

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF: )  
 )  
THOMAS LANE BUTTS ) ADMINISTRATIVE ORDER  
 ) NO.CO-2007-0013  
 )  
RESPONDENTS )

CONSENT ORDER

The Alabama Securities Commission ("Commission"), having the 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. 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 a securities 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, with Questar Capital Corporation with a business address of P.O. Box 59177, Minneapolis, Mn. 55459.

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 his investment losses.

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.

5. On December 5, 2006 a review of the CRD database showed no prior violations or postings on the database against BUTTS.

6. On May 15, 2007, Show Cause Order number SC-2007-0013 was issued to BUTTS alleging that BUTTS violated Section 8-6-3 (j), Code of Alabama 1975, by engaging in dishonest or unethical practices.

7. By letter, dated June 11, 2007, BUTTS responded to the Show Cause Order. BUTTS admitted to fraudulently identifying himself as William Costarides to the ING representative and moving the client's account from an annuity to a money market fund. BUTTS explained that his assistant, Sherri Oxford, had written authorization given by William Costarides to handle transactions with ING where Costarides was the agent of record. BUTTS further explained that while Sherri Oxford was fulfilling the customer's request, the ING representative asked for confirmation of Costarides name and social security number. BUTTS responded by giving Costarides name and social security number and identifying himself as Costarides. BUTTS further stated that each time the victim came into the branch office the agent of record was not there and BUTTS was forced to deal with an irate customer.

8. In November 2006 the client's losses were made whole by ING by reimbursing him for fund's lost during the reallocation.

9. On August 21, 2007 an informal hearing was conducted with Thomas Lane Butts and James Anderson, counsel representing him in the office of the Alabama Securities Commission. BUTTS acknowledged that his action with the client in question was indeed a bad business practice. It was learned that the incident was also investigated by ING.

#### CONCLUSIONS OF LAW

10. While the actions of RESPONDENT are in violation of Section 8-6-3(j), Code of Alabama 1975, the Commission finds that these violations were unintentional and without intent to defraud the investor.

WHEREAS, RESPONDENT states that the information and assertions presented by the Commission during its investigation of this matter are true and correct; and that Respondent understands the Commission relied upon such information and assertions in its determination to accept this Order, and that should information or assertions prove to be incorrect or misrepresented, the Commission may seek such other administrative, civil or criminal remedies that may be available to it under the provisions of the Act.

WHEREAS, RESPONDENT has voluntarily agreed to waive all rights to a formal hearing upon entry of this Order, and have consented to the entry of this Order, and

WHEREAS, the Commission finds this Order necessary and appropriate in the public interest for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act, and

WHEREAS, the Commission and RESPONDENT are desirous of settling this matter as hereafter set forth and agree to the entry of this Order.

#### **ACCORDINGLY, IT IS HEREBY ORDERED:**

1. That RESPONDENT shall ensure that proper procedures are enacted to

preclude any future non-compliance with the Act.

2. That in accordance with Section 8-6-19(j)(1), Code of Alabama 1975, RESPONDENT shall pay to the state of Alabama an administrative assessment in the total sum Two Hundred and Fifty Dollars (\$250.00), said funds to be tendered in certified funds contemporaneously with the entry of this Order.

3. That in accordance with Section 8-6-19(k)(1), Code of Alabama 1975, RESPONDENT shall pay to the Alabama Securities Commission, as partial reimbursement for the Commission's cost for investigating this matter, the sum of Two Hundred and Fifty Dollars (\$250), said funds to be tendered in certified funds contemporaneously with the entry of this Order.

4. That the entry of this Order resolves the Show Cause Administrative Order No. SC-2007-0013, issued May 15, 2007 to RESPONDENT.

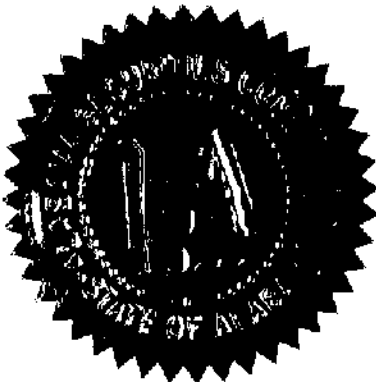
Agreed and consented to on the date indicated below:

RESPONDENT:

THOMAS LANE BUTTS

BY: [Signature]  
TITLE: Rep. Rep.  
DATE: 10-17-07

\*\*\*\*\*  
APPROVED AND AGREED this 25<sup>th</sup> day of October, 2007



ALABAMA SECURITIES COMMISSION  
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BY: [Signature]  
J. RANDALL MCNEILL  
Deputy Director