I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 (“Exchange Act”) against Timothy Patterson (“Respondent” or “Patterson”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over his and the subject matter of these proceedings and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.
III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Patterson was licensed to sell life insurance and annuities in Virginia by the Bureau of Insurance of the State Corporation Commission of the Commonwealth of Virginia (“Virginia Insurance Bureau”) on March 8, 2011. Patterson sold insurance products through Legacy Estate Planning, LLC, an insurance agency where he was employed. Legacy Estate Planning also became licensed by the Virginia Insurance Bureau to sell life insurance and annuities on May 7, 2007 and health insurance on June 7, 2007. From November 2009 through September 2011, Patterson sold approximately $450,000 in promissory notes issued by 54Freedom and 54Freedom affiliates to at least eight of his clients, for which he received transaction-based compensation. During this time, Patterson was not registered with the Commission as a broker-dealer or associated with a registered broker-dealer.

2. On November 12, 2013, a final order was entered by consent against Patterson, enjoining him from offering or selling insurance to existing or new clients for a period of three (3) years and from future violations of the Virginia Securities Act, § 13.1-501 et seq. of the Code of Virginia and § 38.2-1809 of Title 38.2 of the Code, in the civil action entitled Commonwealth of Virginia, ex rel. State Corporation Commission v. Legacy Estate Planning LLC, Pamela S. Smith and Timothy Patterson, Case No. SEC-2013-00025. In addition to surrendering his licenses to sell insurance, Patterson was ordered to pay the Treasurer of the Commonwealth of Virginia $3,000 in monetary penalties.

5. The civil order to which Patterson consented alleged, inter alia, that Patterson offered and sold unregistered securities to Virginia consumers in the form of promissory notes and acted as an unregistered agent of the issuer, 54Freedom and 54Freedom affiliates, when he offered and sold those promissory notes. In addition, the order alleges that Patterson made materially untrue statements of fact and omissions by mischaracterizing the investment risks associated with the promissory notes and representing them as low risk alternatives to fixed income annuities. Finally, the order alleges that Patterson recommended to his clients the purchase of 54Freedom promissory notes without reasonable grounds to believe that the recommendation was suitable for his clients based upon reasonable inquiry concerning his client’s investment objectives, financial situation, risk tolerance and needs, and any other relevant information.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Patterson’s Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act that Respondent Patterson be, and hereby is:
barred from association with any broker, dealer, investment adviser, municipal securities
dealer, municipal advisor, transfer agent, or nationally recognized statistical rating
organization; and

barred from participating in any offering of a penny stock, including: acting as a
promoter, finder, consultant, agent or other person who engages in activities with a
broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or
inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws
and regulations governing the reentry process, and reentry may be conditioned upon a number of
factors, including, but not limited to, the satisfaction of any or all of the following: (a) any
disgorgement ordered against the Respondent, whether or not the Commission has fully or partially
waived payment of such disgorgement; (b) any arbitration award related to the conduct that served
as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a
customer, whether or not related to the conduct that served as the basis for the Commission order;
and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct
that served as the basis for the Commission order.

By the Commission.

Brent J. Fields
Secretary