted so there is no question about it being legal or compliant. We will provide proof of this in the training. This is not a loophole in the law, it has been part of the code for 30 years. Also, this is a nationally recognized compliant transaction." The Respondent admitted that he did not have a Tennessee attorney review the process before recommending his clients to use National. The Respondent further admitted he relied on his friend Dantin that the process was legal. Dantin is not an attorney, nor did he consult with a Tennessee attorney. The Respondent further admitted he never spoke to a licensed attorney concerning the legality of using a QDRO in Tennessee when not seeking a divorce.

13. An investigation of this matter revealed that for most of the eight (8) Tennessee clients, the QDRO prepared by National was not completed or approved by the appropriate judge. However, for one client, Chris and Cheryl Woody ("the Woodys") of Kingston, Tennessee, the QDRO was completed. The Woodys' 401k was cashed out and placed in an annuity with Allianz Insurance. On a later date, forty-three thousand dollars ("\$43,000") was withdrawn and invested in 1<sup>st</sup> Global Capital, LLC ("Global").

14. Global does not offer securities that have been registered with the SEC nor are its securities registered with the Division. Global has filed for Chapter 11 bankruptcy.

15. Global's bankruptcy filing listed the top twenty (20) unsecured creditors. Of those twenty (20), eight (8) were Tennessee investors. All eight (8) confirmed that the Respondent was the advisor who made the recommendation of these investments with Global to the clients. Concerning these investments, lawsuits have been filed against the Respondent in Knox County Circuit Court.

16. On July 18, 2019, the SEC issued an Order against the Respondent. This Order incorporated a settlement with the following facts:

- a. From February 2016 through July 2018, the Respondent, through ownership and control of Wieniewitz Financial, acted as an unregistered broker or dealer selling the securities of Woodbridge Group of Companies ("Woodbridge").
- b. A final consent judgment was entered on July 15, 2019, enjoining the Respondent from future violations of the Securities Act of 1933. ("July 2019 Order")
- c. The July 2019 Order barred the Respondent from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.
- d. The July 2019 Order further barred the Respondent from participating in any offering of a penny stock, acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes

of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

17. During the time the Respondent acted as an unregistered broker, and was selling the securities of Woodbridge, the Respondent sold these securities to residents of Tennessee. At the time of these sales, Woodbridge was not registered anywhere in the United States.

18. On May 1, 2019, the State of Alabama Securities Commission issued an Administrative Cease and Desist Order against the Respondent based on the Respondent's sales of the unregistered Woodbridge securities offerings.

19. On August 14, 2019, the United States District Court of the Southern District of Florida entered a consent judgement against the Respondent. The order incorporated a settlement finding that the Respondent is liable to the SEC in the amount of three million, five hundred nineteen thousand dollars (\$3,519,000), representing profits gained and prejudgment interest on disgorgement two hundred fourteen thousand, one hundred two dollars (\$214,102), and a civil penalty of one hundred fifty thousand dollars (\$150,000) for violations of Section 20(d) and Section 21(d)(3) of the Securities Exchange Act of 1934.

20. From October 2017 to August 2018, the Respondent offered sales of unregistered securities in an Alabama company, Prominence Homes, LLC ("Prominence"). The Respondent offered these unregistered securities to residents of Alabama and Tennessee, as well as other states, and benefitted from at least six (6) investments in Prominence.

### CONCLUSIONS OF LAW

21. Tenn. Code Ann. § 48-1-112 provides, in pertinent part:

(a) The commissioner may by order deny, suspend, or revoke any registration under this part if the commissioner finds that:

(1) The order is in the public interest and necessary for the protection of investors; and

(2) The applicant or registrant or, in the case of a broker-dealer or investment adviser, any affiliate, partner, officer, director, or any person occupying a similar status or performing similar functions:

...

(F)(i)(a) Is the subject of any order entered within the past ten (10) years by the securities administrator of any other jurisdiction or by the securities and exchange commission or any other federal or state agency having jurisdiction over investment-related businesses:

(1) Denying or revoking any registration as a broker-dealer, agent, investment adviser, or investment adviser representative, or the substantial equivalent of those terms as defined in this part; or

(2) Ordering such person to cease and desist from any conduct or practice involving any aspect of the securities business or any investment-related business based on findings of fraud, deceit, or misrepresentation or violations of laws similar to § 48-1-121(a) or (b);

...

(G) Has engaged in dishonest or unethical practices in the securities business[;]

22. Tenn. Code Ann. § 48-1-121 provides in pertinent part:

(a) 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 the light of the circumstances under which they were 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.
- (b) It is unlawful for any person who receives any consideration from another person primarily for advising the other person as to the value of securities their purchase or sale, whether through the issuance of analyses or reports or otherwise, in this state to:
  - (1) Employ any device, scheme, or artifice to defraud the other person;
  - (2) Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the other person; or
  - (3) Take or have custody of any securities or funds of any client except as the commissioner may by rule permit or unless the person is licensed as a broker-dealer under this part.

23. Tenn. Code Ann. § 48-1-104 provides in pertinent part:

(a) 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 § 48-1-103; or
- (3) The security is a covered security.

24. TENN. CODE ANN. §§ 56-6-112 providing in pertinent part:

(a) The Commissioner may place on probation, suspend, revoke, or refuse to issue or renew a license issued under Title 56, Chapter 6, Part 1, or issue a civil penalty for the following reasons:

...

(2) Violating any law, rule, regulation, subpoena or order of the commissioner or of another state's commissioner;

...

(8) Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere;

...

Tenn. Code Ann. § 56-6-112 further states in pertinent part:

...

(c) The commissioner shall retain the authority to enforce this part and impose any penalty or remedy authorized by this part and this title against any person who is under investigation for or charged with a violation of this part or this title, even if the person's license has been surrendered or has lapsed by operation of law.

....

(g) If ... the commissioner finds that any person required to be licensed, permitted, or authorized by the division of insurance pursuant to this chapter has violated any statute, rule or order, the commissioner may, at the commissioner's discretion, order:

(1) The person to cease and desist from engaging in the act or practice giving rise to the violation;

(2) Payment of a monetary penalty of not more than one thousand dollars (\$1,000) for each violation, but not to exceed an aggregate penalty of one hundred thousand dollars (\$100,000). This subsection (g)(2) shall not apply where a statute or rule specifically provides for other civil penalties for the violation. For purposes of this subdivision (g)(2), each day of continued violation shall constitute a separate violation; and

(3) The suspension or revocation of the person's license.

(h) In determining the amount of penalty to assess under this section, the commissioner shall consider:

(1) Whether the person could reasonably have interpreted such person's actions to be in compliance with the obligations required by a statute, rule or order;

(2) Whether the amount imposed will be a substantial economic deterrent to the violator;

(3) The circumstances leading to the violation;

- (4) The severity of the violation and the risk of harm to the public;
- (5) The economic benefits gained by the violator as a result of noncompliance;
- (6) The interest of the public; and
- (7) The person's efforts to cure the violation.

Without admitting or denying the allegations and conclusions of law set forth above, (except as to subject matter, and jurisdiction issues which are admitted) the Respondent agrees to the following judgment.

It is, therefore **ORDERED**, that:

1. The Respondent's resident insurance license number 937140 is hereby **REVOKED**.
2. The Respondent's securities registration number 4469542 is hereby **REVOKED**.
3. The Respondent shall **CEASE AND DESIST** from any future activities which are in violation of any rule, regulation, or statute under the Law and the Act.
4. The Respondent is hereby **BANNED** from discussing, negotiating, explaining or presenting any insurance policy or any potential insurance policy with any person associated with any company or business affiliation of the Respondent. The Respondent shall not receive any commissions on policies written or sold by any company or business affiliation of the Respondent.
5. The Respondent is hereby **BANNED** from discussing, negotiating, explaining or presenting any security presently managed by Respondent's company or employee thereof, and shall not negotiate, explain, or explain any potential security with any person associated with any company or business affiliation of the Respondent. The Respondent shall not receive any

commissions on any security sold previously by Respondent or any security sold by any company or business affiliation of the Respondent.

5. The Respondent is **ASSESSED a CIVIL PENALTY** in the amount of four hundred fifty-four thousand dollars (\$454,000.00), which reflects:

- Forty-five thousand dollars (\$45,000) for nine (9) violations Tenn. Code Ann. § 48-1-112(b)(ii)(G) dishonest, unethical practices;
- Forty-five thousand dollars (\$45,000) for nine (9) violations of Tenn. Code Ann. § 48-1-112 willfully failing to comply with the provisions of Tenn. Comp. Rules & Regs, Rule 0780-4-03-.02(6)(c)23;
- Forty-five thousand dollars (\$45,000) for nine (9) violations of Tenn. Code Ann. § 48-1-104;
- Ninety thousand dollars (\$90,000) for nine (9) violations of Tenn. Code Ann. § 48-1-121 untrue statements of a material fact; and
- Nine thousand dollars (\$9,000) for nine (9) violations of Tenn. Code Ann. § 56-6-112(a)(2).

For matters concerning 1<sup>st</sup> Global, Woodbridge and Prominence:

- One hundred thousand dollars (\$100,000) for twenty (20) violations of Tenn. Code Ann. § 48-1-104 unregistered sales of 1<sup>st</sup> Global;
- One hundred thousand dollars (\$100,000) for twenty (20) violations of Tenn. Code Ann. § 48-1-104 unregistered sales of Woodbridge; and
- Twenty thousand dollars (\$20,000) for twenty (20) violations of Tenn. Code Ann. § 56-6-112(a)(2).

All civil penalties will be abated or offset by payments the Respondent makes as SEC penalties, bankruptcy settlement payments or restitution payments made concerning the allegations in this present matter. The Respondent must provide documentation for each such payment made within ten (10) days of that payment. Should the Respondent not comply with the payment terms ordered by the SEC and/or other Federal Court orders, the **entire civil penalty** of four hundred fifty-four thousand dollars (\$454,000) shall be due and owed immediately and shall be mailed to:

**State of Tennessee**  
**Department of Commerce and Insurance**  
**Legal Division, 12<sup>th</sup> Floor**  
**Davy Crockett Tower**  
**500 James Roberson Parkway**  
**Nashville, Tennessee 37243**

Any amount not paid as outlined above shall be subject to immediate collection, without notice or a hearing, and sent to the Attorney General's office for collection, and will be considered non-dischargeable in a personal bankruptcy as a fine and/or restitution to the State of Tennessee.

7. The Respondent shall pay the pending court costs of two hundred dollars (\$200.00) and shall pay this amount within thirty (30) days of the entry and execution of this Agreed Final Order.

**IT IS ORDERED** that this Agreed Final Order represents the complete and final resolution of, and discharge with respect to all pending administrative and civil claims, demands, actions, and causes of action by the Commissioner against the Respondent for violations of Tenn. Code Ann. §56-6-112, and Tenn. Code Ann. §§ 48-1-112, 48-1-104 and 48-1-121 alleged to have occurred with respect to the transactions involving the facts contained herein.

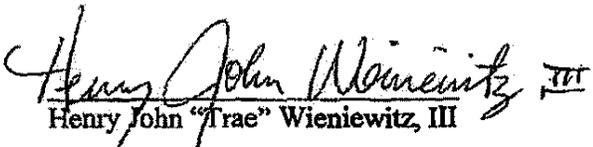
This Agreed Final Order is in the public interest and in the best interests of the Parties and represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By the signatures affixed below, the Respondent affirmatively states he has freely agreed to the entry and execution of this Agreed Final Order, that he waives his right to a hearing on the matters contained herein, and that no threats or promises of any kind have been made to him by the Commissioner, the TSD and TID, or any agent or representative thereof. The parties, by signing this Agreed Final Order, affirmatively state their agreement to be bound by the terms of this Agreed Final Order and aver that no promises of offers relating to the circumstances

described herein, other than the terms of the settlement as set forth in this Agreed Final Order, are binding upon them. This Agreed Final Order may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. The facsimile, email, or other electronically delivered signatures of the parties shall be deemed to constitute original signatures, and facsimile or electronic copies shall be deemed to constitute duplicate originals.

EXECUTED this 27 day of March, 2020.

  
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Hodgen Minda (Mar 23, 2020)  
Hodgen Minda, Commissioner  
TN Department of Commerce and Insurance

**APPROVED FOR ENTRY:**

  
Henry John "Trae" Wieniewitz, III

  
\_\_\_\_\_  
Elizabeth Bowling  
Assistant Commissioner for Securities  
TN Department of Commerce and Insurance

  
\_\_\_\_\_  
Rachel Jade-Rice  
Assistant Commissioner for Insurance  
TN Department of Commerce and Insurance

/s/ Thomas K. Potter, III  
\_\_\_\_\_  
Thomas Potter BPR #024857  
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Nashville, TN 37201

/s/ Robyn Lynne Ryan  
\_\_\_\_\_  
Robyn Lynne Ryan BPR #012782  
Assistant General Counsel  
TN Department of Commerce and Insurance  
500 James Robertson Parkway, 12<sup>th</sup> Floor  
Nashville, TN 37243

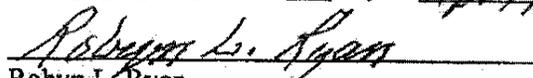
Filed in the Administrative Procedures Division, Office of the Secretary of State, this the 31 day of March, 2020.



**Stephanie Shackelford, Director  
Administrative Procedures Division**

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of this document will be sent to Respondent Henry Wieniewitz in care of his attorney, Thomas Potter, Burr & Forman, LLP, 222 Second Ave South, Nashville, TN 37201 via email and first-class United States mail, postage prepaid, on the 1 day of April, 2020.



Robyn L. Ryan

*with permission*