STATE OF NORTH CAROLINA

Department of The Secretary of State

IN THE MATTER OF:	)	
THE NORTH CAROLINA SECURITIES DIVISION,	)	
Petitioner,	)	
	)	**CONSENT ORDER**
vs.	)	
JOHN WILLOUGHBY HEARN, III,	)	
CRD # 2932406	)	**FILE NO. 06-014-IG**
Respondent.	)	

WHEREAS, JOHN WILLOUGHBY HEARN, III (hereinafter, "Hearn") is a natural person who maintains a place of business at 309 S. Laurel Avenue, Suite 202, Charlotte, NC, 28207; and

WHEREAS, the Secretary of State of the State of North Carolina (the "Secretary of State"), as Administrator of the North Carolina Investment Advisers Act (North Carolina General Statutes, Chapter 78C), the Securities Division of the Department of the Secretary of State (the "Securities Division"), and the Respondent have negotiated this Consent Order; and

WHEREAS, the Respondent has cooperated with the Securities Division by responding to inquiries, providing documentary evidence and other materials relating to the Securities Division's securities investigation into certain activities undertaken by Respondent; and

WHEREAS, the Respondent elects to permanently waive any right to judicial review or a hearing and appeal under Chapter 78C (the North Carolina Investment Advisers Act) or Chapter 150B of the North Carolina General Statutes (the Administrative Procedure Act) with respect to this Consent Order;

NOW, THEREFORE, the Securities Administrator, acting through her duly appointed Deputy Securities Administrator, pursuant to and under all authority granted by the North

Carolina Securities Act, and with the consent of the Respondent, does hereby enter into this Consent Order in settlement of the Temporary Order to Cease and Desist issued and entered on March 16, 2006 against John Willoughby Hearn, III.

I.
JURISDICTION AND CONSENT

Respondent admits the jurisdiction of the Securities Division, stipulates to the Findings of Fact and Conclusions of Law contained in this Consent Order, and consents to the entry of this Consent Order by the Deputy Securities Administrator.

II.
FINDINGS OF FACT

The Securities Administrator, acting by and through her duly appointed Deputy Securities Administrator, makes the following findings of fact regarding a securities investigation into certain activities undertaken by the Respondent:

1. Respondent John Willoughby Hearn, III (hereinafter, "Hearn") is a natural person who maintains a place of business at 309 S. Laurel Avenue, Suite 202, Charlotte, NC, 28207. Respondent Hearn is currently registered as an investment adviser representative in North Carolina with Miller McNeish Breedlove & Hearn Financial Services, LLC ("MMBH" a state-registered investment adviser) and Hearn has been so registered since November 12, 1999.

2. Brendle Shaffner Financial Advisors, LLC (hereinafter, "BSFA") is a North Carolina limited liability company that holds itself out to the general public as providing investment advisory services and maintains a principal place of business at 380 Knollwood Street, Suite 350, Winston-Salem, NC, 27103.

3. Brendle Shaffner Financial Advisors, LLC is a person registered as an investment adviser with the State of North Carolina pursuant to N.C.G.S. §78C-17(a) and has been continuously so registered since July 9, 2001.

4. Miller McNeish Breedlove & Hearn Financial Services, LLC is a person registered as an investment adviser with the State of North Carolina pursuant to N.C.G.S. §78C-17(a) and has been continuously so registered since November 12, 1999.

5. According to the registration records filed with the Administrator and maintained by the Central Registration Depository/Investment Adviser Registration Depository (CRD/IARD), Respondent John Willoughby Hearn, III is listed as a direct owner of MMBH.

6. Since N.C.G.S. §78C-17(a) provides that registration of an investment adviser automatically constitutes registration of any investment adviser representative who is a partner, executive officer, or director, or a person occupying a similar status or performing similar

functions, Respondent Hearn has been continuously registered as an investment adviser representative on behalf of MMBH since November 12, 1999.

7. On June 22, 2005, a representative of the Administrator conducted an examination of MMBH, a state-registered investment adviser, pursuant to the Administrator's authority under N.C.G.S. §78C-18(e).

8. On June 29, 2005, a representative of the Administrator conducted an examination of BSFA, a state-registered investment adviser, pursuant to the Administrator's authority under N.C.G.S. §78C-18(e).

9. Through the June 29, 2005 examination, information received by the Administrator's representative showed MMBH had entered into a contract with BSFA whereby BSFA engaged MMBH to prepare financial plans and financial planning materials as requested by BSFA.

10. Respondent Hearn travels from his office in Charlotte to Winston-Salem and meets with BSFA investment advisory clients in providing investment advisory services on behalf of BSFA.

11. Respondent Hearn is not registered as an investment adviser representative associated with BSFA with the Securities Division of the Department of the Secretary of State under the provisions of the North Carolina Investment Advisers Act.

12. Respondent Hearn has willfully transacted business in the state of North Carolina as an investment adviser representative for BSFA without being registered as an investment adviser representative, in violation of N.C.G.S. §78C-16(a1).

13. BFSA has willfully employed an investment adviser representative without ensuring proper registration, in violation of N.C.G.S. §78C-16(b).

14. MMBH has received fees from BSFA amounting to at least eighteen thousand two hundred three dollars and sixteen cents ($18,203.16) since entering into the contract between MMBH and BSFA.

15. It is in the public interest of the citizens of North Carolina and for the protection of investors that Respondent be prohibited from violating the provisions of the North Carolina Investment Advisers Act in connection with transacting business as an investment adviser representative.

16. Respondent presently continues to have the ability to transact business as an investment adviser representative in North Carolina in violation of the provisions of N.C.G.S. §§78C-16(a1).

III.
CONCLUSIONS OF LAW

1. The Securities Administrator has jurisdiction over the subject matter of this proceeding and over the person of the Respondent.

2. The North Carolina Securities Division finds the Respondent has engaged in conduct in violation of the North Carolina Investment Advisers Act, specifically N.C.G.S. §§78C-16(a1).

3. The entry of this Consent Order is in the public interest for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the North Carolina Investment Advisers Act.

IV.
ORDER

NOW, THEREFORE, with the consent and agreement of the Respondent, it is **HEREBY ORDERED AND AGREED** that Respondent John Willoughby Hearn, III, shall immediately cease and desist from transacting business in this State as an investment adviser representative on behalf of an investment adviser or an investment adviser covered under federal law without being registered to do so.

Respondent, by execution of this Consent Order, waives any right to a hearing or judicial review thereof. Said Respondent affirmatively states that he has freely agreed to the signing of this Consent Order, and that no threats, promises or offers of any kind, other than as stated in this document, have been made by the Securities Administrator, Deputy Securities Administrator, any member of the staff of the Securities Division, or any agent or employee of the Department of the Secretary of State in connection with the signing of this Consent Order.

This Consent Order shall become final upon entry.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the Secretary of State, this the 11th day of May 2006.

Time of entry: 1:25 P.M.

ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH CAROLINA and
SECURITIES ADMINISTRATOR, by

DAVID S. MASSEY
DEPUTY SECURITIES ADMINISTRATOR