

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)
)
PHYMED PARTNERS, INC) CEASE & DESIST ORDER
JAMES LAMAR MCMICHAEL) NO. CD-2005-00 13
NANCY WISE MCMICHAEL)
)
RESPONDENTS)

CEASE AND DESIST ORDER

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. 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.

2. JAMES LAMAR MCMICHAEL ("JAMES MCMICHAEL") is the Executive Officer / Director of PPI. He has a residential address of 707 Treeline Place, Sanford, FL 32771.

3. NANCY WISE MCMICHAEL ("NANCY MCMICHAEL") is the Vice President/ Director / Secretary of PPI. She has a residential address of 707 Treeline Place, Sanford, FL 32771.

STATEMENT OF FACTS

4. ROBERT MICHAEL SEAHORN ("SEAHORN"), CRD # 1522325, is a former registered agent for FRANKLIN FINANCIAL SERVICES CORPORATION

("FFSC"). From October 2001 to December 2002, SEAHORN portrayed himself to an Alabama resident as an agent and representative of PPI. SEAHORN has a residential address of 578 Roxburg Polo Run, Collierville, Tennessee. For the purpose of this Order, and at all times relevant to this complaint, SEAHORN was a registered securities agent of FFSC.

5. JOHN COLVIN ("COLVIN"), CRD #2811349, is 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.

6. COLIN PREST ("PREST"), CRD # 2702060, was a former registered securities agent with J W GENESIS FINANCIAL SERVICES, INC. PREST'S registration with that firm was terminated on November 27, 2000. From October 2001 to December 2002, PREST portrayed himself to an Alabama resident as an agent and representative of PPI. In addition, PREST was not registered with any broker dealer, in any state as a securities agent, at the time he promoted and/or sold investments in the Private Placement for PPI. PREST has a residential address of 1742 Imperial Palm Drive Apopka, FL 32712.

7. The Commission received information that from October 2001 to December 2002 PPI, through its 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 PPI 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. Subsequent contact was made with the Alabama resident concerning the PPI investment potential for profit by JAMES and NANCY MCMICHAEL, and COLVIN via telephone and email. 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 registration files indicates no record of any notice filings or request for any exemptions from filing for PPI.

10. PPI represented a return of the investor's principal within 12 to 18 months from the date of purchase. PPI also promised to pay dividends on the shares. Beginning in May 2002, the Commission and other State Securities Regulatory Agencies started receiving complaints from PPI investors. Each of these investors has alleged that PPI ceased all dividend and principal payments to them.

11. Information available to the Commission revealed that between July 2000 and September 2002, through a network of unregistered sales agents, PPI sold a series (A through J) of Convertible Preferred Stock offerings to approximately 333 investors in at least 25 states.

12. Additional information obtained also revealed that PPI maintained a corporate checking account at SouthTrust Bank (STB). An analysis of the bank records provided by STB pursuant to a subpoena, identified JAMES and NANCY MCMICHAEL as having signatory authority for this account. Between July 2000 and September 2002, PPI utilized this account to receive 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 involving 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. A review of the files of the Registration Division, Alabama Securities Commission, disclosed no record of registration for the shares of PPI Series A-J convertible preferred common stock in the State of Alabama.

15. For the purpose of this Order, at all times relevant to this complaint, SEAHORN and COLVIN were registered agents of FFSC in the state of Tennessee. However, neither SEAHORN nor COLVIN were registered in the state of Alabama as securities agents with FFSC or PPI.

CONCLUSIONS OF LAW

16. 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.

17. The securities being solicited and sold by JAMES and NANCY MCMICHAEL, 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 1975.¹

¹ The dishonest and unethical sales practices alleged by the Alabama resident, on 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 7, 2005, the Commission issued an Order to Bar, Administrative Order No. OD-2005-00___ to the other named parties identified in this order SEAHORN, COLVIN, and PREST. In addition, the Commission issued a Show Cause Order, Administrative Order No. SC-2005-00 to FFSC.

18. JAMES and NANCY MCMICHAEL, as principals of PPI, through their agents SEAHORN, COLVIN, and PREST, caused the sale of unregistered securities, to wit: shares of stock in PPI, into, within, or from the state of Alabama, in violation of section 8-6-4, 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 RESPONDENTS immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama

Entered at Montgomery, AL, this 7th day of April, 2005.



ALABAMA SECURITIES COMMISSION
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BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over a horizontal line. The signature is stylized and includes a large flourish at the end.

JOSEPH P. BORG
Director