

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:            )  
  )  
THOMAS LANE BUTTS            )  
  )  
                  RESPONDENT                    )

ADMINISTRATIVE ORDER  
NO. SC-2007-0013

SHOW CAUSE 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, upon due consideration of the subject matter hereof, has determined as follows.

RESPONDENT

1. THOMAS LANE BUTTS ("BUTTS"), CRD # 1546012, with a home address of 3766 Conway Drive South, Mobile, Alabama, 36608, was registered in the state of Alabama as an agent of Alabama registered broker/dealer Pan American Financial Advisers, Inc. ("PAFA") from March 2002 until November 2005. BUTTS is currently a registered agent in the state of Alabama.

STATEMENT OF FACTS

2. On October 2, 2002, an Alabama resident who was an existing client with Pan American Financial Advisers, and who held a Variable Annuity with ING through PAFA, visited the branch office of PAFA in Mobile, Alabama. The investor's account representative was Jay Simpson. Because Mr. Simpson was out of the office, BUTTS, who was employed as the branch manager of PAFA at the time, met with the client. The client/investor informed BUTTS that he was concerned about his account and demanded that something be done to stop the losses in his investment account.

3. In response to the client's concerns, but without proper authorization from the client, BUTTS contacted the offices at ING and fraudulently identified himself as the senior agent for the firm, William Costarides. BUTTS gave Mr. Costarides' social security number to the ING representative, and moved the client's account from an annuity to a money market fund. This action, discovered by the investor after receiving his quarterly statement three months later, caused the investor to lose \$27,000.00 in interest he would have earned in the annuity.

4. ING conducted an internal investigation which included reviewing the audio taped conversation in which BUTTS identifies himself as William Costarides to the ING representative. These findings were provided to the Commission.

#### CONCLUSIONS OF LAW

5. Pursuant to Section 8-6-3(j) (7), Code of Alabama 1975, RESPONDENT BUTTS has violated the Act by engaging in dishonest or unethical practices, to wit: fraudulently representing himself as the investors' agent and making an unauthorized transaction in the investors account.

6. Pursuant to 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.

7. The dishonest and unethical sales practices alleged by the Alabama resident, in the sale of securities by RESPONDENT BUTTS, raise an inference of willful violation and failure to comply with the Alabama Securities Act, or rules promulgated thereunder. BUTTS violated Section 8-6-3(j) (7), Code of Alabama 1975.

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

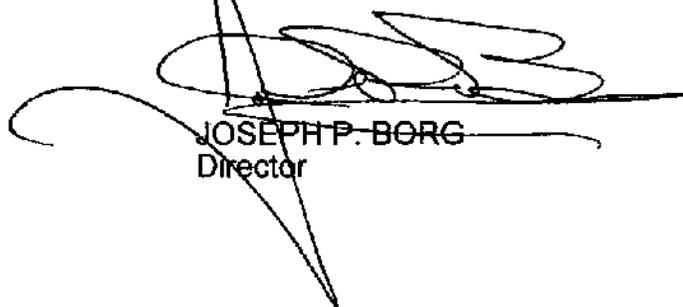
This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities Act.

**ACCORDINGLY, IT IS HEREBY ORDERED** that the RESPONDENT **SHOW CAUSE** to the Commission, within 28 days of the date of this Order, why RESPONDENTS' registrations as an agent should not be suspended or revoked in the state of Alabama.

Entered at Montgomery, AL, this 15<sup>th</sup> day of May, 2007.

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

BY:



JOSEPH P. BORG  
Director

