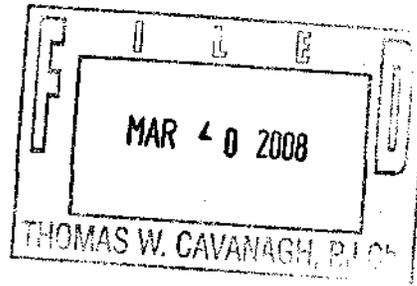


ANNE MILGRAM
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Attorney for Plaintiff



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SUPERIOR COURT OF NEW JERSEY
MONMOUTH COUNTY
CHANCERY DIVISION: GENERAL EQUITY

DOCKET NO. C49-08

ANNE MILGRAM,
Attorney General of New Jersey,
on behalf of VINCENT J. OLIVA,
Chief of the New Jersey
Bureau of Securities,

Plaintiff,

v.

JAMES HANKINS, JR.,
Individually, and as a Director,
Officer and/or Member of
The Hankins Group, Ltd.,
Hankins Private Client Group,
L.L.C. and Hankins Life
Settlement LLC;
THE HANKINS GROUP, LTD.,
a Nevada corporation;
HANKINS PRIVATE CLIENT GROUP,
L.L.C., a New Jersey limited
liability company; and
HANKINS LIFE SETTLEMENT L.L.C.,
a New Jersey limited liability
company,

Defendants.

Civil Action

VERIFIED COMPLAINT

Anne Milgram, Attorney General of New Jersey, with offices located at 124 Halsey Street, Newark, New Jersey, on behalf of Plaintiff, Vincent P. Oliva, Chief of the New Jersey Bureau of Securities ("Plaintiff"), having offices at 153 Halsey Street in the City of Newark, County of Essex, State of New Jersey, by way of Verified Complaint, says:

JURISDICTION

1. Plaintiff is the principal executive of the New Jersey Bureau of Securities (the "Bureau").
2. The Bureau is a state regulatory agency charged with administration and enforcement of the New Jersey Uniform Securities Law (1997) N.J.S.A. 49:3-47 et seq. ("Securities Law").
3. Plaintiff brings this action under the Securities Law for violations of: N.J.S.A. 49:3-52(a) (employing a device, scheme, or artifice to defraud); N.J.S.A. 49:3-52(b) (making false statements of or omitting material facts); N.J.S.A. 49:3-52(c) (engaging in an act, practice or course of business that operates as a fraud or deceit); N.J.S.A. 49:3-60 (selling unregistered securities); N.J.S.A. 49:3-56(a) (acting as an agent without registration); and N.J.S.A. 49:3-56(h) (employing unregistered agent).
4. Jurisdiction is proper over defendants for violations of the Securities Law that are the subject of this Complaint

because each alleged violation originated from this State. Therefore, pursuant to N.J.S.A. 49:3-51, all sales and offers to sell securities originating from New Jersey, whether or not either party was then present in this State. Further, the Defendants were required to be registered with the Bureau pursuant to N.J.S.A. 49:3-56.

5. Venue is proper pursuant to R. 4:3-2(a) because it lies where the cause of action arose.
6. This securities fraud action is brought in response to a Ponzi scheme operated by defendants, a New Jersey resident his business entities, who received more than \$5,545,650 from at least ten (10) investors, from New Jersey and Florida residents. The conduct involved the making material misrepresentations and omissions of material information in connection with an offer or sale of unregistered securities promising unreasonably high returns on the investment by persons who were not registered to sell securities in the State of New Jersey.

PARTIES

7. Defendant James Hankins, Jr. ("Hankins") is an individual residing in Lavallette, New Jersey.
8. At all relevant times and upon information and belief, Defendant Hankins was a managing member of Hankins Private Client Group, L.L.C. ("Hankins Private Client").

9. At all relevant times, Hankins Private Client maintained an office at 2399 Highway 34, Building A-1, Manasquan, New Jersey.
10. Defendant The Hankins Group, Ltd. ("THGL") is a New Jersey corporation, which was formed on or about July 15, 2004 in the State of Nevada.
11. At all relevant times, Defendant THGL maintained an office at 107 Maple Avenue, Island Heights, New Jersey.
12. At all relevant times, Defendant Hankins was the Chairman of the Board, President and Chief Executive Officer of Defendant THGL.
13. Defendant Hankins Life Settlement L.L.C. ("Hankins Life Settlement") is a New Jersey limited liability company.
14. At all relevant times, Hankins Life Settlement maintained an office at 2399 Highway 34, Building A-1, Manasquan, New Jersey.
15. At all relevant times and upon information and belief, Hankins was the managing member of Hankins Life Settlement.

**THE OFFER FOR SALE OF SECURITIES
ON HANKINS' WEBSITE**

16. Hankins maintains several websites for his business entities including www.hankinslifesettlement.com, www.hankinsfunding.com, and www.hankinsgroup.com, among others.

17. Hankins offers the sale of securities in life settlements on www.hankinslifesettlement.com.
18. The securities offered for sale by Hankins on www.hankinslifesettlement.com are not registered with the Bureau.
19. The securities offered for sale by Hankins on www.hankinslifesettlement.com are required to be registered with the Bureau.
20. Hankins Life Settlement falsely represents to the investing public on www.hankinslifesettlement.com/marketing.html, that it is a licensed life settlement broker.
21. Neither Hankins nor Hankins Life Settlement is registered with the State of New Jersey Department of Banking and Insurance as a life settlement provider or broker.

THE PROMISSORY NOTES ISSUED BY DEFENDANTS

22. From approximately January 3, 2005 through December 12 2007, Defendant Hankins, through Hankins Private Client and THGL, offered and sold securities in the form of investment contracts from and within New Jersey.
23. The securities sold by Defendant Hankins were not registered with the Bureau nor were they exempt from registration with the Bureau.
24. Neither Hankins Private Client, THGL, Hankins Life

Settlement nor Hankins are registered with the Bureau in any capacity.

25. The securities offered for sale by Hankins through Hankins Private Client and THGL were promissory notes.
26. Hankins falsely represented to investors that they would receive a guaranteed return of between 7.5% and 36% annual interest on the principal investment (depending on the investor) and return of the principal at the end of the term of the promissory note.
27. Hankins falsely represented to investors that the money would be used as an investment to purchase life settlement insurance policies and to pay the premiums on those policies.
28. Hankins falsely represented that the life settlement policies would be resold as investments to broker-dealers such as Solomon Smith Barney or Bear Stearns, or held onto and maintained until they matured, i.e., the insured died.
29. Hankins qualified investors based on their appearance, or from referrals from financial planners and insurance agents.
30. Defendant Hankins did not inquire into the financial suitability of the investors for the purported investment.
31. Defendant Hankins pooled the investor funds.
32. When the certain promissory notes came due, defendants Hankins, Hankins Private Client and THGL were unable to

return certain investors' principal.

33. Defendants Hankins, Hankins Private Client and THGL offered investors a rollover option whereby their investment would purportedly be used in other life settlement investments.
34. When defendants needed money to pay existing investors, Hankins would offer new promissory notes to investors.
35. The money raised from the sale of new promissory notes from new investors would be used to pay old investors.
36. Defendants Hankins, Hankins Private Client and/or THGL issued checks to investors for their interest and/or return of principal, which were returned for insufficient funds.
37. Defendant Hankins and Hankins Private Client provided investor Macron with a fabricated bank statement in order to lead investor Macron to believe that Hankins and Hankins Private Client had sufficient funds in Hankins Private Client's account to pay Macron.
38. Hankins asked investors for additional time to return their funds.
39. Hankins failed to return calls to investors who requested return of their principal.
40. Hankins falsely represented to investors that:
 - (A) he had funds in his account for investors that came from the sale of the life insurance policies;
 - (B) that small policies matured; and

(C) the bank was holding the funds because of the size the check that was deposited and his financial history which placed his accounts on a higher risk.

41. Defendants Hankins, Hankins Private Client and THGL failed to provide investors with any material information about the risks or documentation about the purported investment, such as a prospectus.
42. Defendants Hankins, Hankins Private Client and THGL retained at least 10% of investor funds for themselves.
43. Neither Hankins, Hankins Private Client nor THGL were registered with the Bureau to sell securities.

COUNT I

EMPLOYING ANY DEVICE, SCHEME OR ARTIFICE TO DEFRAUD
IN VIOLATION OF N.J.S.A. 49:3-52(a)
(As to all defendants)

44. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.
45. Defendants Hankins, individually and through Hankins Private Client, Hankins Life Settlement and/or THGL, their directors, officers, employees, agents and attorneys, acting in concert with each other, employed a scheme to defraud investors by engaging in the conduct described in this Verified Complaint.
46. Defendants' scheme included, but was not limited to:

- (A) misrepresenting the nature and risks of the investments in life settlements to investors;
 - (B) offering a purported investment in the purchase and sale of life settlements that was guaranteed;
 - (C) failing to return investor funds;
 - (D) fabricating bank account statements;
 - (E) representing on www.hankinslifeselement.com that Hankins Life Settlement is a licensed life settlement broker;
 - (F) misappropriating investor funds in a Ponzi scheme.
47. Each violation of N.J.S.A. 49:3-52(a) by each defendant upon each investor is a separate violation of the statute and is cause for the imposition of a civil monetary penalty for each separate violation pursuant to N.J.S.A. 49:3-70.1.

COUNT II

**MAKING MATERIALLY FALSE AND MISLEADING STATEMENTS AND/OR
OMITTING MATERIAL FACTS IN VIOLATION OF
N.J.S.A. 49:3-52(b)**
(As to all defendants)

48. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.
49. Defendants Hankins, through Hankins Private Client, Hankins Life Settlement and/or THGL, their directors, officers, employees, agents and attorneys, acting in concert with each

other, made materially false and misleading statements and/or omitted material facts to investors in connection with the offer and sale of securities.

50. Among the false and misleading statements were:

- (A) the promissory notes guaranteed a return of between 7.5% and 36% interest annually on the principal investment (depending on the investor) and return of the principal at the end of term of the promissory note;
- (B) the money would be used as an investment to purchase life settlement insurance policies and to pay the premiums on those policies;
- (C) there were sufficient funds in Hankins Private Client's Wachovia bank account to pay investor Macron;
- (D) Hankins Life Settlement is a licensed life settlement broker; and
- (E) the life settlement policies would be resold as investments to broker-dealers such as Solomon Smith Barney or Bear Stearns, or held onto and maintained until they matured, i.e., the insured died.

51. Among the omitted facts to investors were:

- (A) that their investment monies would be used to pay existing investors;
- (B) that their investment monies would be used in a Ponzi

scheme;

- (C) that the money would not be invested in the purchase and maintenance of life settlements;
- (D) Hankins Life Settlement is not licensed in New Jersey as a life settlement broker or provider; and
- (E) that Hankins, Hankins Private Client and Hankins Life Settlement are not registered with the Bureau to sell securities.

- 52. Each omission or materially false or misleading statement in violation of N.J.S.A. 49:3-52(b).
- 53. Each violation of N.J.S.A. 49:3-52(b) by each defendant upon each investor is a separate violation of the statute and is cause for the imposition of a civil monetary penalty for each separate violation pursuant to N.J.S.A. 49:3-70.1.

COUNT III

**ENGAGING IN ANY ACT, PRACTICE OR COURSE OF BUSINESS
WHICH WOULD OPERATE AS A FRAUD OR DECEIT UPON ANY PERSON IN
CONNECTION WITH THE OFFER, SALE OR PURCHASE OF SECURITIES
IN VIOLATION OF N.J.S.A. 49:3-52(c)**

(As to all defendants)

- 54. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.
- 55. Defendant Hankins, individually and through Hankins Private Client and THGL, engaged in a course of business including, among other things, offering investments in the purchase of

life settlements evidenced by promissory notes that purported to pay unreasonably high rates of interest ranging from 7.5% to 36% annually, misrepresenting the nature and risks of the investments, failing to return investor funds while using new investor money to pay old investors, which operated as a fraud and/or deceit upon the investors and others, in violation of N.J.S.A. 49:3-52(c).

56. Each violation of N.J.S.A. 49:3-52(c) by each defendant upon each investor is a separate violation of that statute and is cause for the imposition of a civil monetary penalty for each separate violation pursuant to N.J.S.A. 49:3-70.1.

COUNT IV

ACTING AS A BROKER-DEALER WITHOUT REGISTRATION
IN VIOLATION OF N.J.S.A. 49:3-56(a)

(As to defendants Hankins Private Client,
Hankins Life Settlement and THGL)

57. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.
58. All offers and sales originated from New Jersey.
59. Defendants Hankins Private Client, Hankins Life Settlement and THGL effected or attempted to effect transactions in securities from, in or within New Jersey and, thus acted as a broker-dealer, as defined in Section 49:3-49(c) of the Securities Law without being registered with the Bureau.
60. Defendants Hankins Private Client, Hankins Life Settlement

and THGL were not exempt from registration with the Bureau as a broker-dealer.

61. Defendants Hankins Private Client, Hankins Life Settlement and THGL violated N.J.S.A. 49:3-56(a) which requires, among other things, that only persons and entities registered with the Bureau may lawfully act as broker-dealers.
62. Each act by defendants Hankins Private Client, Hankins Life Settlement and THGL as an unregistered broker-dealer constitutes a separate violation of N.J.S.A. 49:3-56(a).

COUNT V

EMPLOYING UNREGISTERED AGENTS IN VIOLATION OF N.J.S.A. 49:3-56(h)

(As to defendants Hankins Private Client and THGL)

63. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.
64. Defendants Hankins Private Client and THGL employed or engaged agents in effecting or attempting to effect transactions in securities from, in or within New Jersey.
65. Defendants Hankins Private Client and THGL's employees acted as agents as defined in Section 49:3-49(b) of the Securities Law, without being registered with the Bureau.
66. Defendants Hankins Private Client and THGL's conduct constituted employing agents who were not registered with the Bureau in violation of N.J.S.A. 49:3-56(h).

67. Each violation of N.J.S.A. 49:3-52 was a separate violation of that statute and is cause for the imposition of a civil monetary penalty for each separate violation pursuant to N.J.S.A. 49:3-70.1.

COUNT VI

ACTING AS AN AGENT WITHOUT REGISTRATION
IN VIOLATION OF N.J.S.A. 49:3-56(a)
(As to defendant Hankins)

68. Plaintiff repeats the allegations set forth in the preceding paragraphs as if fully set forth herein.
69. Defendant Hankins represented Hankins Private Client and THGL in effecting or attempting to effect transactions in securities from, in or within New Jersey and, thus, acted as agents, as defined in section 49:3-49(b) of the Securities Law, without being registered with the Bureau.
70. Defendant Hankins violated N.J.S.A. 49:3-56(a) which requires, among other things, that only persons registered with the Bureau may lawfully act as agents.
71. Each sale to investors constitutes a separate violation of N.J.S.A. 49:3-56(a) and is cause for the imposition of a civil monetary penalty for each separate violation pursuant to N.J.S.A. 49:3-70.1.

COUNT VII

SELLING UNREGISTERED SECURITIES
IN VIOLATION OF N.J.S.A. 49:3-60
(As against all defendants)

72. Plaintiff repeats the allegations set forth in the preceding paragraphs as if fully set forth herein.
73. Defendants Hankins, individually, and through Hankins Private Client, Hankins Life Settlement and THGL, sold securities that were not registered with the Bureau.
74. The securities were required to be registered with the Bureau pursuant to N.J.S.A. 49:3-60.
75. Each sale of unregistered securities constitutes a separate violation of N.J.S.A. 49:3-60 and is cause for the imposition of a civil monetary penalty for each separate violation pursuant to N.J.S.A. 49:3-70.1.

COUNT VIII

FREEZING OF ASSETS
(As to all defendants)

76. Plaintiff repeats the allegations set forth in the preceding paragraphs as if fully set forth herein.
77. Pursuant to N.J.S.A. 49:3-69(a)(2), the assets, real and personal, of all defendants should be frozen in that such assets should not be disposed of, transferred, dissipated, encumbered, or withdrawn pending further order of this Court.

DEMAND FOR RELIEF

WHEREFORE, plaintiff respectfully request the entry of a judgment pursuant to N.J.S.A. 49:3-47 et seq.:

- (A) Finding that defendants engaged in the acts and practices alleged above;
- (B) Finding that such acts and practices constitute violations of the Securities Law;
- (C) Enjoining defendants from violating the Securities Law in any manner;
- (D) Enjoining the issuance, sale, offer for sale, purchase, offer to purchase, promotion, negotiation, advertisement or distribution from or within New Jersey of any securities by or on behalf of defendants, their officers, directors, employees, agents, brokers, partners, stockholders, attorneys, successors, subsidiaries and affiliates;
- (E) Enjoining Hankins Life Settlement L.L.C. from maintaining a website without complying with the Securities Law and other applicable law;
- (F) Preliminarily freezing the assets of and enjoining defendants' assets and all persons who receive actual or constructive notice of this order from directly or indirectly disposing of, transferring, selling,

dissipating, encumbering, liquidating, or withdrawing any assets or property owned or controlled by said defendants except that they may pay ordinary and necessary business and/or living expenses which have been approved in advance by plaintiff or, if plaintiff objects, the Court. These assets shall include, but are not limited to, accounts in any and all financial institutions, brokerage and trading accounts, real property, personal property, pension and retirement accounts, etc.;

- (G) Enjoining defendants and each and every person who receives actual or constructive notice of this order, from destroying or concealing any books, records and documents relating in any way to the business, financial and personal affairs of all defendants, their successors, subsidiaries or affiliates;
- (H) Requiring defendants to provide plaintiff with an accounting, at their expense, performed in accordance with Generally Accepted Accounting Principles, of the business records and accounts of defendants and all underlying documents and information used to prepare the accounting;
- (I) Affording each purchaser of securities issued by or on behalf of defendants the option of rescinding such

purchase and obtaining a refund of monies paid, plus interest and expenses incident to effecting the purchase and rescission;

- (J) Affording each purchaser of securities issued by or on behalf of defendants the option of receiving restitution of losses incurred on disposition of the securities, plus interest and expenses incident to effecting the purchase and restitution;
- (K) Assessing defendants civil monetary penalties for each violation of the Securities Law in accordance with N.J.S.A. 49:3-70.1;
- (L) Requiring all defendants to pay restitution and disgorge all profits and/or funds gained through violations of the Securities Law;
- (M) Affording Plaintiff and affected third parties any additional relief the court may deem just and equitable.

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY

By: 

Anna M. Lascurain
Deputy Attorney General

Dated: March 19, 2008

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY

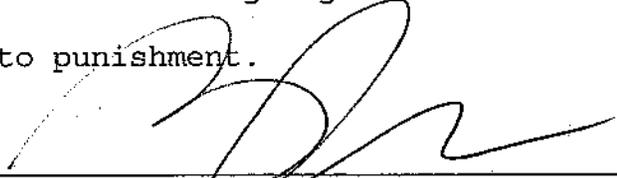
By: 
Victoria A. Manning
Deputy Attorney General

Dated: March 19, 2008

VERIFICATION

I, Sylvia Kolankiewicz, certify as follows:

As an Investigator for the New Jersey Bureau of Securities, I am an authorized representative of Plaintiff. I have read the foregoing Complaint and certify of my own personal knowledge that the facts contained therein are true based upon the Bureau's investigation. I am aware that if the foregoing statements are willfully false, I am subject to punishment.



Sylvia Kolankiewicz
Investigator
New Jersey Bureau of Securities

Dated: March 19, 2008

R. 4:5-1(C) DESIGNATION OF TRIAL COUNSEL

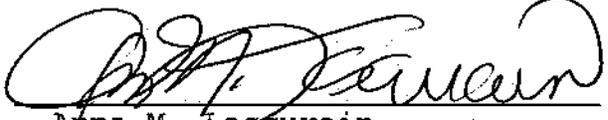
Deputy Attorneys General Anna M. Lascurain and Victoria A. Manning are hereby designated as trial counsel on behalf of Plaintiff in this matter.

R. 4:5-1 CERTIFICATION

I certify that to the best of my knowledge, this matter is not the subject of any other contemplated civil action or arbitration proceeding, and that there is no other party who should be joined in this action at this time although the Bureau's investigation is continuing.

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY

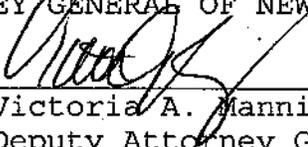
By:



Anna M. Lascurain
Deputy Attorney General

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY

By:



Victoria A. Manning
Deputy Attorney General

Dated: March 19, 2008