

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF DELAWARE

IN THE MATTER OF:)
)
FSC SECURITIES CORPORATION,) Case No. 89-01-03
)
Respondent.)

STIPULATION AND CONSENT ORDER

WHEREAS, the parties ("Parties") to this administrative proceeding ("Proceeding") consist of FSC Securities Corporation ("FSC") and the Delaware Securities Commissioner ("Commissioner"); and

WHEREAS, On January 23, 1989, the Delaware Securities Division ("Division") initiated this Proceeding to suspend or revoke the Delaware broker-dealer registration of FSC Securities Corporation, and the Notice of Allegations charged FSC with violations of 6 Del. C. sec. 7316(a)(10) by failing to supervise reasonably its agent Autrey Locklear during the period of October 28, 1987 through November 17, 1988; and

WHEREAS, by mutual consent of the Parties, a hearing on these allegations was continued until December 11, 1990, and

WHEREAS, FSC does not admit to any liability but desires to resolve any claims and potential claims arising from the conduct of Autrey Locklear or its supervision of him without the expense and inconvenience of administrative and judicial proceedings; and

WHEREAS, the State's position is that it would prevail at any hearing on the merits of the Notice of Allegations but that

it is in the public interest to obtain restitution for Delaware investors; and

WHEREAS, it appears to both Parties that this matter may be resolved in a satisfactory manner through this Stipulation and Consent Order ("Stipulation") rather than by going to a hearing;

FSC SECURITIES CORPORATION AND THE DELAWARE SECURITIES COMMISSIONER HEREBY AGREE to the terms of the following Stipulation and to be legally bound thereby:

General Terms of Agreement

1. The Parties agree that this Proceeding shall be dismissed if FSC pays the Commissioner \$40,000 for the costs of this Proceeding and makes restitution to the participating investors under paragraph 10 below, which restitution obligation as to each participating investor shall be determined by the Commissioner under paragraph 7 below. FSC's total restitution obligation shall consist of: (1) the aggregate total of Verified Claim amounts as determined under paragraph 7, or (2) the amount of \$700,000--whichever is the lesser amount. FSC shall make restitution payments to the Commissioner, on behalf of the investors, in three separate payments. The first payment shall consist of \$300,000 and shall be paid as described in paragraph 2 below. The other two payments shall be made as described in paragraph 5 below. The payment of costs to the Commissioner shall be in the amount of \$40,000 and shall be paid as described in paragraph 3

below. Following the execution of this Stipulation, there shall be a "Settlement Period" during which the claims of participating investors shall be verified as described in paragraphs 6 and 7 below. The dismissal of this Proceeding shall be in accordance with paragraph 12 below. In addition to the dismissal, FSC shall be entitled to a general release from liability signed by each investor who participates in this settlement, as described in paragraph 9 below. Any material failure by FSC to comply with the terms of this Stipulation shall be treated in accordance with paragraph 13 below.

Immediate Payment of \$300,000

2. FSC shall deliver to the Commissioner, no later than 5:00 p.m. Eastern Standard Time on December 13, 1990, a cashier's check in the amount of \$300,000 made payable to the "State of Delaware." (A wire transfer of \$300,000 by that time into the State's bank account by FSC may be used in lieu of a cashier's check). This money (\$300,000) shall be kept in escrow by the State, to be distributed as restitution to investors whose claims have been verified as described below in paragraphs 6 and 7. In the event that the aggregate total of the Verified Claims (as determined by the Commissioner under paragraph 7 below) for participating investors (as determined under paragraph 10 below) is less than \$300,000, FSC shall be entitled to a repayment (without interest) from the State in the

amount of the difference between \$300,000 and the aggregate total of the Verified Claims.

Costs to the State

3. No later than 5:00 p.m. Eastern Standard Time on December 13, 1990, FSC shall deliver to the Commissioner a cashier's check in the amount of \$40,000 made payable to the "Investor Protection Fund, State of Delaware." (A wire transfer of \$40,000 by that time into the State's bank account by FSC may be used in lieu of a cashier's check). This money (\$40,000), which is for the purpose of compensating the Division for its costs of investigation and settlement, shall become part of the Investor Protection Fund as authorized by 6 Del. C. sec. 7329.

Interest

4. Once FSC has delivered these monies (\$300,000 and \$40,000) to the Commissioner, FSC shall have no further claim to them or to the interest thereon, except as provided in paragraph 2. The Commissioner shall retain any such interest on behalf of the State. Similarly, interest on FSC's second and third restitution payments to the State, accrued after receipt by the Commissioner of the restitution payments and prior to their disbursement to the investors, shall be retained by the State. However, FSC's obligation of restitution (as described in paragraph 7 below) to the investors who participate in this settlement (as described in paragraph 10 below) shall not

include payment of interest on restitution owed or attorney's fees.

Second and Third Restitution Payments by FSC

5. The balance of restitution payments due to the investors as determined during the Settlement Period, discussed in paragraphs 6 and 7 below, will be as follows: the Commissioner shall disburse the \$300,000 to those investors with Verified Claims (as described in paragraph 7) on a prorated basis as soon as practicable after the Settlement Period expires on March 11, 1991; one-half (1/2) of the remaining balance shall be paid, on behalf of the investors with Verified Claims, by FSC to the State and delivered to the Commissioner on or before March 11, 1991, in the form of a cashier's check (or wire transfer to the State's bank account); and the remaining balance after the March 11, 1991 payment shall be paid, on behalf of the investors with Verified Claims, by FSC to the State and delivered to the Commissioner on or before September 11, 1991, in the form of a cashier's check (or a wire transfer to the State's bank account). Monies received by the Commissioner from FSC on or before March 11, 1991, and on or before September 11, 1991, shall be disbursed by the Commissioner to those investors with Verified Claims on a prorated basis as soon as practicable.

Settlement Period

6. FSC undertakes to pay restitution to participating investors (under paragraph 10 below) whose claims are

verified by the Parties during the period between December 11, 1990, and March 11, 1991 (the "Settlement Period"). This obligation extends to any investor with a Verified Claim who paid money with an Investment Purpose (as defined in paragraph 11 below) to FSC's registered representative Autrey Locklear ("Locklear") during the period of October 28, 1987 through December 15, 1988 (the "Relevant Period"). Any investor who paid money to Locklear during the Relevant Period with an Investment Purpose may file a claim pursuant to this Stipulation by completing a Claim Affidavit (copy attached to this Stipulation as Exhibit A) and attaching documentary support, such as a canceled check or a receipt from Locklear (or copies thereof). Claim Affidavits and documentary attachments shall be kept by the Commissioner, with copies to FSC. During the Settlement Period, FSC's counsel may take limited discovery for the sole purpose of determining the validity of monetary claims related to Locklear's conduct. Any challenge by FSC to the validity of investor claims must be asserted no later than March 1, 1991, in accordance with the verification procedure discussed in paragraph 7 below.

Claim Verification

7. The amount of restitution owed by FSC to each investor shall be determined as follows: the amount paid by the investor to Locklear during the Relevant Period with an Investment Purpose (as described in paragraph 11 below),

minus any amount actually paid to and received by any investor arising from such investment or investments. The amount paid to Locklear minus any return actually paid back to the investor by Locklear shall be determined in the first instance by each investor's completion of the Claim Affidavit (attached as Exhibit A) and attachment of some form of documentary support. An affidavit with no documentary support whatsoever shall be deemed an unverified claim and shall not be paid. FSC may challenge the restitution amount indicated in a Claim Affidavit by conducting discovery during the Settlement Period. Such discovery will be limited to the following: taking the deposition of any investor and requesting production of copies of all documents pertaining to the investment or investments with Locklear. An admission or other testimony by the investor that clearly shows an error in the claimed amount shall require correction by the Commissioner of the claimed amount. Similarly, any documents that clearly show an error in the claimed amount shall require correction by the Commissioner of the claimed amount. After discovery has been taken, the Commissioner shall determine the amount ("Verified Claim") that is owed by FSC to each investor on the basis of Claim Affidavits, documentary support, and evidence submitted by FSC to challenge the claimed amount. The Commissioner's decision as to any Verified Claim shall be final and not appealable in any forum, but in no event shall FSC's

restitution liability exceed \$700,000. If the Commissioner's determination of the aggregate total of Verified Claims exceeds \$700,000, each investor's claim shall be paid on a prorated basis.

Timetable

8. The timing of the above-described procedures shall be as follows: (1) all Claim Affidavits with documentary support completed and submitted to the Commissioner no later than January 21, 1991; (2) all depositions taken no later than March 1, 1991; all FSC requests for document production by investors submitted to the Commissioner no later than February 1, 1991; all documents produced to FSC no later than February 21, 1991; and challenges by FSC to investor claims submitted in writing to the Commissioner no later than March 1, 1991; and (3) the Commissioner's determination of all Verified Claim amounts shall be no later than March 8, 1991.

Release from Liability

9. Any investor who submits a Claim Affidavit to the Commissioner pursuant to this Stipulation shall at the same time execute and submit a general release of liability ("General Release") (copy attached to this Stipulation as Exhibit B), releasing FSC from any and all forms of liability. The legal effectiveness of the General Release shall be conditioned, however, upon: (1) FSC's tender of full payment of the Verified Claim for that investor, and (2) the investor's acceptance of that

payment, which shall be manifested by a signed receipt delivered to the Commissioner.

Investor Participation

10. Any investor who paid money to Autrey Locklear with an Investment Purpose during the period of October 28, 1987, through December 15, 1988, may participate in this settlement by submitting a Claim Affidavit (copy attached as Exhibit A) and a General Release and by accepting subsequent payment of his or her Verified Claim. However, any such investor who fails to submit a Claim Affidavit and a General Release to the Commissioner on or before January 21, 1991, may not recover under this settlement, and his or her unpaid claim will not give rise to further action by the Commissioner against FSC. Those who do not participate retain their legal rights to sue FSC for its alleged liability and damages as a result of Locklear's conduct. After the Commissioner's determination of Verified Claim amounts, any investor may decline to participate by not accepting the tendered restitution payment, which shall revert to FSC if it has met its obligation to pay all Verified Claims of participating investors.

Investment Purpose

11. Only a participating investor who paid money to Autrey Locklear during the Relevant Period with an Investment Purpose shall be entitled to payment of restitution on his or her Verified Claim. "Investment Purpose" means an

intent on the part of the investor to purchase one or more of the following: any security or investment contract, any precious metal, silver, platinum, coins, any commodity, or any futures contract. "Investment Purpose" does not extend to, among other things, personal loans or joint business ventures not involving the foregoing types of investment.

Dismissal

12. Upon the execution of this Stipulation and Consent Order, this Proceeding shall be dismissed without prejudice. Until all required payments under this Stipulation are made by FSC, however, the Commissioner may reinitiate this Proceeding if he determines that FSC has materially breached any of its obligations under this Stipulation. Upon reinitiation of this Proceeding by the Commissioner, a broker-dealer license revocation hearing on the original Notice of Allegations dated January 23, 1989, may be held after 20 days' notice to FSC, which hereby waives any rights it would otherwise have to notice of charges and time in which to prepare; however, if FSC fails to comply with its initial payment obligations under paragraphs 2 and 3 above, the Commissioner may reinitiate this Proceeding and hold a hearing on December 14, 1990, or at any later date, with prior telephone or facsimile transmission notice to FSC or its counsel deemed sufficient. If FSC complies with all terms of the Stipulation and makes all required payments in a timely

manner, the Commissioner shall issue an Order of Dismissal with Prejudice upon FSC's application to the Commissioner.

Material Breach

13. If the Commissioner determines that FSC has materially breached any of its obligations under this Stipulation, he may reinitiate this Proceeding as discussed in paragraph 12 above, and he may pursue any other remedies under law. The failure of FSC to make any payment as scheduled under this Stipulation shall be deemed a material breach. Also, if the Commissioner finds a material breach by FSC, he and the participating investors with Verified Claims may retain any funds paid by FSC under this Stipulation. In that event, FSC shall be entitled to credit for those payments by means of set-off against amounts, if any, for which FSC may be found liable in any court proceeding.

Publicity

14. The Commissioner, or any other employee of the Delaware Department of Justice ("Department employee"), shall not issue a press release concerning this Stipulation as long as FSC meets its obligations thereunder. Moreover, neither the Commissioner nor any other Department employee will contact any private attorney for the purpose of encouraging legal action against FSC. However, this paragraph does not prohibit the Commissioner or any Department employee from providing copies of this Stipulation or any information involving this Proceeding to other law enforcement officials and regulatory

authorities. Further, it does not prohibit complete and accurate responses to members of the press, electronic media, private attorneys, or members of the public where such contact concerning this matter is not initiated by the Commissioner or any Department employee. Also, it creates no restriction upon the Commissioner or the Division with respect to any investigation.

Supervision Procedures

15. Prior to conducting any business at any branch office located in Delaware after the date of this agreement, FSC shall notify the Commissioner of such fact and shall submit a compliance and supervision plan to the Commissioner for his approval. This plan shall address the qualification and training of agents, the inspection and auditing of branch offices, including the frequency thereof, and the duties of compliance officials at FSC, including the duties of corporate officials in charge of compliance and those of regional compliance officials, so as to assure reasonably that FSC's agents in Delaware will operate in compliance with applicable state and federal laws. FSC's agents shall not do any business at any branch office in Delaware until FSC's proposed compliance and supervision plan is approved by the Commissioner. If the Commissioner disapproves the plan, FSC may appeal that decision to the Delaware Court of Chancery pursuant to 6 Del. C. sec. 7324. After approval of the plan, either by the Commissioner or as a result of any appeal, FSC agents

may conduct business at branch offices in Delaware; provided, however, that FSC shall submit a report to the Commissioner within 30 days after any of its agents begin conducting business at any such branch office, and it shall submit reports semi-annually thereafter (as computed from the first day of business) for a period of two (2) years detailing FSC's compliance with its supervision plan for the Delaware branch office. During the Commissioner's review of FSC's proposed compliance and supervision plan, or at anytime thereafter, FSC shall comply with all requests by the Commissioner or any Division employee to inspect FSC's records, offices or procedures.

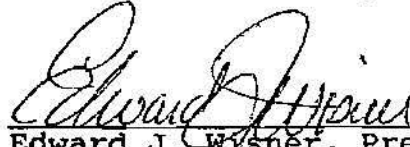
No Admission of Liability

16. FSC does not admit to any liability involving the conduct of Autrey Locklear or its supervision of him, and FSC's agreement to this Stipulation shall not be construed as an admission of liability. Further, FSC does not admit that it has violated any statute, rule or regulation of the United States, State of Delaware, Securities and Exchange Commission, or National Association of Securities Dealers, Inc. Specifically, FSC does not admit the allegations in the Notice of Allegations dated January 23, 1989.

DATE OF STIPULATION: December 11, 1990.

BY THEIR SIGNATURES BELOW, the Parties bind themselves to
this agreement.

FSC Securities Corporation:


Edward J. Wisner, President
FSC Securities Corporation

12/17/90
Date

ACKNOWLEDGED, SWORN TO AND SUBSCRIBED before me on this
17th day of December, 1990.

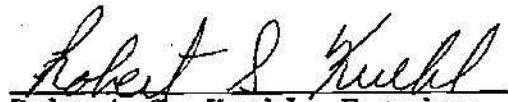

Notary Public

JUDY G. LAKE
Notary Public, Clayton County, Georgia
My Commission Expires May 19, 1992

Delaware Securities Commissioner:


Richard W. Hubbard, Esquire
Securities Commissioner

12/13/90
Date


Robert S. Kuehl, Esquire
Deputy Attorney General
Counsel for the Securities
Commissioner

12/13/90
Date

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF DELAWARE

IN THE MATTER OF:

FSC SECURITIES CORPORATION,

Respondent.

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Case No. 89-01-03

CLAIM AFFIDAVIT

State of Delaware

County of New Castle

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)
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ss.

The undersigned, being first duly sworn, deposes and says
as follows:

1. During the period of October 28, 1987, through
December 15, 1988, with an investment purpose, I paid Autrey J.
Locklear the following amount of money: \$_____.

2. With respect to my investment referenced in paragraph
1, above, I have received from Autrey J. Locklear, either as
payment of interest or profit, or as repayment of principal,
the following amount of money: \$_____.

3. As proof of my investment claim, I have attached a
document or set of documents (or true and accurate copies
thereof) to this Claim Affidavit, and I hereby certify under
penalty of perjury that such documents (or copies) are true and
authentic.

Signature of Investor

Print or type investor's name and address:

ACKNOWLEDGED, SWORN TO AND SUBSCRIBED before me, on this
____ day of _____, 199_.

Notary Public

GENERAL RELEASE

State of Delaware)
) ss.
County of New Castle)

Conditioned upon payment to the State of Delaware by FSC Securities Corporation ("FSC"), and subsequent receipt by me of that payment, of the amount of the Verified Claim owed to me, pursuant to the Stipulation and Consent Order ("Stipulation"), dated December 11, 1990, between FSC and the Delaware Securities Commissioner ("Commissioner"),

I, _____, for myself, successors, heirs and assigns do hereby release and forever discharge FSC, its directors, officers, employees and agents (other than Autrey Locklear), parent, subsidiaries, affiliates (present or former), successors and assigns from all causes of action, suits, debts, dues, sums of money, accounts, bonds, contracts, controversies, agreements, promises, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or equity which I ever had, now have or hereafter have, shall or may, have for, upon, or by reason of any matter, cause or thing whatsoever arising from or relating to the conduct of Autrey Locklear.

In the event FSC fails to comply with its payment obligations under the Stipulation, this General Release shall be void and of no legal effect; provided, however that any payments paid by FSC to the State of Delaware under the Stipulation for my account and received by me as partial

restitution of my Verified Claim shall be credited and set off
against any alleged liability of FSC to me.

Signature of Investor

Print or Type name and address of investor:

ACKNOWLEDGED, SWORN TO AND SUBSCRIBED before me on this
_____ day of _____, 1990.

Notary Public

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF DELAWARE

IN THE MATTER OF:)

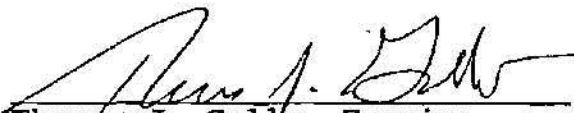
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Case No. 89-01-03

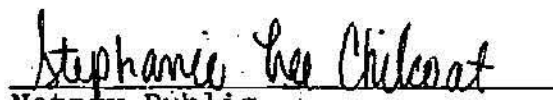
AFFIDAVIT OF COUNSEL

The undersigned counsel hereby certifies that he represented FSC Securities Corporation ("FSC") during the course of this administrative proceeding and settlement negotiations; that he provided FSC with legal advice with respect to the Stipulation and Consent Order dated December 11, 1990 ("Stipulation"); that he is familiar with Edward J. Wisner, President of FSC; that Mr. Wisner signed the Stipulation in his presence; and that his signature on the Stipulation is genuine.


Thomas J. Gallo, Esquire
Robins, Kaplan, Miller &
Ciresi
Counsel for FSC Securities
Corporation

12/20/90
Date

ACKNOWLEDGED, SWORN TO AND SUBSCRIBED before me on this
20th day of December, 1990.


Notary Public

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF DELAWARE

IN THE MATTER OF:

FSC SECURITIES CORPORATION,

Respondent.

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Case No. 89-01-03

CONSENT ORDER

WHEREAS, the foregoing Stipulation has been agreed to by
FSC Securities Corporation ("FSC"); and

WHEREAS, by entering this agreement, both FSC and the
Delaware Securities Commissioner are legally bound to full
compliance with the terms of the Stipulation;

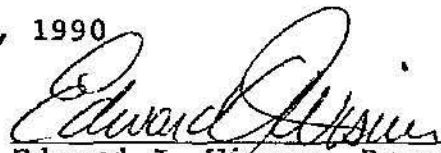
IT IS THEREFORE ORDERED that the above-captioned
administrative proceeding against FSC is dismissed without
prejudice, subject to reinitiation under the terms of the
Stipulation in the event of a material breach by FSC.



Richard W. Hubbard
Securities Commissioner

Dated: December 14, 1990

CONSENTED TO:



Edward J. Wisner, President
FSC Securities Corporation

12/17/90
Date