STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION  

IN THE MATTER OF:  

ROBERT MICHAEL SEAHORN  
JOHN COLVIN  
COLIN PREST  

RESPONDENTS  

)  
)

ADMINISTRATIVE ORDER  
NO. OB-2005-0015  

ORDER TO BAR  

The Alabama Securities Commission ("Commission"), having the power to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, has determined as follows.  

RESPONDENTS  

1. ROBERT MICHAEL SEAHORN ("SEAHORN"), CRD # 1522325, was a registered agent for FRANKLIN FINANCIAL SERVICES CORPORATION ("FFSC"), and has been Barred from the securities industry by the NATIONAL ASSOCIATION OF SECURITIES DEALERS ("NASD"). During the month of October 2001, SEAHORN portrayed himself to an Alabama resident as an agent and representative of PHYMED PARTNERS, INC ("PPI"). SEAHORN has a residential address of 578 Roxburg Polo Run, Collierville, Tennessee.  

2. JOHN COLVIN ("COLVIN"), CRD #2811349, was a former registered agent for FFSC. From October 2001 to December 2002, COLVIN portrayed himself to an Alabama resident as an agent and representative of PPI. COLVIN has a residential address of 7821 Indian Springs Drive Nashville, TN 37221. For the purpose of this Order, and at all times relevant to this complaint, COLVIN was a registered securities agent of FFSC. COLVIN is not currently registered with any firm.
3. COLIN PREST ("PREST"), CRD # 2702060, was a former registered agent with J W GENESIS FINANCIAL SERVICES, INC., whose registration termed on November 27, 2000. From October 2001 to December 2002, PREST portrayed himself to an Alabama resident as an agent and representative of PPI. PREST has a residential address of 1742 Imperial Palm Drive Apopka, FL 32712. PREST is not currently registered with any firm.

STATEMENT OF FACTS

4. FRANKLIN FINANCIAL SERVICES CORPORATION ("FFSC") is registered in the State of Alabama as a Broker Dealer, and purports itself to be a Texas corporation, with an address of 1 Franklin Square Springfield, IL 62713.

5. PHYMED PARTNERS, INC ("PPI") was a Florida Corporation with a principal business address located at 710 Miami Springs Drive, Longwood, Florida 32779. PPI also operated an internet website located at www.phymedpartners.com.

6. JAMES LAMAR MCMICHAEL ("JAMES MCMICHAEL") is the Executive Officer/Director of PPI. NANCY WISE MCMICHAEL ("NANCY MCMICHAEL") is the Vice President/Director/Secretary of PPI. They have a residential address of 707 Treeline Place, Sanford, FL 32771.

7. The Commission received information that from October 2001 to December 2002 JAMES and NANCY MCMICHAEL, through their agents and representatives SEAHORN, COLVIN, and PREST, promoted and/or sold Preferred Shares of PPI Stock to an Alabama resident.
8. SEAHORN initially contacted the Alabama resident via telephone and then by mail to provide information concerning the PPI investment. The written information about PPI received from SEAHORN was contained in a publication called M.D. News, A PhyMed Partners Inc Private Placement Memorandum, and a brochure from International Fidelity and Surety, Inc. ("IFS"). The IFS brochure contained information which stated that the PPI investment would generate a 13% per year return in three years.

9. JAMES and NANCY MCMICHAEL, COLVIN, and PREST made repeated contact, via telephone and email, with the Alabama resident concerning the PPI investment and its potential for profit.

10. A review of information obtained indicates that PPI raised the funds to develop, own, operate and manage medical clinics. The shares offered by PPI were purportedly exempt from state registration because they were offered under Regulation D Rule 506. A review of the Commission files indicated no record of any filings for PPI.

11. PPI promised to return investors principal within 12 to 18 months from the date of purchase. PPI also promised to pay dividends on the shares. Between May 2002 and the current date, the Commission and various other Securities Regulatory Agencies have received complaints from PPI investors. Each of these investors has alleged that PPI ceased all dividend and principal payments to them.

12. A review of information received revealed that PPI, between July 2000 and September 2002 through a network of unregistered sales agents, sold a series (A through J) of Convertible Preferred Stock offerings to approximately 333 investors in at least 25 states. An analysis of the bank records held at SouthTrust Bank provided pursuant to a subpoena identified JAMES and NANCY MCMICHAEL as having signatory authority for a PPI account. Between July 2000 and September 2002, PPI utilized this account to received approximately $21,131,289.59 in check deposits and
$231,409.00 in wire transfer deposits. A review of the deposited checks and the wire transfer detail identified these funds to be predominantly deposits from investors. The review also identified sales to one Alabama resident of the PPI offering totaling approximately $143,139.77

13. FFSC claims it neither sanctioned nor endorsed the sale of the PPI Private Placement, when SEAHORN and COLVIN were "selling away" from the firm. According to FFSC, SEAHORN and COLVIN failed to notify the firm or receive appropriate authorization to engage in or solicit any outside investment ventures. In addition, FFSC claims that without their knowledge or approval, SEAHORN and COLVIN sent PPI investment related correspondence to investors.

14. Review of the files of the Registration Division, Alabama Securities Commission, indicate no record of any notice filings or request for any exemptions from filing for the shares of PPI Series A-J convertible preferred common stock in the State of Alabama.

15. PPI is not registered as a broker dealer in the state of Alabama. The offer and/or sale of securities within or into the state of Alabama without the benefit of registration is a violation of § 8-6-3(b), Code of Alabama, 1975.

16. The securities being solicited and sold by JAMES and NANCY MCMICHAEL, SEAHORN, COLVIN, and PREST to wit: shares of stock in PPI, are not registered in the state of Alabama. The sale of unregistered securities, into, within, or from the state of Alabama is a violation of section 8-6-4, Code of Alabama 1975.

17. On April 7, 2005, the NASD barred SEAHORN from association with any NASD member in any capacity for violation of rule 2110, 5040, for his participation in private securities transactions without prior written notice to, and approval from his member firm.
18. In October 1998, while employed with Ascend Financial Services, COLVIN was discharged from his employment due to the results of an internal review that discovered COLVIN did not disclose a pending customer complaint, nor of having been previously terminated for cause from his former employer. COLVIN was found to be in possession of a clients check for investment with his prior broker-dealer. COLVIN allegedly altered an insurance policy and converted it to a variable annuity policy.

19. While employed with FFSC, COLVIN was the subject of a customer complaint alleging that signatures on account documents were not the client’s original signature, which led to forgery allegations. The customer also complained that COLVIN misrepresented an “Equitable Flexible Premium” insurance policy purchased in January 2001, as a paid in full policy. Litigation was settled in Chancey Court for Wilson County, Tennessee, Case# 03035 for a settlement amount of $135,000.00.

20. There is currently litigation pending in the Chancey Court of Tennessee at Hamilton Courts, Case# 04-0263, whereby clients are alleging that COLVIN, while employed with FSC, sold plaintiffs investments suitable only for sophisticated / accredited investors. The claim relates to notes and preferred stock purchased in 2001 totaling $174,771.76. The product (PPI) was not approved for sale by FFSC.

CONCLUSIONS OF LAW

21. PPI is not registered as a broker dealer in the state of Alabama. The offer and/or sale of securities, into, within, or from the state of Alabama without the benefit of registration is a violation of § 8-6-3(b), Code of Alabama, 1975.

22. The securities being solicited and sold by SEAHORN, COLVIN, and PREST, to wit: shares of stock in PPI, were not registered in the state of Alabama. The sale of unregistered securities, into, within, or from the state of Alabama is a violation of section 8-6-4, Code of Alabama 1975.
23. SEAHORN and COLVIN violated the provisions of Section 8-6-3(j)(7), Code of Alabama 1975 by engaging in dishonest or unethical practices in the securities business, to wit: by executing transactions which FFSC has represented were unauthorized, by selling away to clients unregistered interests in the PPI Private Placement investment.¹

24. Pursuant to the provisions of Section 8-6-3(j)(6), Code of Alabama 1975, the Commission may suspend, revoke, censor or bar any registrant from employment with a securities dealer if the Commission finds that the Order is in the public interest, and that the registrant has violated or failed to comply with any provision of the Alabama Securities Act, or any rule or order issued by the Commission, or has failed to reasonably supervise registrants.

This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities Act.

ACCORDINGLY, IT IS HEREBY ORDERED that RESPONDENT be permanently BARRED from registration or engaging in securities activities into, within or from the state of Alabama.

¹ The dishonest and unethical sales practices alleged by Alabama residents, in the sale of unregistered securities by registered agents, raises an inference of willful violation and failure to comply with the Alabama Securities Act or rules promulgated there under. As a result on April 6, 2005, the Commission issued a Cease and Desist Order, Administrative Order No. CD-2005-90___ to the other named parties identified in this order PPI, JAMES MC MICHAEL, and NANCY MC MICHAEL. in addition, the Commission issued a Show Cause Order, Administrative Order No. SC-2005-00___ to FFSC.
Entered at Montgomery, AL, this 17th day of April, 2005.

ALABAMA SECURITIES COMMISSION
770 Washington Avenue, Suite 570
Montgomery, AL 36130-4700
(334) 242-2984
BY:

JOSEPH P. BORG
Director