

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2506 / April 3, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12253

In the Matter of

JON E. HANKINS,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. § 80b-3(f)] against Jon E. Hankins (“Hankins” or “Respondent”).

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 him and the subject matter of these proceedings, and the findings contained in Section III.4. below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, 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. Tenet Capital Partners Convertible Opportunities Fund, LP ("Convertible Opportunities Fund" or the "Fund"), a Delaware limited partnership, was a hedge fund open to qualified U.S. persons and entities. The Fund commenced investment activities on April 1, 2004, and ceased investment activities after the United States District Court for the Southern District of New York ("S.D.N.Y."), appointed Susan E. Brune, Esq. as receiver (the "Receiver") for the Fund on June 22, 2005.

2. Tenet Asset Management, LLC ("Tenet"), a Delaware limited liability corporation located in Knoxville, Tennessee, was the Fund's investment adviser, responsible for all of the Fund's investment decisions, from April 1, 2004 until the S.D.N.Y. placed Tenet into receivership on June 22, 2005. During this time, Tenet was also the sole general partner of the Fund.

3. Hankins is a resident of Tennessee who served as Tenet's principal member, managing member and controlling person from April 1, 2004 until the S.D.N.Y.'s appointment of the Receiver. During this period, Hankins made all of the investment decisions with respect to the Fund.

4. On March 24, 2006, a final judgment was entered by consent against Hankins, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §§ 240.10b-5], and Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)], in the civil action entitled Securities and Exchange Commission v. Jon E. Hankins, Tenet Asset Management, LLC and Tenet Capital Partners Convertible Opportunities Fund, LP, 05 Civ. 5808 (KMW), in the S.D.N.Y.

5. The Commission's complaint alleged that, between February and June 2005, Hankins made false and misleading statements to investors about the Fund's performance and strategy. In particular, Hankins concealed large losses by, among other things, altering the Fund's audited financial statements and providing false performance data showing profits when the Fund in fact had a negative return. At the time that Hankins made these false and misleading statements, Hankins knew these statements were false, and he personally altered the Fund's financial records and then gave them to investors. Hankins made these false and misleading statements to conceal the Fund's substantial investment losses as a result of large, naked short positions in Google, Inc. stock.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act [15 U.S.C. § 80b-3(f)], that Respondent Hankins be, and hereby is barred from association with any investment adviser.

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.

Nancy M. Morris
Secretary