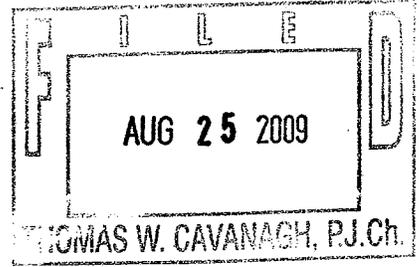


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DISPOSITIVE ORDER

SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION – COUNTY OF  
MONMOUTH  
Docket No. C-49-08

ANNE MILGRAM,  
Attorney General of New Jersey,  
on behalf of MARC B. MINOR,  
Chief of the New Jersey  
Bureau of Securities,

Plaintiff,<sup>1</sup>

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;  
HANKINS LIFE SETTLEMENT L.L.C., a  
New Jersey limited liability company; and  
DINA HANKINS, Individually,

Defendants.

Civil Action

**FINAL JUDGMENT BY DEFAULT**

Decision & Findings of the Court were  
set forth on the record on 3/19/09 (hearing)  
8/20/09 Findings  
and  
conclusions  
also on 8/25/09

<sup>1</sup> In accordance with R. 4:34-4, the caption has been revised to reflect that Marc B. Minor is now the Chief of the New Jersey Bureau of Securities.

This matter was presented to the Court by Anne Milgram, Attorney General of New Jersey, on behalf of the plaintiff, Marc B. Minor, Chief of the New Jersey Bureau of Securities, ("Plaintiff" or the "Bureau Chief"), (Deputy Attorney General Samuel Scott Cornish appearing) for final judgment by default against Defendant James Hankins, Jr. ("Defendant Hankins") and his businesses, including the Hankins Private Client Group, Ltd., Hankins Group, Ltd., Hankins Group, Ltd., and Hankins Life Settlement, LLC ("Hankins Entities") (collectively, "Defendant"), for violations of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (the "Securities Law"). In accordance with R. 4:43-2 and the Court's Order of March 3, 2009, and based on the Court's consideration of the documentary evidence, testimony, and arguments at the proof hearing in this case from March 19, 2009, the Court has found good and sufficient cause to grant the relief sought by Plaintiff and that sufficient notice has been provided to all interested parties, and therefore makes the following findings and enters this final judgment by default:

*DEFAULT entered - 10/28/08*

#### FINDINGS

The Court finds that:

1. Defendant James Hankins, Jr. was the officer and owner of the Hankins Entities during all times relevant to this case.
2. During the period of January 2004 to the present, Defendant James Hankins and the Hankins Entities sold at least 230 promissory notes ("Hankins Notes") to at least 101 investors in exchange for at least \$19,038,474.91. The Hankins Notes promised a rate of return, usually between 10% and 15%. Defendant James Hankins and the Hankins Entities falsely state to investors that he purchased the rights of life insurance policy beneficiaries, and

*Testimony Presented By Plaintiff on 3/19 -  
4 witnesses testified.*

then profited by either selling those rights, or holding them until the policy holder's death. In total, the investors the purchased Hankins Notes lost at least \$6,324,704.00.

3. Defendant James Hankins operated a "Ponzi" scheme by defrauding investors of their funds, which he then used to pay other investors and for his personal use, such as jewelry, watches, wine, and a vacation home in Florida.

4. Defendant James Hankins controlled and maintained the books, records and accounts of the Hankins Entities and, as such, issued the interest checks to investors on behalf of the Hankins Entities and responded to investor inquiries about the status of their investments.

5. Defendant James Hankins has never been registered with the Bureau as an agent under N.J.S.A. 49:3-49(b) to offer or sell securities issued by any of the following entities: Atlantic Resource Group; Hankins Private Client Group, Ltd.; Hankins Group, Ltd.; Hankins Group, Ltd., and Hankins Life Settlement, LLC.

6. The Hankins Notes issued by the Hankins Entities were "securities" under the Securities Law that were required to be registered with the Bureau pursuant to N.J.S.A. 49:3-60, but were not registered with the Bureau under N.J.S.A. 49:3-61 (registration of securities by qualification), N.J.S.A. 49:3-61.1 (registration of securities by coordination), or N.J.S.A. 49:3-61.2 (registration of securities by notification). Nor were the securities exempt from registration.

7. In connection with the offer and sale of unregistered Hankins Notes, Defendant James Hankins and the Hankins Entities, in concert with each other as a single enterprise, misrepresented and omitted material information in a manner that that operated as a fraud or deceit upon investors in violation of N.J.S.A. 49:3-52(b) and N.J.S.A. 49:3-52(c) by:

*Tel. conference held with Counsel  
on 7/27/09.*

- a. falsely stating that investors' funds would be used to purchase life insurance policies and to pay the premiums on those policies;
- b. falsely stating that the Hankins Entities' returns were sufficient to pay investors' principal and interest, as promised under the Hankins Notes;
- c. falsely stating that life settlement policies would be purchased and then resold;
- d. falsely stating that they purchased life insurance policies from individuals, usually between the ages of sixty-eight and seventy-two, who he located through referrals, advertisements, and dinner meetings;
- e. falsely stating that "Hankins Private Client Group, L.L.C. is a licensed Life Settlement Broker specialized in Senior Life Settlements. The company holds licenses in most of the state where required";
- f. falsely stating that they owned life insurance policies, which were "presented to licensed companies that purchase life insurance policies as investments";
- g. falsely stating that "Hankins Private Client Group L.L.C. maintains business relationships with many types of investment companies and funding sources specializing in Senior Life Settlement";
- h. falsely stating that "Hankins Life Settlement's relationship with institutional investors and other financing entities is based on actuarial accuracy, volume, and customer service";
- i. falsely stating that Defendants provide investors with "exceptional customer service, profitability, and low, managed risk";

ON 3/19 - ITEMS MARKED P100 to P 109 were marked  
into evidence. <sup>4</sup> Also on 8/20/09  
See ALSO ORDER of 3/3/09 Items P111 - P117 were  
marked into evidence.

- j. falsely stating that the Hankins Notes carried no risk because the life insurance policies could be sold for an amount less than or equal to the amount owed to all investors;
- k. falsely stating that Defendants Hankins and Hankins Life Settlement were properly licensed to engage in the life settlement business;
- l. failing to disclose that investors' funds would be used to pay other investors;
- m. failing to disclose that investors' funds would be used for Defendant James Hankins personal use;
- n. failing to disclose that no life insurance policies were purchased with investors' funds; and
- o. failing to disclose the risks attendant to the Hankins Notes.

8. Each omission or materially false or misleading statement violated

N.J.S.A. 49:3-52(b).

9. Defendant James Hankins and the Hankins Entities Defendant course of business, including, among other things, misrepresenting the nature and risks of the investments, failing to return investor funds while misappropriating investor funds for personal expenses and use, and using new investor money to pay old investors, operated as a fraud and/or deceit upon the investors and others, in violation of N.J.S.A. 49:3-52(c).

10. By offering and selling the unregistered Hankins Notes to, from, or within New Jersey without being registered as an "agent" of those entities, Defendants James Hankins violated N.J.S.A. 49:3-56(a) (acting as an agent without registration) and N.J.S.A. 49:3-60 (selling unregistered securities) in connection with each transaction stated in paragraph two.

*the Receiver in this matter may apply to Reopen the litigation if necessary to obtain fee approvals or if emergent conditions arise in the related law Receiver matters.*

11. The Hankins Entities violated N.J.S.A. 49:3-56(h) (employing unregistered agents) and N.J.S.A. 49:3-60 (selling unregistered securities) in connection with each transaction stated in paragraph three by selling unregistered securities through Defendant James Hankins, who was not registered as their "agent[s]" as required by N.J.S.A. 49:3-56(a).

NOW, BASED ON THE ABOVE FINDINGS, IT IS on this 25<sup>th</sup> day of August 2009

ORDERED that:

**PERMANENT INJUNCTIVE RELIEF**

1. Defendants James Hankins, the Hankins Private Client Group, Ltd., Hankins Group, Ltd., Hankins Group, Ltd., and Hankins Life Settlement, LLC, individually and by or through any person, individually and by or through any corporation, business entity, agent, employee, broker, partner, officer, director, attorney, stockholder and/or any other person who is directly or indirectly under their control or direction, are permanently restrained and enjoined from directly or indirectly violating the Securities Law and, specifically, from:

- a. engaging in the securities business in New Jersey in any capacity, including, but not limited to, acting as a broker-dealer, agent, investment adviser, investment adviser representative or otherwise;
- b. issuing, offering the sale or selling, offering to purchase or purchasing, distributing, promoting, advertising, soliciting, negotiating, advancing the sale of and/or promoting securities, or advising regarding the sale of any securities, in any manner to, from, or within the State of New Jersey; and
- c. engaging in the conduct described in the Amended Verified Complaint.

**DISGORGEMENT/RESTITUTION**

2. Defendants James Hankins, the Hankins Private Client Group, Ltd., Hankins Group, Ltd., Hankins Group, Ltd., and Hankins Life Settlement, LLC are jointly and severally liable under this paragraph, and must disgorge the sum of \$6,979,478.24 of which \$6,324,704.00 is money due to investors for restitution, pursuant to N.J.S.A. 49:3-69(a).

\* this amount is to be reduced by monies collected from relief Defendant Hankins, as a result of the companion order

### CIVIL MONETARY PENALTIES

3. Based on the findings above and facts established by the Plaintiff, the Court HEREBY ASSESSES a civil monetary penalty, pursuant to N.J.S.A. 49:3-70.1, in the amount of \$220,000.00 against each of the following: Defendants James Hankins, the Hankins Private Client Group, Ltd., Hankins Group, Ltd., and Hankins Life Settlement, LLC.

### FINAL JUDGMENT

4. As such, final judgment is hereby entered against Defendant James Hankins in the amount of \$7,199,478.24 representing \$6,979,478.24 in disgorgement/restoration pursuant to N.J.S.A. 49:3-69(a)(2) and \$220,000.00 as a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

5. Final judgment is hereby entered against Defendant Hankins Private Client Group, Ltd. in the amount of \$7,199,478.24 representing \$6,979,478.24 in disgorgement/restoration pursuant to N.J.S.A. 49:3-69(a)(2) and \$220,000.00 as a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

6. Final judgment is hereby entered against Hankins Group, Ltd. in the amount of \$7,199,478.24 representing \$6,979,478.24 in disgorgement/restoration pursuant to N.J.S.A. 49:3-69(a)(2) and \$220,000.00 as a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

7. Final judgment is hereby entered against Hankins Life Settlement, LLC in the amount of \$7,199,478.24 representing \$6,979,478.24 in disgorgement/restoration pursuant to N.J.S.A. 49:3-69(a)(2) and \$220,000.00 as a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

## GENERAL PROVISIONS

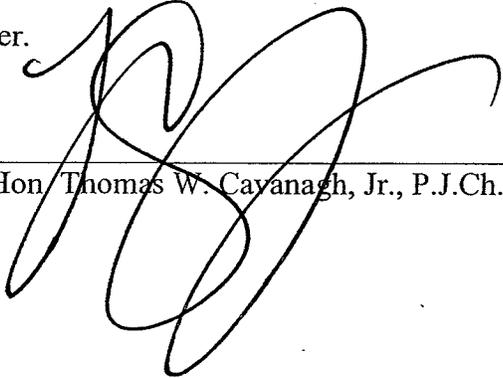
8. This final judgment is immediately enforceable against Defendants James Hankins, the Hankins Private Client Group, Ltd., Hankins Group, Ltd., Hankins Group, Ltd., and Hankins Life Settlement, LLC. This final judgment shall not affect Plaintiff's right to pursue relief against any other parties, including Relief-Defendant Dina Hankins, for claims relating to the Amended Verified Complaint.

9. Payment of the disgorgement/restoration and civil monetary penalty is immediately due and payable and shall be made by attorney trust fund account check, certified check or other guaranteed funds, made payable to the "State of New Jersey, Bureau of Securities" and delivered to the attention of the Bureau Chief, at the following address: Bureau of Securities, 153 Halsey Street, 6th Floor, Newark, New Jersey 07102.

10. This Court shall retain jurisdiction to enforce this Order.

11. Nothing in this Final Judgment and Consent Order shall in any manner be construed to limit or affect the rights of any persons who may have a claim against defendants. The amount of any such claim shall be reduced by any amounts paid to such persons from other sources, including any restitution paid pursuant to this Final Judgment.

12. The Final judgment shall be served on all parties within 10 days of Plaintiff's counsel's receipt of the signed Order.

  
\_\_\_\_\_  
Hon. Thomas W. Cavanagh, Jr., P.J.Ch.

