

**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
OF THE STATE OF TENNESSEE AT NASHVILLE**

TENNESSEE SECURITIES DIVISION)	
)	
Petitioner,)	
)	
VS.)	
)	File No.: 03-020
TYMGLOBAL, INC., STORMPAY, INC. AND JOHN R. MCCONNELL, JR.)	
)	
Respondents.)	
)	

ORDER TO CEASE AND DESIST

This Order issues as a result of a Petition and its exhibits attached hereto filed by the Tennessee Securities Division of the Department of Commerce and Insurance and is predicated upon the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. TymGlobal, Inc. ("TymGlobal") is a Tennessee corporation with its principal place of business being PMB #211, 1960-J Madison Street, Clarksville, Tennessee 37043-5064.
2. StormPay, Inc. ("StormPay") is a Tennessee corporation with its principal place of business being 1690 Golf Club Lane, Clarksville, Tennessee 37043.
3. John R. McConnell, Jr. is a citizen and resident of the State of Tennessee with his address being 1690 Golf Club Lane, Clarksville, Tennessee 37043. John R. McConnell,

Jr. is currently involved in offering and/ or selling unregistered securities from or in the State of Tennessee.

4. StormPay was incorporated in Tennessee on July 7, 2003. The incorporator of StormPay is John R. McConnell, Jr. StormPay and TymGlobal are under common ownership and/or control. TymGlobal operates an internet website which is registered to StormPay. On the internet website, Respondents are operating a pyramid and/or Ponzi scheme promising large returns on investments for participating in the scheme.

5. Respondent TymGlobal has not currently, nor has the company ever registered any securities offerings with the Division pursuant to the Tennessee Securities Act of 1980, as amended. Moreover, TymGlobal is not currently, nor has the company ever been, registered with the Division as a broker-dealer, agent of a broker-dealer, or investment adviser.

6. Respondent StormPay has not currently, nor has the company ever registered any securities offerings with the Division pursuant to the Tennessee Securities Act of 1980, as amended. Moreover, StormPay is not currently, nor has the company ever been, registered with the Division as a broker-dealer, agent of a broker-dealer, or investment adviser.

7. John R. McConnell, Jr. has never been registered with the Division, pursuant to the Tennessee Securities Act of 1980, as amended, as a broker-dealer, an agent of a broker-dealer or as an investment adviser. Moreover, John R. McConnell, Jr. has never registered a securities offering with the Division.

8. Potential investors were given the opportunity to invest in both partnership shares of TymGlobal, as well as to participate in various Ponzi schemes. Respondents

promised a high return. The offering of participation in the schemes sold by the Respondents is an investment contract, and thus, a security under the Act.

9. The investor pays an initial value to the Respondents. The entire portion of the initial value or investment is subjected to the risks of the enterprise. The investors furnish the initial value based on Respondents' promises of large returns, significantly over and above the initial investment. The investors have not right to exercise practical and/or actual control over the managerial decisions of the enterprise.

10. The Respondents are presently and will continue to offer and/or sell unregistered securities, without the proper registration, from or in the State of Tennessee. As result of this activity the public will suffer immediate and irreparable injury, loss or damage.

11. The Respondents, in connection with the offer, sale and purchase of a security in this state, are engaged in acts, practices or courses of business which operate as a fraud or deceit upon citizens of the State of Tennessee and the United States.

12. This Order is in the public interest and necessary for the protection of investors, and consistent with the purposes fairly intended by the Act.

CONCLUSIONS OF LAW

1. Tennessee Code Annotated §48-2-104 provides that it is unlawful for any person to sell any security in this state unless it is registered with the Division, qualified for an exemption pursuant to §48-2-103, or a covered security.

2. Tennessee Code Annotated § 48-2-102 provides that a security includes investment contracts. In *King v. Pope*, 91 S.W.3d 314, 320-322 (Tenn. 2002), the court

held that an instrument or agreement would be considered an investment contract when (1) an offeree furnishes initial value to an offeror, (2) a portion of this initial value is subjected to the risks of the enterprise, (3) the furnishing of the initial value is induced by the offeror's promises or representations which give rise to a reasonable understanding that a valuable benefit of some kind, over and above the initial value, will accrue to the offeree as a result of the operation of the enterprise, and (4) the offeree does not receive the right to exercise practical and actual control over the managerial decisions of the enterprise.

3. Based upon the Findings of Fact and the Exhibits filed by the Petitioner, the Respondents have violated and are violating Tennessee Code Annotated §48-2-104 by offering and/or selling unregistered securities to Tennessee residents.

4. Tennessee Code Annotated §48-2-102(3) provides that a "broker-dealer" means any person engaged in the business of effecting transactions in securities for the account of others, or any person engaged in the business of buying or selling securities issued by one (1) or more other persons for such person's own account and as part of a regular business rather than in connection with such person's investment activities.

5. Tennessee Code Annotated §48-2-102(2) provides that an "agent" means any individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities from or in this state.

6. Tennessee Code Annotated §48-2-109(a) provides that it is unlawful for any person to transact business from or in this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent under this part.

7. Tennessee Code Annotated §48-2-109(b) provides that it is unlawful for any broker-dealer to employ an agent to transact business as an agent unless the agent is registered under this part.

8. Based upon the Findings of Fact and the Exhibits filed by the Petitioner, the Respondents, TymGlobal, StormPay, and John R. McConnell, Jr., have violated and are violating Tennessee Code Annotated §48-2-109(a) and (b) by acting as unregistered broker-dealers and employing unregistered agents to solicit Tennessee residents and residents of other states.

9. Tennessee Code Annotated §48-2-109(a) provides that it is unlawful for any person to transact business from or in this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent under this part.

10. Based upon the Findings of Fact and the Exhibits filed by the Petitioner, Respondents, StormPay and John R. McConnell, Jr., have violated and are violating Tennessee Code Annotated §48-2-109(a) by acting as unregistered agents of a broker-dealer from and in the State of Tennessee.

11. Tennessee Code Annotated § 48-2-121(a) provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security in this state, directly or indirectly, to employ any device, scheme, or artifice to defraud, make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, or engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

12. Based upon the Findings of Fact, the Respondents, TymGlobal, StormPay, and John R. McConnell, Jr., have violated and are violating Tennessee Code Annotated § 48-2-121(a) by operating a pyramid and/or Ponzi scheme and promising huge profits by participating in the fraud.

13. Additionally, Respondents have violated and are violating Tennessee Code Annotated §48-2-121(a) by failing to disclose the relationship between TymGlobal and StormPay.

14. Additionally, Respondents have violated and are violating Tennessee Code Annotated §48-2-121(a) by failing to disclose that there is no market for the general partnership shares sold in Tymglobal, and further failing to disclose that the price per share of the TymGlobal general partnership shares are arbitrary and do not reflect true economic value.

15. Tennessee Code Annotated §48-2-116 provides that the Commissioner may make, promulgate, amend, and rescind such Orders as are necessary to carry out the provisions of the Tennessee Securities Act of 1980, as amended, and that such Order is in the public interest, necessary for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act.

16. Tennessee Code Annotated §48-2-116(e)(2) states, in pertinent part, that no Order may be entered without: 1) prior notice to affected parties, unless the Commissioner determines that prior notice would not be in the public interest and would be detrimental to the protection of investors; 2) an opportunity for a hearing before the Commissioner; and 3) written Findings of Fact and Conclusions of Law.

17. Based upon the Findings of Fact, it would not be in the public interest and it would be detrimental to the protection of investors if prior notice of this Order were given to affected parties.

NOW, THEREFORE, in consideration of the foregoing, it is **ORDERED** that:

1. The Respondents TymGlobal, Inc., StormPay, Inc., and John R. McConnell, Jr. shall comply with the provisions of the Tennessee Securities Act of 1980, as amended.

2. The Respondents TymGlobal, Inc., StormPay, Inc., and John R. McConnell, Jr. shall cease and desist in the further conduct as a broker-dealer from or in the State of Tennessee until such time as it is effectively registered with the Division to engage in such activity.

3. The Respondents StormPay, Inc. and John R. McConnell, Jr. shall cease and desist in further conduct as an agent of a broker-dealer from or in the State of Tennessee until such time each is effectively registered with the Division to engage in such activity.

4. All Respondents shall cease and desist the further offer and/or sale of unregistered securities from and in the State of Tennessee.

5. The Respondents shall cease and desist, from and in the state of Tennessee, in the present and future conduct of employing any device, scheme, or artifice to defraud, making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, or engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

6. All persons in any way assisting, aiding, or helping any of the aforementioned Respondents in any of the aforementioned violations of the Tennessee Securities Act of

1980, as amended, Tennessee Code Annotated §§48-2-101 *et seq.* shall cease and desist from all such activities in violation of the Tennessee Securities Act of 1980, as amended.

This Order is not intended to prohibit any lawful conduct in which any of the Respondents might be engaged.

Entry of this Order shall not in any way restrict the Tennessee Securities Division or the Commissioner of Commerce and Insurance from taking further action with respect to these or other possible violations by Respondents of the Act or any of the Rules promulgated there under.

This Order shall become a Final Order 30 days from the date of its entry, unless written notification requesting a hearing is made within that 30 day period.

You are advised that you have the right to a hearing as to all matters raised in this Order. If you wish to exercise your right to a hearing, please notify:

**DAPHNE D. SMITH
ASSISTANT COMMISSIONER FOR SECURITIES
STATE OF TENNESSEE, DEPARTMENT OF COMMERCE AND INSURANCE
DAVY CROCKETT TOWER, SUITE 680
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243**

Such request must be received within 30 days of the date of entry of this Order.

Entered this 7th day of August, 2003.

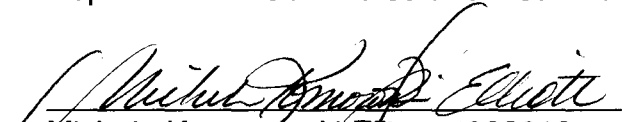
Paula A. Flowers
Paula A. Flowers,
Commissioner

APPROVED FOR ENTRY:



Daphne D. Smith

Assistant Commissioner for Securities
Department of Commerce and Insurance



Michele Komorowski Elliott, #022618

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