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

TENNESSEE SECURITIES DIVISION, TENNESSEE INSURANCE DIVISION, Petitioners.	)	
vs.	)	**Order No.: 09-015**
SENIOR SELECT SERVICES, and DAVID S. COOPER, and ROSE COOPER, Respondents.	)	

CONSENT ORDER

The Tennessee Securities Division ("TSD"), and the Tennessee Insurance Division ("TID") (collectively, the "Divisions") and Mr. David S. Cooper ("David Cooper") and Ms. Rose Marie Beattie Cooper ("Rose Cooper"), both individually and on behalf of their partnership, Senior Select Services (collectively "Respondents"), agree to the entry of this Consent 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.* (the "Act"), which states that the Commissioner of the Tennessee Department of Commerce and Insurance ("Commissioner") may from time to time make such orders as are necessary to carry out the provisions of the Act, and in accordance with the Tennessee Insurance Producer Licensing Act of 2002, TENN. CODE ANN. §§ 56-6-101, *et seq.* (the "Law").

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 Respondents 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. Respondents fully understand that this Consent Order will in no way preclude additional proceedings by the Commissioner against the Respondents 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. Respondents fully understand that this Consent Order will in no way preclude additional proceedings by the Commissioner or any other state government representative against the Respondents 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 Respondents.

5. Respondents expressly waive all further procedural steps, and expressly waive 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 Act, TENN. CODE ANN. §§ 48-2-101, *et seq.*, places the responsibility for the administration of the Act on the Commissioner. The TSD is the lawful agent through which the Commissioner discharges this responsibility. TENN. CODE ANN. § 48-2-115.

2. The Law, TENN. CODE ANN. §§ 56-6-101, *et seq.*, places the responsibility for the administration of the Law on the Commissioner. The TID is the lawful agent through which the Commissioner discharges this responsibility.

3. David Cooper is a citizen and resident of Tennessee, residing at 2404 Brookstone Place, Mt. Juliet, TN, 37122. David Cooper is a licensed insurance producer (License # 896468) in the State of Tennessee with the TID. David Cooper is not currently registered, nor has he ever been registered, as a broker-dealer, broker-dealer agent, investment advisor, or investment advisor representative with the TSD. At all relevant times, David Cooper conducted business through Senior Select Services, a partnership owned and operated by David Cooper and his wife, Rose Cooper. At all relevant times, Senior Select Services was located at 2598 N Mount Juliet Rd, Mount Juliet, TN 37122.

4. Rose Cooper is a citizen and resident of Tennessee, residing at 2404 Brookstone Place, Mt. Juliet, TN, 37122. Rose Cooper is a licensed insurance producer (License # 713191) in the State of Tennessee with the TID. At all relevant times, Rose Cooper conducted business through Senior Select Services, a partnership owned and operated by Rose Cooper and her husband, David Cooper. At all relevant times, Senior Select Services was located at 2598 N Mount Juliet Rd, Mount

Juliet, TN 37122, but Rose Cooper also worked out of her home office, 2404 Brookstone Place, Mt. Juliet, TN, 37122.

5. Senior Select Services is a partnership owned and operated by Respondent David Cooper and Respondent Rose Cooper. At all relevant times, Senior Select Services was located at 2598 N Mount Juliet Rd, Mount Juliet, TN 37122. Senior Select Services is not currently registered, nor has it ever been registered, as a broker-dealer or investment advisor with the TSD.

David Cooper Advised Customers on Investments in Tennessee

6. A & O Bonded Life Settlements, LLC ("A & O") contracted with David Cooper to sell life settlement contracts to his insurance clients. In or about June 2007, David Cooper recommended A & O Bonded Life Settlement Contracts to five (5) Tennessee residents. These life settlement contracts were in the form of Capital Appreciation Bonds, all issued on June 1, 2007. One such bond, set to mature June 1, 2012 has a stated interest rate of 9%. David Cooper is not currently registered, nor has he ever been registered as an investment advisor, or investment advisor representative with the TSD to recommend such securities in Tennessee.

David Cooper Sold Securities in Tennessee

7. In or about June 2007, David Cooper sold A & O Bonded Life Settlement Contracts to five (5) Tennessee residents. David Cooper received from A & O a small stipend and 5% commission on each sale. In total, David Cooper received twenty two thousand seven hundred twenty seven dollars and fifty-one cents ($22,727.51) in commissions and other payments from the sales of these Life settlement contracts offered by A & O to Tennessee residents. David Cooper is

not currently registered, nor has he ever been registered, as a broker-dealer, broker-dealer agent with the TSD to sell such securities in Tennessee.

David Cooper Failed to Disclose Material Facts to Investors

8. David Cooper failed to state facts material to his investors' investment decisions. David Cooper did not disclose to his customers that the purchase of the life settlement contracts offered by A & O was restricted to accredited investors only. Neither David Cooper nor Senior Select Services, his company, collected information from these investors to determine whether his customers qualified as accredited investors. David Cooper admitted that he did not make independent inquiries about the life settlement contracts offered by A & O to the TID or TSD or anywhere else before he offered these investments to his customers. Knowledge that these Life settlement contracts offered by A & O were intended for accredited investors only is material information that was required to be disclosed to David Cooper's customers.

9. David Cooper failed to disclose to his customers that he previously filed for personal bankruptcy. Knowledge of David Cooper's financial background and the fact that he previously filed for personal bankruptcy was material information that was required to be disclosed to David Cooper's customers.

David Cooper and Senior Select Services Collected Fees for Services Associated with the Sale, Solicitation, Negotiation or Servicing of an Insurance Product

10. David Cooper and Senior Select Services collected fees directly from their customers for services associated with the sale, solicitation, negotiation or servicing of an insurance product.

David Cooper and Senior Select Services offered customers a service agreement upfront. The service agreement provided that Senior Select Services would provide services to its customers for an agreed upon fee. The fees collected covered opening accounts, reviews of the customers' existing insurance policies, annual reviews of insurance policies purchased through David Cooper and Senior Select Services and recommendations and professional referrals to other planning professionals, such as accountants or lawyers. The fees ranged in amount and were based upon the customers' individual needs and assets. All such services were associated with the sale, solicitation, and negotiation or servicing of an insurance product.

Rose Cooper and Senior Select Services Collected Fees for Services Associated with the Sale, Solicitation, Negotiation or Servicing of an Insurance Product

11. Rose Cooper and Senior Select Services collected fees directly from their customers for services associated with the sale, solicitation, negotiation or servicing of an insurance product. Rose Cooper and Senior Select Services offered customers a service agreement upfront. The service agreement provided that Senior Select Services would provide services to its customers for an agreed upon fee. The fees collected covered opening accounts, reviews of the customers' existing insurance policies, annual reviews of insurance policies purchased through Rose Cooper and Senior Select Services and recommendations and professional referrals to other planning professionals, such as accountants or lawyers. The fees ranged in amount and were based upon the customers' individual needs and assets. All such services were associated with the sale, solicitation, and negotiation or servicing of an insurance product.

CONCLUSIONS OF LAW

1. Pursuant to TENN. CODE ANN. §48-2-115(a), the responsibility for administration of the Act is upon the Commissioner. The TSD is the lawful agent through which the Commissioner discharges this responsibility. TENN. CODE ANN. § 48-2-112 and § 48-2-115.

2. Pursuant to TENN. CODE ANN. §§ 56-1-101 *et seq.*, the responsibility of the administration of the Law is upon the Commissioner. The TID is the lawful agent through which the Commissioner discharges this responsibility. TENN. CODE ANN. § 56-1-202 and § 56-6-112.

3. TENN. CODE ANN. § 48-2-109(c) provides in pertinent part that: 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 this part.

4. TENN. CODE ANN. § 48-2-102(11)(A) defines "Investment adviser representative" to include an individual that (A) "[m]akes any recommendation or otherwise renders advise regarding securities [ ] ...."

5. As described in the Findings of Fact section above David Cooper and Senior Select Services recommended that their customers purchase the life settlement contracts offered by A & O. Such conduct would provide grounds under TENN. CODE ANN. § 48-2-109(c) for the entry of an order of sanctions against Respondents David Cooper and Senior Select Services.

6. TENN. CODE ANN. § 48-2-109(e) provides in part, that the commissioner may impose a civil penalty for violation of this section not to exceed ten thousand dollars ($10,000) per violation.

7. TENN. CODE ANN. § 48-2-109(a) provides in pertinent part that: 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 this part.

8. As described in the Findings of Fact section above, the sales of the life settlement contracts offered by A & O in Tennessee by David Cooper, without first registering with the TSD as a broker-dealer agent, provides grounds under TENN. CODE ANN. § 48-2-109(a) for the entry of an order of sanctions against David Cooper.

9. As described in the Findings of Fact section above, the sales of the life settlement contracts offered by A & O in Tennessee by Senior Select Services, without first registering with the TSD as a broker-dealer, provides grounds under TENN. CODE ANN. § 48-2-109(a) for the entry of an order of sanctions against Senior Select Services.

10. TENN. CODE ANN. § 48-2-109(e) provides in part, that the Commissioner may impose a civil penalty for violation of this section not to exceed ten thousand dollars ($10,000) per violation.

11. TENN. CODE ANN. § 48-2-121(a) provides in pertinent part that, it is unlawful for any person, in connection with the offer, sale or purchase of any security in the 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.

12. As described in the Findings of Fact section above, David Cooper failed to make necessary material disclosures to his customers and this conduct provides grounds under TENN. CODE ANN. §48-2-121 for the entry of an order of sanctions against David Cooper.

13. TENN. CODE ANN. §§ 56-6-125(a) and (b) and 56-6-112(a)(15) prohibit, as an unfair trade practice, a licensed insurance agent from: (a) charging fees for the sale, solicitation, negotiation of insurance not authorized by a written agreement with an insurer and incorporated in the insurer's rate filings AND (b) charging additional fees for services that are customarily associated with the sale, solicitation, negotiation or servicing of an insurance product.

14. TENN. CODE ANN. § 56-6-112(a)(2) provides that "The commissioner may place on probation, suspend, revoke or refuse to issue or renew a license issued under this part or may levy a civil penalty in accordance with TENN. CODE ANN. §§ 56-6-155(b), 56-6-112(e), or 56-2-305(a)(2)" as applicable, "or take any combination of those actions, for any one (1) or more of the following causes: ... (2) [v]iolating any law, rule, regulation, subpoena or order of the commissioner or of another state's commissioner [ ] ...."

15. TENN. CODE ANN. § 56-2-305(a)(2) provides that "the commissioner may, at the commissioner's discretion order: (2) [p]ayment of a monetary penalty of not more than one thousand dollars ($1,000) for each violation [ ] ...."

16. TENN. CODE ANN. § 56-6-112(a)(7) provides that "The commissioner may place on probation, suspend, revoke or refuse to issue or renew a license issued under this part or may levy a civil penalty in accordance with TENN. CODE ANN. §§ 56-6-155(b), 56-6-112(e), or 56-2-305(a)(2)" as applicable, "or take any combination of those actions, for any one (1) or more of the following

causes: ... (7) [h]aving admitted or been found to have committed any insurance unfair trade practice or fraud [ ] ...."

17. As described in the Findings of Fact section above, David Cooper, Rose Cooper, and Senior Select Services all entered into service agreements with their clients for fees for services customarily associated with the sale, solicitation, negotiation or servicing of an insurance product. The Respondents based their fees on the anticipated length of time to provide services and the amount of business done through the company. This conduct is an insurance unfair trade practice under TENN. CODE ANN. §§ 56-6-125(a) and (b) and 56-6-112(a)(15) and provides grounds for probation, suspension or revocation of the Respondents' insurance producer licenses under TENN. CODE ANN. §§ 56-6-112(a)(2) and (7). This conduct further provides grounds for the imposition of up to one thousand dollars ($1,000) civil penalty per violation of the Law.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and Respondents' waiver of their 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 Respondents' admission of jurisdiction of the Commissioner, the Commissioner finds that Respondents, for the purpose of settling this matter, admit the "Findings of Fact" as contained herein, and have agreed to the entry of this Consent Order and that the following Consent Order is appropriate, in the public interest and necessary for the protection of investors.

IT IS ORDERED, pursuant to TENN. CODE ANN. § 48-2-116(a) of the Act and TENN. CODE ANN. §§ 56-6-101, *et seq.*, the Law, that:

1. Respondents David Cooper, Rose Cooper and Senior Select Services shall fully comply with the Act, the Law, and all rules promulgated thereunder;

2. Respondent David Cooper shall permanently Cease and Desist in 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, beginning on the date this Consent Order is executed by the Commissioner for the Department of Commerce and Insurance.

3. Respondent David Cooper shall Cease and Desist in conducting securities transactions on behalf of others from, in, or into the State of Tennessee, beginning on the date this Consent Order is executed by the Commissioner for the Department of Commerce and Insurance.

4. Respondent David Cooper is **ORDERED TO AND AGREES** to pay disgorgement to the investors in the amount of twenty two thousand seven hundred twenty seven dollars and fifty-one cents ($22,727.51), to be paid upon execution of this document, but in no event later than September 24, 2012. Payment in the form of a money order or cashier's check shall be mailed or delivered directly to each of the investors that purchased the life settlement contracts offered by A & O through Respondent David Cooper. Disgorgement payments will be a pro-rata share based on the principal amount invested by each investor and according to the attached schedule (Exhibit 1). Proof of payment shall be mailed within ten (10) days of payment to:

State of Tennessee
Department of Commerce and Insurance
Securities Division - Broker-Dealer Section
6th Floor, Davy Crockett Tower, Suite 680

500 James Robertson Parkway
Nashville, Tennessee 37243

5. Respondent David Cooper is **ORDERED TO AND AGREES** to pay civil penalties in the amount of ten thousand dollars $10,000.00, upon execution of this document, but in no event later than March 24, 2012. Payment in the form of a money order or cashier's check shall be mailed or delivered to:

State of Tennessee
Department of Commerce and Insurance
Securities Division - Broker-Dealer Section
6th Floor, Davy Crockett Tower, Suite 680
500 James Robertson Parkway
Nashville, Tennessee 37243

Payments will be made in $5,000.00 installments, due March 24, 2011, and March 24, 2012.

6. Respondent David Cooper agrees that any failure to comply with all the requirements and prohibitions contained in this Order shall result in further enforcement action by the Division, the Department of Commerce and Insurance, and/or the State of Tennessee in order to enforce the provisions contained herein.

7. Respondents David Cooper, Rose Cooper and Senior Select Services are **ORDERED TO AND AGREE** to pay civil penalties in the amount of two thousand five hundred dollars $2,500.00, due September 24, 2010. Payment in the form of a money order or cashier's check shall be mailed or delivered to:

State of Tennessee
Department of Commerce and Insurance
Insurance Division

4th Floor, Davy Crockett Tower, Suite 680
500 James Robertson Parkway
Nashville, Tennessee 37243

8. Respondents David Cooper, Rose Cooper and Senior Select Services agree that any failure to comply with all the requirements and prohibitions contained in this Order shall result in further enforcement action by the Division, the Department of Commerce and Insurance, and/or the State of Tennessee in order to enforce the provisions contained herein.

9. Respondent David Cooper's insurance producer (License # 896468) is **SUSPENDED** for six (6) months, beginning with the entry date of this Order.

10. Respondent Rose Cooper's insurance producer (License # 713191) is subject to a period of **PROBATION** for one (1) year, beginning with the entry date of this Order.

IT IS ORDERED that this Consent 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 Respondent David Cooper for violations of the Act and the Law alleged by the Divisions to have occurred with respect to the transactions involving the above referenced investors and the facts contained herein.

This Consent 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 Respondent Rose Cooper for violations of the Law alleged by the TID to have occurred with respect to the transactions involving the above referenced investors and the facts contained herein.

This Consent 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 Respondent Senior Select Services for violations of the Act and the Law alleged by the Divisions to have occurred with respect to the transactions involving the above referenced investors and 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 signatures affixed below, Respondents David Cooper, Rose Cooper, both individually and on behalf of their partnership, Senior Select Services affirmatively state that each has freely agreed to the entry of this Consent Order, that each waives the 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.

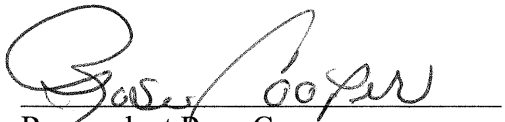
ENTERED this 24th day of March, 2010.

Leslie A. Newman

Leslie A. Newman, Commissioner
Department of Commerce and Insurance

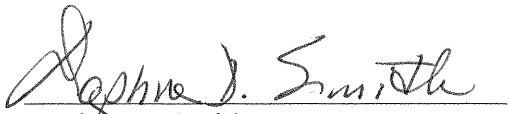
APPROVED FOR ENTRY:

Respondent David Cooper
Both individually and on behalf of
Senior Select Services

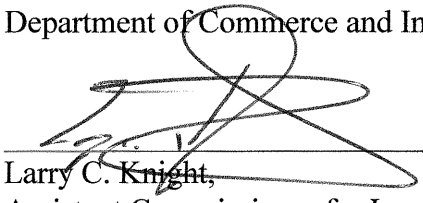


Respondent Rose Cooper
Both individually and on behalf of
Senior Select Services

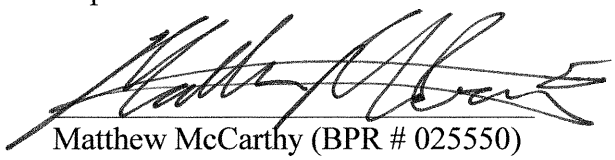
Marnee Baker, (#22436)
Attorney for Respondents
Baker, Donelson, Bearman,
Caldwell & Berkowitz, PC
Commerce Center, Suite 1000
211 Commerce Street
Nashville, Tennessee 37201



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



Larry C. Knight,
Assistant Commissioner for Insurance
Department of Commerce and Insurance



Matthew McCarthy (BPR # 025550)
Assistant General Counsel
Department of Commerce and Insurance
Office of Legal Counsel
500 James Robertson Parkway, 2nd Floor
Nashville, Tennessee 37243
(615) 741-2199/Fax (615) 741-4000

EXHIBIT 1

Repayment Schedule

Disgorgement to Investors	**Send Proof of Payment (within ten (10) days of payments) to:** State of Tennessee Department of Commerce and Insurance Securities Division - Broker-Dealer Section 6th Floor, Davy Crockett Tower, Suite 680 500 James Robertson Parkway Nashville, Tennessee 37243	**Payment** Sept. 24, 2010	**Due** Sept. 24, 2011	**By** Sept. 24, 2012
Michael Shelton invested nine (9) % of the total funds invested through David Cooper.	**Pay To:** Michael K. Shelton 534 Wanda Dr. Nashville, TN 37210	$681.82	$681.82	$681.82
Gordon L. Rogers invested eighteen (18) % of the total funds invested through David Cooper.	Gordon L. Rogers 445 Lawrence Rose Rd. Mt. Juliet, TN 372122	$1,363.65	$1,363.65	$1,363.65
Michael Yatsinko invested eighteen (18) % of the total funds invested through David Cooper.	Michael Yatsinko 35 Winchsester Ct. Lebanon, TN 37087	$1,363.65	$1,363.65	$1,363.65
Ruby Youngblood invested nine (9) % of the total funds invested through David Cooper.	Ruby Youngblood 106 South St. Dongola, IL 62926	$681.82	$681.82	$681.82
Terry E. Redman invested forty-six (46) % of the total funds invested through David Cooper.	Terry E. Redman 111 Moss Glen Rd. Lebanon, TN 37090	$3,484.89	$3,484.88	$3,484.88
Totals:		$7,575.83	$7,575.82	$7,575.82