

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)
)
JESSE MORGAN HINSON) ADMINISTRATIVE ORDER
) NO. CD-2014-0015
RESPONDENT)

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:

RESPONDENT

1. JESSE MORGAN HINSON, ("HINSON"), is an Alabama resident with a residential address of 106 Needmore Road, Troy, Alabama 36081.

STATEMENT OF FACTS

2. The Commission is in receipt of information that, between August 5, 2013 and September 25, 2013, HINSON solicited an Alabama resident to invest a total of \$250,000.00 in his scrap metal business. HINSON represented to the Alabama resident that he was in the business of buying and selling scrap metal. HINSON never disclosed the name of the entity under which he was operating.

3. HINSON issued the Alabama resident an investment contract titled "Contractual Agreement". The agreement stated that the resident was to earn a profit from the scrap metal sales equal to his original investment, plus a percentage split of any additional profits above the original investment amount. According to the contract the investor was to be repaid within two weeks of the date of his initial investment.

4. Based on the terms of the investment contract and verbal representation made by HINSON, the investor believed his investment funds would be used solely for the purchase and sale of scrap metal by HINSON's business.

5. Information made available to the Commission indicates that HINSON had no business license to operate a scrap metal business and failed to disclose the source and manner in which he acquired materials. HINSON converted approximately 70% of investor funds into cash and / or spent a portion of such funds for personal use. There is no indication that Hinson purchased any scrap metal with any portion of the investor's funds.

6. A review of the Commission's Registration Division files revealed no record of registration for HINSON as a securities dealer or agent in the state of Alabama.

7. A review of the Commission's registration Division files disclosed no record of registration, or any perfected exemption from registration for the securities offered by HINSON.

CONCLUSIONS OF LAW

8. 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 contractual agreement offered by HINSON constitutes an investment contract, and is a security as defined in the Act.

9. 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 investment contract, HINSON acted as an agent under the Act.

10. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to transact business in this state as an agent or dealer of securities, unless such person is registered under the Act. By offering and selling securities, to wit: an investment contract, HINSON acted as a unregistered securities agent in violation of the

Act.

11. Pursuant to Section 8-6-4, Code of Alabama 1975, it is unlawful for any person to offer or sell any security in the state of Alabama unless the security is registered under the Act; the security is exempt from registration under Section 8-6-10; or the transaction is exempt under Section 8-6-11. The securities offered and/or sold by HINSON, to wit: the investment contract was neither registered, nor exempt from registration, and was offered / sold in violation of the Act.

12. Pursuant to Section 8-6-17(a), Code of Alabama, 1975, it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly, to: (1) employ any device, scheme or artifice to defraud; (2) make any untrue statement of a material fact or to 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. HINSON failed to disclose the material fact that investor funds would be used for purposes unrelated to the purchase of scrap metal, in violation of the Act.

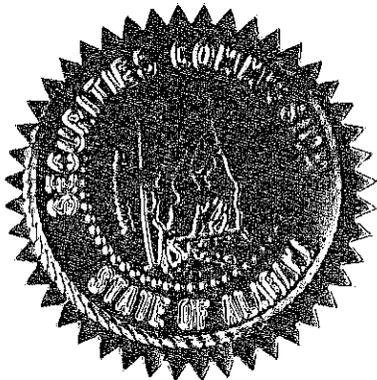
This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

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

Additionally, if the allegations set forth herein are found to be true, through either 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 cost 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 21st day of JULY, 2014.



ALABAMA SECURITIES COMMISSION

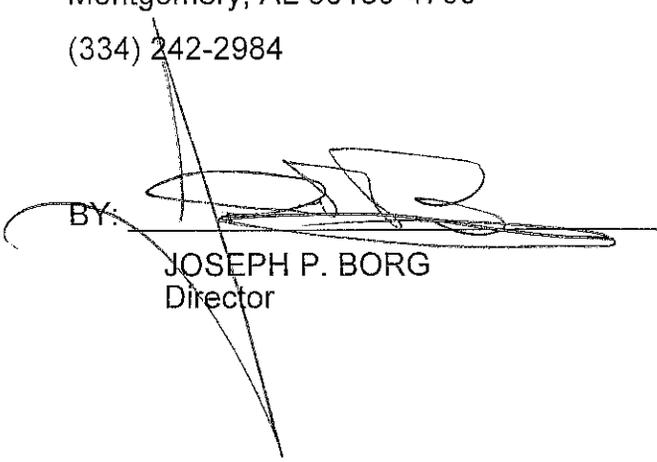
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BY:


JOSEPH P. BORG

Director