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STATE OF TENNESSEE

BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE

SECRETARY OF STATE

TENNESSEE SECURITIES DIVISION,)
Petitioner,)

vs.)

LEDFORD LYNN HERRON and)
a JL PRODUCTION, INC.,)
Respondent.)

Docket No. 12.06-142212J
TSD No. 16-018

AGREED FINAL ORDER

The Tennessee Securities Division (“TSD”) of the Department of Commerce and Insurance (“Department”), by and through undersigned counsel, and Ledford Lynn Herron and a JL Production, Inc. (“Respondents”), hereby stipulate and agree, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance (“Commissioner”), as follows:

GENERAL STIPULATIONS

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 of the Commissioner.

2. This Agreed Final Order is executed by Respondents for the purpose of avoiding further administrative action with respect to this cause. Furthermore, 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. Respondents fully understand 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 48 of Tennessee Code Annotated addressed specifically in this Agreed Final Order, Respondents fully understand that this Agreed Final Order will in no way preclude different proceedings by state or local officers, agencies, or civil or criminal law enforcement authorities against Respondents 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 Findings of Fact and Conclusions of Law stated herein, or which arise as a result of the execution of this Agreed Final Order by Respondents.

5. Respondents expressly waive all further procedural steps, and expressly waive rights 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 of said Agreed Final Order by the Commissioner.

6. Respondents fully understand and agree that the TSD is not required to file this Agreed Final Order with the Administrative Procedures Division of the Tennessee Secretary of State's Office if Respondent does not deliver to the TSD evidence he has delivered his first payment of one thousand, five hundred dollars (\$1,500.00) toward the total civil penalty assessment in a timely manner according to the schedule set forth below. Should Respondent not

make this first payment in a timely manner, this Agreed Final Order will not become effective and the TSD will reschedule the hearing in this case on a contested docket before an Administrative Judge assigned to the Secretary of State.

AUTHORITY AND JURISDICTION

7. The Commissioner has jurisdiction over this matter pursuant to the Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-1-101 to 48-1-201 (“Act”). Responsibility for administration of the Act is placed with the Commissioner.

PARTIES

8. The TSD is the lawful agent through which the Commissioner administers the Act and is authorized to bring this action based on the finding that such action is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act, pursuant to Tenn. Code Ann. § 48-1-116.

9. Respondent Ledford Lynn Herron (“Herron”) is a resident of Tennessee, with a last known residential address of 534 Fedders Drive, Madison, TN 37115, and a last known business address of 118 16th Avenue South, Suite 4, Nashville, TN 37203-3100. Herron has never been registered with the TSD nor with the Financial Industry Regulatory Agency (“FINRA”) as a broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative.

10. Respondent a JL Production, Inc. (“a JL Production”), is a Tennessee for-profit corporation formed on February 24, 2010, with a principal business address of 118 16th Avenue South, Suite 4, Nashville, TN 37203-3100. According to the Tennessee Secretary of State’s records, Herron is currently listed as a JL Production’s Incorporator and Registered Agent at this

same address, and since August 6, 2016, this corporation's charter has been administratively dissolved or revoked.

FINDINGS OF FACT

11. On or about 2014, for purposes of promoting and setting up certain entertainment and political events, Respondents utilized documents referred to as "Joint Venture and Funding Agreements," "Funding Agreements," or "Payment Agreements" (hereinafter "agreements") which a JL Production entered into with several investors, who were referred to as the "funders." The "funders" were obligated to advance certain amounts to a JL Production within twenty-four (24) hours of signing the agreements, and were guaranteed repayment of one hundred twenty percent (120%) (or more in certain circumstances) of their initial investment value by a date certain, or for repayment to be postmarked by a JL Production within five (5) business days after the event ended.

12. As part of its solicitation efforts to induce potential investors to fund Respondents' operation, Respondents distributed a "Business Investment Profile" flyer in 2014 claiming that a JL Production had "26 years in business and had become one of the most successful and respected companies in the country;" that it had "toured all around the world with a variety of Music Icons including... Kenny Rogers, Randy Owen, Restless Heart, John Michael Montgomery and Wynonna Judd;" and that "in recent months it had expanded its arms into the political world by helping a number of political campaigns with fundraising, Political Rallies, Speaking Engagements..." working with..."Michelle Bachman, Sharron Angle, Bill Haslam, Mitt Romney, Paul Ryan..."

13. Respondents' Business Investment Profile and written projections also claimed that a JL Production had "a great cash flow history and customer base," that the entertainment

events typically grossed four to six times the initial capital investment, and promised investors a return of one hundred twenty-five percent (125%) of the initial investment value within one hundred twenty (120) days or less of entering into the agreements.

14. From approximately May through early June 2014, Respondents solicited at least four (4) individuals to invest in a political rally event named “America’s Last Stand,” scheduled for June 26-27, 2014, in Sevierville, Tennessee (these individuals are referred to by initials as “R.R.,” “J.C.,” “B.L.,” and “I.K.”). Each of these individuals executed an agreement (I.K. executed two (2) agreements), and each invested in Respondents’ “America’s Last Stand” event.

15. Herron indicated to these investors that he had specifically contacted Senator Rick Santorum, former Judge Jeanine Pirro, Col. Allen West, singer John Michael Montgomery, and Governor Sarah Palin, as the main artists and speakers for this event.

16. R.R., J.C., B.L., and I.K. invested sixteen thousand dollars (\$16,000.00), twenty-four thousand dollars (\$24,000.00), four thousand dollars (\$4,000.00), and fifty thousand dollars (\$50,000.00) respectively, in Respondents’ “America’s Last Stand” event, between May 15 and June 5, 2014.

17. As part of Respondents’ solicitations of these individuals to invest, Herron claimed to be a highly successful events promoter with twenty-five (25) years of experience, indicated that his company had promoted over four hundred (400) events and had the ability to run twenty (20) shows a month, and stated that there would be no problem selling one hundred (100) of the VIP Gold tickets for this event at one thousand dollars (\$1,000.00) per ticket.

18. The agreements Respondents executed with these investors required Respondents to repay them one hundred twenty percent (120%) of the initial investment values, within five (5)

days after the “America’s Last Stand” event concluded. This event began on June 26, 2014, and ended on June 27, 2014, as planned.

19. To date, Respondents have not repaid to any of these four (4) investors any of their initial investment value or any of the promised return.

20. After Herron told these four (4) investors he did not have the ability to repay any investors in the “America’s Last Stand” event given his claim that he suffered a net loss, he then stated that he would repay these investors from proceeds from additional concerts and political events which he was promoting in the fall of 2014 – such as a Country Music Event in Jackson, Tennessee scheduled for September 19, 2014, and a Bret Michaels Concert scheduled for October 24, 2014, in Ft. Smith, Arkansas. These investors were later told that he made no profit as to those additional events either.

21. Respondents’ business bank account records between May and November 2014, his Profit and Loss reports, and his other business records provided to the TSD as to each of the above three (3) events, reflect that Respondents did pay hundreds of thousands of dollars received from investors toward the promotion and setting up of the above three (3) events, and that his company did not make a profit from any of these events.

22. Before and up to the time of their respective investments in Respondents’ enterprise, Herron did not mention to any of the named investors that there was any risk involved, or a substantial risk that the “America’s Last Stand” or any additional entertainment or political events Herron promoted would not be profitable, that such events might in fact lose money for the promoter, and that consequently, Respondents might be unable to return principal or promised interest to these investors. Neither the agreements used by Respondents as to these investors nor the Respondents’ own solicitation and promotional materials specified any such

risk in writing. Further, the agreements themselves did not condition the Respondents' obligations to repay on whether the event turned a profit.

23. On January 31, 2017, the TSD, through counsel, filed a Notice of Hearing and Charges against the Respondents relating to their actions as set out above.

24. Respondent a JL Production has reported no business income in 2015, and Herron derives the majority of his income as of the end of January 2017, from driving for Uber. Herron has indicated that he is not, and has not been since the end of 2014, engaged in the business of promoting or selling securities from or in this state.

CONCLUSIONS OF LAW

25. The agreements offered and sold by the Respondents to the four (4) above investors are investment contracts which meet the definition of "security" pursuant to Tenn. Code Ann. § 48-1-102(17)(A), and the Tennessee Supreme Court's opinion in *King v. Pope*, 91 S.W.3d 314 (Tenn. 2002). Tenn. Code Ann. § 48-1-102(17)(A) provides as follows:

Tenn. Code Ann. § 48-1-102

As used in this part, unless the context otherwise requires:

...
(17)(A) "Security" means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, a life settlement contract, as defined in former § 56-50-102, or any fractional or pooled interest in a life insurance policy or life settlement contract, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease; or, in general, any interest or instrument commonly known as a "security," or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

26. Respondent's actions as set forth above in the foregoing Findings of Fact constitute violations of Tenn. Code Ann. §§ 48-1-121(a)(2) and (a)(3), and constitute grounds for the imposition of lawful discipline, including the assessment of civil penalties, pursuant to Tenn. Code Ann. §§ 48-1-116(a) and 48-1-121(d). These sections read, in pertinent part, as follows:

Tenn. Code Ann. § 48-1-116

(a) The commissioner may from time to time make...such orders as are necessary to carry out this part...

...

Tenn. Code Ann. § 48-1-121

(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:

...

(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 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.

...

(d) The commissioner may, after notice and opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any regulation, rule or order adopted or issued under this section, in an amount not to exceed five thousand dollars (\$5,000) per violation.

27. Based upon the above Findings of Fact and Conclusions of Law, the Commissioner considers that the Respondents' actions warrant the issuance of an order barring Respondents from the securities business in Tennessee, requiring that Respondents cease and desist from conducting any further securities transactions on behalf of others from, in, or into the State of Tennessee, and from any other activities in violation of the Act, and the imposition of

lawful discipline in the form of a civil penalty assessment in accordance with Tenn. Code Ann. §§ 48-1-116(a) and 48-1-121(d).

28. In order to avoid further expenses or costs associated with additional administrative litigation of this matter or judicial review, Respondents hereby acknowledge the Commissioner's authority to administer the statutes cited herein, concede that the Commissioner's interpretation of the statutes cited in the Conclusions of Law are reasonable and enforceable, and agree to the entry of this Agreed Final Order including each of the following sanctions ordered by the Commissioner.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and Respondents' waiver of the right to a hearing and appeal under the Act and the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101 to 4-5-404, and Respondents' admission of jurisdiction of the Commissioner, the Commissioner finds that Respondents, for the purpose of settling this matter, admit the Findings of Fact and Conclusions of Law, agree to the entry of this Agreed Final Order pursuant to Tenn. Code Ann. § 4-5-314(a), and agree that this Agreed Final Order is in the public interest and is consistent with the purposes fairly intended by the Act.

IT IS ORDERED, pursuant to Tenn. Code Ann. §§ 48-1-116(a), 48-1-121(a)(2) & (a)(3), and 48-1-121(d) that:

1. Respondents are **ASSESSED a CIVIL PENALTY**, jointly and severally, in the amount of fifteen thousand dollars (\$15,000.00).
2. All payments to the Department of the fifteen thousand dollar (\$15,000.00) civil penalty assessment shall be mailed to:

State of Tennessee
Department of Commerce and Insurance
Office of Legal Counsel
Attn: Jesse D. Joseph, Assistant General Counsel
500 James Robertson Parkway, 8th Floor
Nashville, TN 37243

3. Respondents' payment of the civil penalty to the Department shall be in four (4) installments over two and one-half (2 ½) years as follows:

(a) Respondents shall deliver their first payment, in the amount of one thousand five hundred dollars (**\$1,500.00**), to the Department toward the civil penalty assessment, **by May 22, 2017**;

(b) Respondents shall deliver their second payment, in the amount of three thousand five hundred dollars (**\$3,500.00**), to the Department toward the civil penalty assessment, **by September 22, 2017**;

(c) Respondents shall deliver their third payment, in the amount of five thousand dollars (**\$5,000.00**), to the Department toward the civil penalty assessment **by September 22, 2018**; and

(d) Respondents shall deliver their fourth payment, in the amount of five thousand dollars (**\$5,000.00**), to the Department toward the civil penalty assessment **by September 22, 2019**.

4. Respondents are permitted to pay the civil penalty assessment sooner than required by the above schedule, and in larger installment payment amounts if they choose.

5. A payment shall be considered timely made if it is **received** by the Department within seven (7) calendar days of the date such payment is due. All payments shall include a copy of the first page of this Agreed Final Order and shall be made payable to "State of Tennessee."

6. The failure to make timely payments under the terms of this Agreed Final Order may result in additional proceedings being brought against Respondents which may result

in the assessment of additional civil monetary penalties, and the assessment of investigatory and hearing costs.

7. Failure to timely make any payment shall render any remaining balance under this Agreed Final Order immediately due and collectible. If Respondents fail to pay the civil penalty according to the above schedule, the Department may file and enforce any remaining balance of this civil penalty as a judgment against Respondents in the Circuit or Chancery Court without further notice to Respondents or additional proceedings.

8. Any remaining balance of this civil penalty and resulting judgment will be non-dischargeable in any bankruptcy filed by the Respondents so long as the Department timely files a complaint objecting to discharge.

9. Respondents are **PERMANENTLY BARRED** from registration as an investment adviser, investment adviser representative, broker-dealer, or broker-dealer agent in the State of Tennessee.

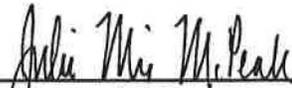
10. Respondents shall **CEASE and DESIST** from conducting any further securities transactions on behalf of others from, in, or into the State of Tennessee, and from any other activities in violation of the Act.

IT IS ORDERED that this Agreed Final 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 Respondents for violations of Tenn. Code Ann. §§ 48-1-121(a)(2) & (a)(3) alleged by the TSD 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

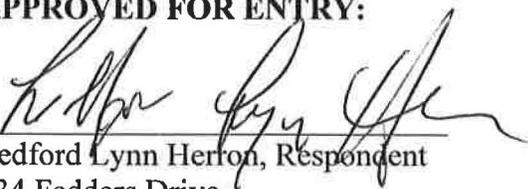
settlement purposes only. By the signatures affixed below, Respondents affirmatively state they have freely agreed to the entry of this Agreed Final Order, that they waive the right to a hearing on the matters underlying this Agreed Final Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made to them by the Commissioner, the TSD, 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 or 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.

ENTERED this 31 day of May, 2017.



Julie Mix McPeak, Commissioner
TN Department of Commerce and Insurance

APPROVED FOR ENTRY:



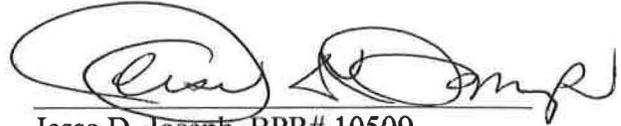
Ledford Lynn Herron, Respondent
534 Fedders Drive
Madison, TN 37115-2928
individually and on behalf of
Respondent a JL Production, Inc.



Frank Berger-Gilligan
Assistant Commissioner for Securities
TN Department of Commerce and Insurance

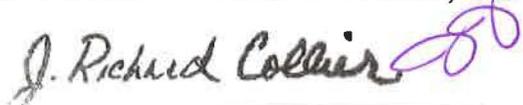


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Filed in the Office of the Secretary of State, Administrative Procedures Division, this
31 day of May, 2017.



J. Richard Collier, Esq., Director,
Administrative Procedures Division