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Department of State
Administrative Procedures Division
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8th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243-1102
Phone: (615) 741-7008/Fax: (615) 741-4472

November 3, 2016

Commissioner Julie Mix McPeak
Tennessee Department of Commerce & Insurance
Office of Legal Counsel
12th Floor, Davy Crockett Tower
500 James Robertson Parkway
Nashville, Tennessee 37243-5065

Roy Allen Tucker
1210 East Reeder Street
Florence, AL 35630

Tri-State Investment, LLC
210-B Seville Street
Florence, AL 35630

Roy Allen Tucker
210-B Seville Street
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Roy Allen Tucker
1861 Highway #23
Red Bay, AL 35582

Roy Allen Tucker
9159 Highway #69
Lutts, TN 38471

RE: In the Matter of: Tri State-Investment, LLC, Roy Allen Tucker and Terica Weeks
Docket No. 12.01-135664J

Enclosed is an Initial Order rendered in connection with the above-styled case.

Administrative Procedures Division
Tennessee Department of State

/aem
Enclosure

RECEIVED
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DEPT. OF COMMERCE AND INSURANCE
LEGAL OFFICE

BEFORE THE COMMISSIONER OF THE TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

IN THE MATTER OF:

TRI STATE-INVESTMENT, LLC, **DOCKET NO. 12.01-135664J**
ROY ALLEN TUCKER AND TERICA WEEKS

NOTICE

ATTACHED IS AN INITIAL ORDER RENDERED BY AN ADMINISTRATIVE JUDGE WITH THE ADMINISTRATIVE PROCEDURES DIVISION.

THE INITIAL ORDER IS NOT A FINAL ORDER BUT SHALL BECOME A FINAL ORDER UNLESS:

1. THE ENROLLEE FILES A WRITTEN APPEAL, OR EITHER PARTY FILES A PETITION FOR RECONSIDERATION WITH THE ADMINISTRATIVE PROCEDURES DIVISION NO LATER THAN **November 18, 2016.**

YOU MUST FILE THE APPEAL, PETITION FOR RECONSIDERATION WITH THE ADMINISTRATIVE PROCEDURES DIVISION. THE ADDRESS OF THE ADMINISTRATIVE PROCEDURES DIVISION IS:

SECRETARY OF STATE
ADMINISTRATIVE PROCEDURES DIVISION
WILLIAM R. SNODGRASS TOWER
312 ROSA PARKS AVENUE, 8th FLOOR
NASHVILLE, TENNESSEE 37243-1102

IF YOU HAVE ANY FURTHER QUESTIONS, PLEASE CALL THE ADMINISTRATIVE PROCEDURES DIVISION, **615/741-7008 OR 741-5042, FAX 615/741-4472.** PLEASE CONSULT APPENDIX A AFFIXED TO THE INITIAL ORDER FOR NOTICE OF APPEAL PROCEDURES.

BEFORE THE COMMISSIONER OF THE DEPARTMENT OF COMMERCE AND INSURANCE FOR THE STATE OF TENNESSEE

IN THE MATTER OF: **TENNESSEE SECURITIES DIVISION,** ***Petitioner,*** ***v.*** **TRI STATE INVESTMENT, LLC,** ***and*** **ROY ALLEN TUCKER.** ***Respondents.***	**DOCKET NO: 12.01-135664J**

INITIAL ORDER

This matter was heard *de novo* on March 22, 2016, in Nashville, Tennessee, before Administrative Judge Mary M. Collier, assigned by the Secretary of State, Administrative Procedures Division ("APD"), to sit for the Commissioner of the Tennessee Department of Commerce and Insurance ("Commissioner"). The March 22, 2016, hearing addressed the allegations contained in the NOTICE OF HEARING AND CHARGES pertaining to the Respondents Tri State Investment, LLC ("Tri State") and Roy Allen Tucker. Jesse D. Joseph, Assistant General Counsel, represented the Petitioner, the Tennessee Securities Division ("TSD") of the Tennessee Department of Commerce and Insurance. The Respondents Roy Allen Tucker and Tri State Investment, LLC, were not present for the hearing, and there was no attorney or representative present on behalf of either of the Respondents.

Former Respondent Terica Danette Shultz Weeks testified during the hearing by telephone. Timothy Case, a licensed Alabama attorney, participated for the limited purpose of facilitating the telephone testimony of *former* Respondent Terica Weeks during the hearing. All

of the Claims against *former* Respondent Terica Weeks have been dismissed by the Petitioner by separate ORDER, issued on April 7, 2016.

After the hearing, counsel for TSD came to the Offices of the Administrative Procedures Division and properly redacted the exhibits for this proceeding. On May 9, 2016, TSD filed PROPOSED FINDINGS OF FACT, PROPOSED CONCLUSIONS OF LAW, AND PROPOSED JUDGMENT and the transcript from the hearing. Neither of the Respondents has filed anything in response to the Petitioner's proposed findings.

After consideration of the entire RECORD in this matter, it is **ORDERED** that the Respondents Tri State Investment, LLC, and Roy Allen Tucker shall be **PERMANENTLY BARRED** from participation in the Securities Industry in the State of Tennessee, and that the Respondents Tri State Investment, LLC, and Roy Allen Tucker are assessed **CIVIL PENALTIES** in the total amount of thirty-five thousand dollars ($35,000) for violations of TENN. CODE ANN. §§ 48-1-104(b), 48-1-109(e), and 48-1-121(d). This decision is based upon the following.

ENTRY OF DEFAULT

Pursuant to TENN. CODE ANN. § 4-5-307, the Petitioner filed a NOTICE OF HEARING AND CHARGES on January 29, 2016, setting this matter for hearing on March 22, 2016. The Respondents Roy Allen Tucker and Tri State Investment, LLC, did not appear for the hearing. On March 14, 2016, the Petitioner filed a MOTION TO DEEM SERVICE OF NOTICE COMPLETE AND SUFFICIENT, and at the hearing, the Petitioner moved for a default against the Respondents Tucker and Tri State pursuant to TENN. CODE ANN. § 4-5-309.

The Petitioner presented evidence demonstrating that the Respondents Roy Allen Tucker and Tri State Investment, LLC, were served with copies of the NOTICE OF HEARING AND CHARGES, based upon the following exhibits admitted into evidence:

1. a copy of the Respondent Roy Allen Tucker's APPEARANCE BOND in the Circuit Court for Wayne County, Tennessee, dated September 29, 2014, securing his release from jail on theft charges, wherein Tucker stated to the Court and the professional bonding company that his address was 1210 E. Reader Street, Florence, Alabama, 35660 (HRG. EX. 1);

2. a copy of the United States Postal Service's green card for the NOTICE OF HEARING AND CHARGES sent to the Respondent Roy Allen Tucker at the Reeder Street address (No. 7014 1200 0001 7187 2137), with attached www.usps.com tracking printout reflecting delivery of this item on February 2, 2016, at 11:24 a.m., and attached copy of the USPS Tracking Intranet Delivery Signature and Address form, reflecting a handwritten signature and address for this item received on February 2, 2016, at 11:24 a.m. (HRG. EX. 2);

3. a copy of the PERSONAL SERVICE RECEIPT signed by the Respondent Roy Allen Tucker on February 23, 2016, acknowledging he was personally served with a copy of the NOTICE OF HEARING AND CHARGES by a Special Agent of the Alabama Securities Commission (HRG. EX. 3); and

4. a copy of the certified mail envelope for the January 29, 2016, service attempt of the NOTICE OF HEARING AND CHARGES to the Respondent Tri State Investment, LLC, at its listed address with the Alabama Secretary of State, which was returned to the Petitioner's Office of Legal Counsel in February 2016 with a United States Postal Service notation that the item was "NOT DELIVERABLE AS ADDRESSED – UNABLE TO FORWARD" (HRG. EX. 4).

It is determined that service by both certified mail return receipt requested and by personal service upon Respondent Roy Allen Tucker was legally sufficient in accordance with TENN. CODE ANN. § 4-5-307 and TENN. COMP. R. & REGS. ("RULES") 1360–04–01–.06. It is further determined that Respondent Roy Allen Tucker is the listed Registered Agent for Respondent Tri

State Investment, LLC, according to the ARTICLES OF ORGANIZATION filed with the Alabama Secretary of State, and consequently, service of the NOTICE OF HEARING AND CHARGES on Respondent Tucker is sufficient service upon Tri State Investment, LLC, as a business entity.

It is determined that the Petitioner properly served the NOTICE OF HEARING AND CHARGES on the Respondents Roy Allen Tucker and Tri State Investment, LLC, in accordance with RULE 1360–04–01–.06. Based upon the failure of the Respondents Roy Allen Tucker and Tri State Investment, LLC, to appear for the hearing, pursuant to TENN. CODE ANN. § 4-5-309 and RULE 1360–04–01–.15, the Respondents were held in default. Pursuant to RULE 1360–04–01–.15(2)(b), the hearing was held as an uncontested hearing.

FINDINGS OF FACT

1. The Respondent Tri State Investment, LLC ("Tri State Investment") is an Alabama Limited Liability Company with a last known business address of 210-B Seville Street, Florence, AL 35630. Tri State Investment's ARTICLES OF ORGANIZATION were filed with the Probate Court of Lauderdale County, AL, on April 10, 2013. According to the ARTICLES OF ORGANIZATION, Tri State Investment's Registered Agent at such address is Roy Allen Tucker.

2. The Respondent Roy Allen Tucker ("Tucker") was believed to be a resident of Florence, Alabama, at the time of the filing of the NOTICE OF HEARING AND CHARGES, and is listed as a member and registered agent of the Respondent Tri State Investment in its ARTICLES OF ORGANIZATION. Respondent Tucker has represented himself to be the "managing partner" of Respondent Tri State Investment. According to the APPEARANCE BOND he filed in the Wayne County Circuit Court, Respondent Tucker's mailing address is 1210 E. Reeder Street, Florence, AL 35660. The Petitioner conducted a Google search of the address and found that the correct zip code for the Reeder Street address is 35630. Subsequently, Respondent Tucker listed an

address of 18612 Hwy 23, Red Bay, AL 35582, when he was personally served with the NOTICE OF HEARING AND CHARGES on February 23, 2016.

3. *Former* Respondent Terica Weeks ("Weeks") is a resident of Lutts, TN, and was a representative of Respondent Tri State Investment during parts of 2012 and 2013. Ms. Weeks was asked by Respondent Tucker to be the "face" of the company, and her photograph was featured in certain advertising for Respondent Tri State Investment during that time period.

4. The Respondents are not presently nor have they ever been registered with the Financial Industry Regulatory Agency ("FINRA") or with the TSD as broker-dealers, broker-dealer agents, investment advisers, or investment adviser representatives.

5. From mid-December 2012 to early April 2013, Respondent Tri State Investment placed advertisements in local newspapers in the Waynesboro, Tennessee, area and disseminated other advertising on public thoroughfares in Alabama offering certificates of deposit ("CDs") paying rates from 3% to 7% interest. This advertising also represented that Respondent Tri State Investment was a business investment company covering the three states of Alabama, Mississippi, and Tennessee, and that the offered CDs were "insured."

6. On March 5 and March 13, 2013, Respondent Tucker and Ms. Weeks offered to sell and sold what were represented to be certificates of deposit issued by Respondent Tri State Investment, to four (4) Tennessee investors residing in the Waynesboro, Tennessee, area in the cumulative amount of $464,527.

7. In March of 2013, Respondent Tucker and Ms. Weeks went to Virgil and Jo Evelyn Skelton's home to discuss the possible investment, and Respondent Tucker offered the Skeltons an interest rate over 3% – a higher rate of return on their money than banks were offering – if they would invest in Respondent Tri State Investment CDs.

8. Based on Respondent Tucker's solicitations and representations, on March 13, 2013, the Skeltons closed their two (2) CDs at the Wayne County Bank totaling $264,527.88, and obtained two cashier's checks from the bank in the amounts of $99,962.36 and $164,565.52. The Skeltons endorsed these two cashier's checks to Respondent Tri State Investment, and Respondent Tucker promptly deposited them.

9. Between April 11 and August 6, 2013, Respondent Tri State Investment issued five (5) monthly interest payment checks to the Skeltons in an average amount of approximately $1,800 per month, for a total of $9,054.04 in interest paid to these investors.

10. On or around September 6, 2013, Respondent Tri State Investment issued and delivered to the Skeltons a $100,000 cashier's check, in partial repayment of their principal investment.

11. Prior to March 5, 2013, Joel and Carolyn Pigg of Cypress Inn, Tennessee, saw a Respondent Tri State Investment advertisement published in the Wayne County News offering CDs at 4% interest, and Ms. Weeks was featured in the advertisement. The Piggs contacted Ms. Weeks about the CD offering because they knew her personally and were aware that she had previously worked at the Wayne County Bank.

12. On March 5, 2013, Respondent Tucker and Ms. Weeks went to the Piggs' home to discuss the possible investment, and Respondent Tucker offered them a 4% interest rate to invest $200,000 in a Respondent Tri State Investment CD. At this meeting, Ms. Pigg gave Respondent Tucker a $200,000 check made payable to Tri State Investment, LLC, and stated this payment was for "CD's" on the memo line. Respondents Tucker and Tri State Investment deposited this $200,000 check from the Piggs on March 6, 2013.

13. Between April 15, 2013, and July 12, 2013, Respondent Tri State Investment issued four (4) monthly checks of $1,000 to the Piggs as interest payments, totaling $4,000 in interest paid to the Piggs.

14. On July 18, 2013, the Piggs visited the Respondent Tri State Investment office in Florence, Alabama, to withdraw their investment. Respondents Tucker and Tri State Investment gave the Piggs a cashier's check for $200,000 that same day.

15. On March 5, 2013, the Alabama Securities Commission ("the Alabama Commission") received an inquiry from an Alabama resident regarding Respondent Tri State Investment's advertising which this resident had seen on public thoroughfares and on materials distributed by individuals in public areas. This Alabama resident also advised the Alabama Commission staff that Respondent Tucker and Ms. Weeks offered to provide him with certificates of deposit paying between 3% and 7% interest based on the time period chosen by the prospective investor.

16. Based on this inquiry, the Alabama Securities Commission conducted an internet search of Tri State Investment in early March 2013 and found a site at www.tristateinvestment.com, with the business using the same 201-B Seville Street address in Florence, Alabama, as listed above. On this internet site, Tri State Investment represented itself in early March 2013 as an Alabama Limited Liability Company offering "Investor Opportunity, Investments, and CDs."

17. On March 11, 2013, the Alabama Securities Commission issued a letter of inquiry to Tri State Investment in an effort to establish the names of its operators and the purposes of the business and to inform Tri State Investment that it might be in violation of the Alabama Securities Act.

18. Further investigation by the Alabama Securities Commission revealed that on April 3, 2013, Respondent Tucker and Ms. Weeks conducted a sales program for Tri State Investment at the Tri City Chamber of Commerce in Florence, Alabama. Respondent Tucker offered the CDs previously mentioned and distributed a tri-fold advertising brochure identifying some of Tri State's partners and associates with which Tri State Investment had allegedly invested.

19. A review of the Alabama Secretary of State's website conducted by the Alabama Securities Commission on April 2, 2013, revealed no record of filing in the name of Tri State Investment, LLC, or by Roy Allen Tucker as an officer.

20. On April 24, 2013, a Special Agent representing the Alabama Securities Commission interviewed Respondent Tucker and Ms. Weeks. Both described Ms. Weeks as the "face" of the company, and Respondent Tucker represented himself as the "managing partner" of the business. Respondent Tucker admitted they were offering the CDs and other opportunities prior to the receipt of the Alabama Securities Commission's inquiry letter of March 11, 2013, and admitted receiving funds from several Tennessee investors, describing them as "members" of the company.

21. On May 2, 2013, Respondent Tucker supplied the Alabama Securities Commission with copies of Respondent Tri State Investment's ARTICLES OF ORGANIZATION and its OPERATING AGREEMENT. The ARTICLES OF ORGANIZATION were filed with the Lauderdale County Alabama Probate Court on April 10, 2013, and the OPERATING AGREEMENT was dated April 9, 2013. The OPERATING AGREEMENT outlined each investor's (including the four (4) Tennessee investors referred to above) investment as an "Initial Capital Contribution and Value,"

and each investor initialed and signed both the ARTICLES OF ORGANIZATION and the OPERATING AGREEMENT.

22. As of April 9, 2013, neither the certificates of deposit for a security offered by Respondent Tri State Investment nor the investment contract captioned "Operating Agreement" of Respondent Tri State Investment were registered as securities or exempted from registration by the Alabama Securities Commission.

23. As of April 9, 2013, no Respondent was registered as a broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative for securities in the State of Alabama.

24. On May 10, 2013, the Alabama Securities Commission entered an ORDER requiring Respondents and Ms. Weeks to immediately cease and desist from further offers and sales of securities into, within, or from the State of Alabama. The Alabama Securities Commission also found that the certificates of deposit and the OPERATING AGREEMENT as investment contracts offered by Respondents met the definition of a security under the Alabama Securities Act, that the Respondents were unregistered to offer or sell securities in the state, and that the securities offered and sold were unregistered and not subject to a perfected exemption from registration.

25. After Respondent Tri State Investment received the letter of inquiry from the Alabama Securities Commission, Respondent Tucker met with both the Skeltons and the Piggs on or around early April, 2013, and requested that these investors sign and initial the Tri State Investment, LLC, ARTICLES OF ORGANIZATION and the OPERATING AGREEMENT. These ARTICLES OF ORGANIZATION and OPERATING AGREEMENT were signed and initialed by the Piggs and Skeltons as of April 9, 2013. Tucker did not explain to these Tennessee investors that the

LLC formation was the result of the communications received from the Alabama Securities Commission and concerns that Tri State might be operating in violation of the Alabama Securities Act.

26. Respondent Tucker never informed these Tennessee investors that the Alabama Securities Commission had investigated Respondent Tri State Investment since March, 2013, that said Commission had entered an ORDER requiring them to cease and desist from further securities activity on May 10, 2013, or that the securities in which these Tennessee residents had invested were unregistered under Alabama law.

27. Respondent Tucker never informed these Tennessee investors that Respondent Tri State Investment had never been registered with the Financial Industry Regulatory Agency ("FINRA"), Alabama Securities Commission, or with the TSD as a broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative.

28. Respondent Tucker never informed these Tennessee investors that he had not ever been registered with the Financial Industry Regulatory Agency ("FINRA"), Alabama Securities Commission, or with the TSD as a broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative.

29. Respondent Tucker never informed these Tennessee investors that Ms. Weeks had never been registered with the Financial Industry Regulatory Agency ("FINRA"), Alabama Securities Commission, or with the TSD as a broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative.

30. Moreover, Respondent Tucker never disclosed to these Tennessee investors that he had filed a Chapter 7 Bankruptcy in the U.S. Bankruptcy Court for the Northern District of

Alabama (Case No. 8:05-BK-84443) on September 1, 2005, and had received a discharge in November of that same year.

31. Although Respondent Tri State Investment was holding itself out on its previous internet site as being an Alabama LLC, as of the time the Skeltons and Piggs invested with Respondent Tri State Investment in March, 2013, Respondent Tucker did not disclose to these Tennessee investors that the LLC had yet to be formed.

32. Respondent Tri State Investment did not invest the Skeltons' or the Piggs' funds to assist failing businesses as Respondent Tucker had represented in his meetings with these investors in the spring of 2013, or in accordance with Respondent Tri State Investment's stated intent to primarily engage in "the business of business therapy, helping improve businesses, purchasing businesses, and selling businesses..." according to its OPERATING AGREEMENT. Instead, over a 6 ½ month period between March and late September, 2013, Respondent Tucker used $70,808.47 of these investors' funds for his own personal purposes as follows:

$25,825.00 – Roy A. Tucker;
$5,088.10 – Food;
$12,511.56 – Fuel/Auto Repair;
$4,528.00 – Home Rent;
$2,585.67 – Hotels; and
$20,270.14 – Shopping.

ANALYSIS *and* CONCLUSIONS OF LAW

1. In accordance with RULES 1360–04–01–.02(7) and 1360–04–01–.15(3), the Petitioner has proven by a preponderance of the evidence that the facts alleged in the NOTICE OF HEARING AND CHARGES pertaining to Respondents Roy Allen Tucker and Tri State Investment, LLC, are true and that the issues raised therein should be resolved in its favor.

2. The certificates of deposit investment opportunities offered and sold by Respondents Tucker and Tri State Investment, and the OPERATING AGREEMENT of Respondent

Tri State Investment are investment contracts that meet the definition of "security" pursuant to TENN. CODE ANN. § 48-1-102(17)(A), were not registered with the TSD as required by TENN. CODE ANN. § 48-1-104, and were not subject to any exemption under TENN. CODE ANN. § 48-1-103.

3. In this case, the Piggs and the Skeltons, the offerees, relied on Respondent Tucker's recommendations and representations of substantial returns in deciding to invest the cumulative amount of $464,527 in what was represented to be Respondent Tri State Investment's CD investment opportunity. This initial value given by the Piggs and Skeltons was subject to the risks of Respondent Tri State Investment's and Respondent Tucker's investment strategy, over which these offerees had no control. Therefore, the CD investment opportunities recommended, offered for sale, and sold by Respondents Tucker and Tri State Investment were securities.

4. It is unlawful for any person to sell any security unless it is registered under the Act, the security or transaction is exempt under the Act, or the security is a covered security. TENN. CODE ANN. §§ 48-1-102(17)(A), 48-1-103 & 48-1-104(a).

5. The Petitioner has shown, by a preponderance of the evidence, that the Respondents Tucker and Tri State Investment sold securities in Tennessee that were not registered with the TSD to be sold in Tennessee.

6. TENN. CODE ANN. § 48-1-104(b) provides:

> 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 ten thousand dollars ($10,000) per violation.

7. It is determined that the proof adduced at trial provides adequate grounds for the imposition of a civil penalty on Respondents Tucker and Tri State Investment for their two (2)

sales of unregistered securities in violation of TENN. CODE ANN. § 48-1-104(a) to the Piggs and the Skeltons.

8. 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 the Act. TENN. CODE ANN. § 48-1-109(a). In addition, it is unlawful for any person to transact business from or in this state as an investment adviser or investment adviser representative unless such person is registered as an investment adviser or investment adviser representative under the Act. TENN. CODE ANN. § 48-1-109(c).

9. The Petitioner has shown by a preponderance of the evidence that Respondents Tucker and Tri State Investment recommended for sale, offered to sell, and sold securities in Tennessee without being registered under the Act to recommend, offer to sell, or to sell securities in Tennessee.

10. These Respondents' offers to sell and their sales of securities without being registered in Tennessee to engage in the offering and sale of securities from, in, or into Tennessee, provide adequate grounds for the imposition of a civil penalty on these Respondents not to exceed ten thousand dollars ($10,000) per violation under TENN. CODE ANN. § 48-1-109(e). It is determined that the proof adduced at trial provides adequate grounds for the imposition of a civil penalty on Respondents Tucker and Tri State Investment for their two (2) sales of securities to the Piggs and the Skeltons without being registered at the time of the sales in violation of TENN. CODE ANN. § 48-1-109(a).

11. Pursuant to TENN. CODE ANN. §§ 48-1-104 and 48-1-109, the Respondents are assessed civil penalties in the total amount of twenty thousand dollars ($20,000) for the two (2) securities transactions with (1) the Piggs and (2) the Skeltons, which is a civil penalty of ten

thousand dollars ($10,000) for the transaction with the the Piggs and a civil penalty of ten thousand dollars ($10,000) for the transaction with the Skeltons.

12. TENN. CODE ANN. § 48-1-121(a) provides:

> 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 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.

13. The Petitioner has shown, by a preponderance of the evidence, that Respondents Tucker and Tri State Investment have engaged in a scheme or artifice to defraud the Tennessee investors in violation of TENN. CODE ANN. § 48-1-121(a)(1) due to Respondent Tucker's intentional failure to inform these investors that the LLC had not been properly formed under Alabama law at the time he solicited investments from them, due to his intentional failure to explain to these investors that the reason he asked them to sign and initial the ARTICLES OF ORGANIZATION and OPERATING AGREEMENT was to avoid scrutiny by the Alabama Security Commission, and due to his refusal to inform these investors at any point after May 10, 2013, that a CEASE AND DESIST ORDER had been entered against Respondents by the Alabama Securities Commission.

14. The Petitioner has shown, by a preponderance of the evidence, that by Respondent Tucker's failure to disclose to the Tennessee investors that the Respondents were not registered by the TSD to offer and sell securities, that the CD opportunities and OPERATING AGREEMENT were unregistered securities in Tennessee, and that he had filed a Chapter 7

Bankruptcy and had received a discharge in 2005, Respondent Tucker omitted to state material facts necessary to make the statements he made to the Tennessee investors not misleading, in violation of TENN. CODE ANN. § 48-1-121(a)(2).

15. The Petitioner has shown, by a preponderance of the evidence, that Respondent Tucker engaged in a course of business that operated as a fraud or deceit upon the Tennessee investors in violation of TENN. CODE ANN. § 48-1-121(a)(3), given that Respondent Tri State Investment did not invest the Tennessee investors' funds in rendering assistance to failing businesses or purchasing certain businesses, as promised, but instead, Respondent Tucker used these investments for his personal benefit.

16. TENN. CODE ANN. § 48-1-121(d) provides:

> 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.

17. The Petitioner has shown, by a preponderance of the evidence, that there are adequate grounds for the imposition of a civil penalty on the Respondents not to exceed five thousand dollars ($5,000) per violation. It is determined that the proof adduced at trial provides adequate grounds for the imposition of a civil penalty on Respondents Tucker and Tri State Investment in the amount of fifteen thousand dollars ($15,000), for the three (3) instances detailed above in which they committed securities fraud in violation of TENN. CODE ANN. §§ 48-1-121(a)(1), (2), & (3).

IT IS THEREFORE ORDERED that:

1. Respondents Tri State Investment, LLC, and Roy Allen Tucker shall fully **COMPLY** with the Act, and all rules promulgated thereunder.

2. Respondents Tri State Investment, LLC, and Roy Allen Tucker shall **BE PERMANENTLY BARRED** from any further conduct as a broker-dealer, agent of a broker-dealer, investment adviser, or investment adviser representative from or in the State of Tennessee.

3. Respondents Tri State Investment, LLC, and Roy Allen Tucker shall **BE PERMANENTLY BARRED** from conducting securities transactions on behalf of others from, in, or into the State of Tennessee.

4. All persons in any way assisting, aiding, or helping the aforementioned Respondents in any of the aforementioned violations of the Act shall **CEASE AND DESIST** all such activities in violation of the Act.

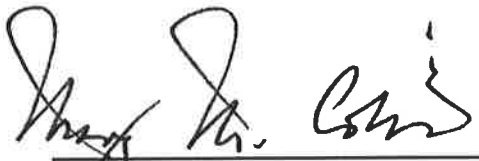
5. Respondents Roy Allen Tucker and Tri State Investment, LLC, jointly and severally, are assessed and shall pay a total of thirty-five thousand dollars ($35,000) in **CIVIL PENALTIES** pursuant to TENN. CODE ANN. §§ 48-1-104(b), 48-1-109(e) and 48-1-121(d), calculated as follows:

> a) for the Respondents' two (2) transactions with the Skeltons and the Piggs in March, 2013, in violation of both TENN. CODE ANN. § 48-1-104 and TENN. CODE ANN. § 48-1-109, a civil penalty of ten thousand dollars ($10,000) for each such transaction, or a subtotal of twenty thousand dollars ($20,000); and
>
> b) for the three (3) instances in which the Respondents engaged in securities fraud in violation of TENN. CODE ANN. §§ 48-1-121(a)(1), (2), & (3), a civil penalty of five thousand dollars ($5,000) for each of these three (3) violations, or a subtotal of fifteen thousand dollars ($15,000), pursuant to TENN. CODE ANN. § 48-1-121(d).

6. This INITIAL ORDER, imposing sanctions against Respondents Roy Allen Tucker and Tri State Investment, LLC, is entered to protect the public and investors in the State of Tennessee, consistent with the purposes fairly intended by policy and provisions of the Act.

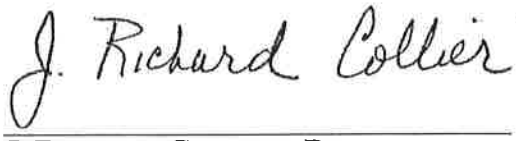
It is so ORDERED.

Entered and effective this the 3rd day of NOVEMBER 2016.



MARY M. COLLIER
ADMINISTRATIVE JUDGE
ADMINISTRATIVE PROCEDURES DIVISION
OFFICE OF THE TENNESSEE SECRETARY OF STATE

Filed in the Administrative Procedures Division, Office of the Tennessee Secretary of State, this the 3rd day of NOVEMBER 2016.



J. RICHARD COLLIER, DIRECTOR
ADMINISTRATIVE PROCEDURES DIVISION
OFFICE OF THE TENNESSEE SECRETARY OF STATE

APPENDIX A TO INITIAL ORDER
NOTICE OF APPEAL PROCEDURES

Review of Initial Order

This Initial Order shall become a Final Order (reviewable as set forth below) fifteen (15) days after the entry date of this Initial Order, unless either or both of the following actions are taken:

(1) A party files a petition for appeal to the agency, stating the basis of the appeal, or the agency on its own motion gives written notice of its intention to review the Initial Order, within fifteen (15) days after the entry date of the Initial Order. If either of these actions occurs, there is no Final Order until review by the agency and entry of a new Final Order or adoption and entry of the Initial Order, in whole or in part, as the Final Order. A petition for appeal to the agency must be filed within the proper time period with the Administrative Procedures Division of the Office of the Secretary of State, 8th Floor, William R. Snodgrass Tower, 312 Rosa L. Parks Avenue, Nashville, Tennessee, 37243-1102. (Telephone No. (615) 741-7008). See Tennessee Code Annotated, Section (T.C.A. §) 4-5-315, on review of initial orders by the agency.

(2) A party files a petition for reconsideration of this Initial Order, stating the specific reasons why the Initial Order was in error within fifteen (15) days after the entry date of the Initial Order. This petition must be filed with the Administrative Procedures Division at the above address. A petition for reconsideration is deemed denied if no action is taken within twenty (20) days of filing. A new fifteen (15) day period for the filing of an appeal to the agency (as set forth in paragraph (1) above) starts to run from the entry date of an order disposing of a petition for reconsideration, or from the twentieth day after filing of the petition, if no order is issued. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Initial Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

Review of Final Order

Within fifteen (15) days after the Initial Order becomes a Final Order, a party may file a petition for reconsideration of the Final Order, in which petitioner shall state the specific reasons why the Initial Order was in error. If no action is taken within twenty (20) days of filing of the petition, it is deemed denied. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Final Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

YOU WILL NOT RECEIVE FURTHER NOTICE OF THE INITIAL ORDER BECOMING A FINAL ORDER

A person who is aggrieved by a final decision in a contested case may seek judicial review of the Final Order by filing a petition for review in a Chancery Court having jurisdiction (generally, Davidson County Chancery Court) within sixty (60) days after the entry date of a Final Order or, if a petition for reconsideration is granted, within sixty (60) days of the entry date of the Final Order disposing of the petition. (However, the filing of a petition for reconsideration does not itself act to extend the sixty day period, if the petition is not granted.) A reviewing court also may order a stay of the Final Order upon appropriate terms. See T.C.A. §4-5-322 and §4-5-317.