

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)	
)	
BRYAN WAYNE ANDERSON)	ADMINISTRATIVE ORDER
)	NO. CD – 2014- 0014
<u>RESPONDENTS</u>)	

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities, into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

1. BRYAN WAYNE ANDERSON ("ANDERSON") (CRD #3116269) is an Alabama resident with a residential address of 582 Founders Park Drive West, Birmingham, AL 35226.

STATEMENT OF FACTS

2. ANDERSON was previously registered in the state of Alabama as a broker dealer agent with MetLife Securities Inc. (CRD # 14251), from October 15, 1998 through February 13, 2012.

3. ANDERSON was subsequently registered with Pruco Securities, LLC (CRD# 5685), as both a broker dealer agent, from February 6, 2012 through October 4, 2012, and as an investment adviser representative, from March 8, 2012 through October 4, 2012.

4. In March 2012, while working as a registered representative for Pruco Securities, ANDERSON sold an Alabama resident (INVESTOR 1) a \$4 million dollar

Variable Universal Life Insurance policy. ANDERSON represented that it was the best tax shelter product available; the investment funds could be deposited tax free; and INVESTOR 1 could liquidate 100% of deposited funds plus interest at anytime.

5. In June 2012, ANDERSON advised INVESTOR 1 that the policy was not performing as well as ANDERSON had anticipated. ANDERSON solicited Investor 1 to invest in a "hedge fund / box trading program", managed by ANDERSON. ANDERSON represented that the program functioned best when the market was performing poorly. ANDERSON guaranteed a rate of return of 1.5% over a period of nine months. ANDERSON further represented that he would match whatever amount INVESTOR 1 placed with him, so that they were equally invested.

6. On June 22, 2012, INVESTOR 1 wired \$150,000.00 from their personal bank account to the Bancorp South bank account of ANDERSON. ANDERSON issued a Promissory Note, which stated that INVESTOR 1 would receive; "the principal sum of \$200,000.00, together with interest in arrears from the date hereof on the unpaid principal balance, at the rate of 1.5% for the following nine months."

7. On July 18, 2012, on the advice of ANDERSON, INVESTOR 1 terminated two Pruco Securities managed accounts originally purchased on ANDERSON's recommendation. ANDERSON claimed that the accounts were performing poorly and ANDERSON's "hedge fund / box trading program" could provide a far better return.

8. On July 23 & 24, 2012, Pruco Securities returned \$283,443.82 to INVESTOR 1. On July 25, 2012, INVESTOR 1 wired \$280,000.00 from their personal bank account to the Bancorp South account of ANDERSON. On July 25, 2012, ANDERSON issued a second Promissory Note to INVESTOR 1, which stated that ANDERSON would pay INVESTOR 1; "the principal sum of \$230,000.00, together with interest in arrears from the date hereof on the unpaid balance, at the rate of 18%." The note was to be due and payable on May 25, 2012.

9. On August 13, 2012, ANDERSON was discharged from Pruco Securities, LLC and termed from the industry.

10. In September 2012, ANDERSON approached a second Alabama resident (INVESTOR 2) about investing in ANDERSON's "hedge fund / box trading program". On September 24, 2012, based on ANDERSON's advice, INVESTOR 2 closed out their TD Ameritrade account and wired \$91,561.64 to ANDERSON's Bancorp South account. ANDERSON issued a Promissory Note stating that INVESTOR 2 would receive; "the principal sum of \$105,000.00, together with interest in arrears from the date hereof on the unpaid principal balance, at the rate of 11%." The amount was to be paid in full on November 5, 2012.

11. In October 2013, ANDERSON approached a third Alabama resident (INVESTOR 3) about cashing out a Prudential annuity originally sold by ANDERSON. ANDERSON requested that INVESTOR 3 invest the proceeds into ANDERSON's "hedge fund / box trading program". On October 23, 2013, INVESTOR 3 cashed out the PRUDENTIAL annuity and gave ANDERSON a cashier's check in the amount of \$20,000.00. ANDERSON issued a Promissory Note that stated INVESTOR 3 would receive; "the principal sum of \$20,000.00, together with interest in arrears from the date hereof on the unpaid principal balance, at the rate of 11%. The unpaid balance, together with any accrued interest, shall be due and payable in full on November 25, 2013."

12. A review of records available to the Commission disclosed that a substantial portion of the investor funds received were never placed into a "hedge fund / box trading program" as represented by Anderson. Investor funds were actually deposited into either a brokerage or personal bank account controlled by ANDERSON.

13. A review of the Commission's registration files disclosed no current record of registration, nor any exemption from registration, for ANDERSON as a broker dealer, broker dealer agent, investment advisor, or investment advisor representative in the state of Alabama, from August 13, 2012 to the date of this Order.

14. A review of the Commission's registration files disclosed no record of registration, nor any exemption from registration, for ANDERSON's "hedge fund / box trading program".

CONCLUSIONS OF LAW

15. Pursuant to Section 8-6-2(10) Code of Alabama 1975, the definition of a "security" includes a note, bond, investment contract or evidence of indebtedness as a security. The promissory notes offered by ANDERSON are securities as defined in the Act.

16. Pursuant to Section 8-6-2(2) Code of Alabama 1975, the definition of "agent" includes any individual who represents a dealer or issuer in effecting or attempting to effect sales of securities. By soliciting and effecting sales of the promissory notes, ANDERSON acted as an agent under the Act.

17. Pursuant to Section 8-6-3(a) Code of Alabama 1975, it is unlawful for any person to transact business in the state as a dealer or agent for securities unless he is registered under the Act. ANDERSON was registered as a broker dealer agent and as an investment advisor representative with the state of Alabama, for a limited portion of the relevant period detailed in this Order. However, ANDERSON sold securities not approved for sale by his broker dealer and therefore acted as an agent for transactions not permitted under his registration. Based on the foregoing, ANDERSON was not appropriately registered to execute the transactions in question and acted as an agent for such transactions in violation of the act.

18. Pursuant to Section 8-6-4, Code of Alabama, 1975, it is unlawful for any person to offer or sell any security in this state unless said security: (1) is registered under the Act; (2) the security is exempt from registration under section 8-6-10; or (3) the transaction is exempt under section 8-6-11. The securities offered by ANDERSON; to wit: the promissory notes for his "hedge fund / box trading program" were neither registered, nor exempt from registration and were offered / sold in violation of the Act.

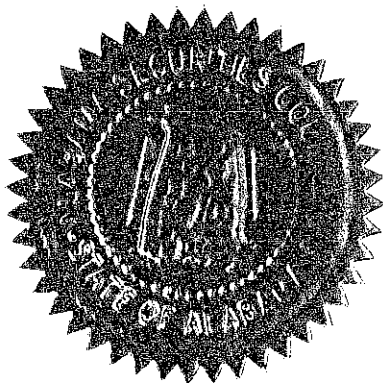
This Order does not prevent the Commission from seeking such other civil or criminal remedies that are available to it under the Act.

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

Additionally, if the allegations set forth herein are found to be true, through administrative adjudication, failure of the RESPONDENT to make a timely request for hearing, or default of the RESPONDENT, it is the intention of the Commission to impose sanctions upon the RESPONDENT. Such sanctions may include, inter alia, an administrative assessment imposed on RESPONDENT, an additional administrative assessment for investigative costs arising from the investigation of the violation(s) described herein against RESPONDENT, and a permanent order to bar RESPONDENT from participation in any securities related industry in the state of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that RESPONDENT immediately **CEASE AND DESIST** from further offers or sales of any security into, within, or from the State of Alabama.

Entered at Montgomery, Alabama, this 17th day of July, 2014.



ALABAMA SECURITIES COMMISSION
401 Adams Avenue, Suite 280
Montgomery, AL 36104
(334) 242-2984

BY:

A handwritten signature in black ink, appearing to read "Edwin L. Reed", is written over a horizontal line.

EDWIN L. REED

Deputy Director

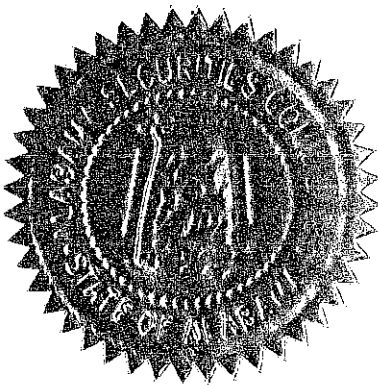
In lieu of a formal hearing, you may request an informal meeting with the Director or the Commission staff to resolve the matter. You will not waive your rights to a formal hearing. The Commission staff requests that you submit a verified statement, setting

forth full details concerning your activities giving rise to this Order, no matter whether you are requesting a formal hearing, an informal meeting, or just desire to provide your side of the matter.

Please identify yourself as a Respondent and refer to the Order number when requesting a hearing, informal meeting, or otherwise corresponding with the Commission staff concerning this matter.

Appeals from any final Order of the Commission shall be made to the Circuit Court of Montgomery County, Alabama.

Date this 17th day of July, 2014.



A handwritten signature in black ink, appearing to read "Edwin L. Reed".

Edwin L. Reed
Deputy Director