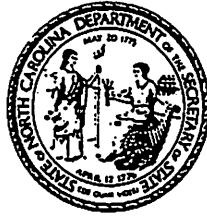


# STATE OF NORTH CAROLINA



Department of The  
Secretary of State

THE NORTH CAROLINA SECURITIES DIVISION,	)	
	)	
Petitioner,	)	
	)	<b>FINAL ORDER</b>
vs.	)	
	)	
EDWARD D. NOWELL, and SOUTH	)	
ATLANTIC CAPITAL MANAGEMENT	)	
GROUP, INC.,	)	
	)	
Respondents.	)	<b>FILE NO. 11SEC198</b>

**WHEREAS, SOUTH ATLANTIC CAPITAL MANAGEMENT GROUP, INC.** ("SACMGI") is a corporation organized and existing under the laws of North Carolina and maintains its principal office at 1900 Eastwood Road, Suite 14, Wilmington, North Carolina, 28403;

**WHEREAS, EDWARD D. NOWELL** ("Nowell") is a natural person residing in New Hanover County, North Carolina;

**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 Respondents have negotiated this Final Order; and

**WHEREAS,** the Respondents elect 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 Final 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 Investment Advisers Act (the "Act"), with the consent of the Respondents, does hereby enter into this Final Order against the Respondents.

**I.**  
**JURISDICTION AND CONSENT**

Respondents admit the jurisdiction of the Securities Division without admitting or denying the Findings of Fact and Conclusions of Law contained in this Final Order, and consent to the entry of this Final Order by the Deputy Securities Administrator.

Respondents have agreed to resolve this matter through this Final Order to avoid further protracted and expensive proceedings. Respondents, as evidenced by the authorized signatures on the respective *Consent to Entry of Final Order*, set forth below, admit the jurisdiction of the Administrator, voluntarily consent to the entry of this Final Order and elect to expressly and permanently waive any and all rights under the Act, the North Carolina Administrative Procedure Act (N.C.G.S. Chapter 150B), or any other law, to a *Notice of Hearing*, a hearing, the making of findings of fact and conclusions of law, and all further proceedings before the Administrator to which it may be entitled related to the subject of this Final Order. Each Respondent also expressly and permanently waives all rights to seek judicial review or otherwise challenge the validity of this Final Order, or the entry of the Final Order in conformity therewith in this proceeding.

**II.**  
**FINDINGS OF FACT**

The Securities Administrator, acting by and through her duly appointed Deputy Securities Administrator, makes the following findings of fact:

1. Respondent SACMGI is a North Carolina corporation under the primary ownership and control of Respondent Nowell and has, since February 2010, been registered with the Administrator as an investment adviser pursuant to the Act. SACMGI maintains its principal office at 1900 Eastwood Road, Suite 14, Wilmington, North Carolina, 28403.
2. Respondent Nowell resides in New Hanover County, North Carolina. Respondent Nowell has been registered with the Administrator as an investment adviser representative for SACMGI pursuant to the Act since February 2010.
3. Pursuant to G.S. § 78C-18(e), an agent of the Administrator examined Respondents' books and records on April 25, 2011.
4. During the examination conducted on April 25, 2011, books and records provided to the Administrator's agent revealed that SACMGI and Nowell had conducted business as an investment adviser and investment adviser representative, respectively, during the years of 2002 through 2009 without being registered with the Administrator.
5. At the time of application for registration, SACMGI had approximately 30 North Carolina residents as clients and had assets under management of approximately twenty million dollars (\$20,000,000). Prior to registration, SACMGI was not registered with the Securities and Exchange Commission ("SEC"), and SACMGI did not manage the requisite amount of assets to be eligible for registration with the SEC.

6. For a period of at least three years leading up to registration, SACMGI conducted business as an investment adviser in violation of the registration provisions of the Act.
7. For a period of at least three years leading up to registration, Nowell conducted business as an investment adviser representative in violation of the registration provisions of the Act.
8. Respondents have fully cooperated with the Securities Division's examination of Respondents' books and records by responding timely to requests for information, providing documents and records, and addressing concerns raised by the Securities Division.
9. Respondent SACMGI in settlement of this matter, agrees to pay twenty-seven thousand dollars (\$27,000.00) payable to the "Secretary of State Investor Protection and Education Trust Fund" in accordance with G.S. § 147-54.5(e).
10. It is in the public interest of the citizens of North Carolina and for the protection of investors that Respondents be prohibited from violating the Act.

**BASED UPON THE FOREGOING Findings of Fact, and with the consent of Respondents, the Administrator makes the following:**

### **III. CONCLUSIONS OF LAW**

1. The Administrator has jurisdiction over the subject matter of this proceeding and over Respondents.
2. Respondents have engaged in violations of N.C.G.S. §78C-16 by acting as an investment adviser and investment adviser representative in this State without registration.
3. It is in the public interest of the citizens of North Carolina and for the protection of investors that Respondents be prohibited from violating the registration requirements of the Act.
4. It is in the public interest of the citizens of North Carolina, for the protection of investors and consistent with the purposes of the Investment Advisers Act that a payment of twenty-seven thousand dollars (\$27,000.00) to the "Secretary of State Investor Protection and Education Trust Fund" be imposed on Respondent SACMGI.
5. Each Respondent, by execution of this Final Order, waives any right to a hearing or judicial review thereof. Each Respondent affirmatively states that they have freely agreed to the signing of this Final 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 Final Order.
6. Each Respondent agrees that this Order contains the entire settlement agreement between the undersigned, there being no agreement of any kind, verbal or otherwise, which varies, alters, or adds to this Final Order, and that this Final Order supersedes any prior communication,

understanding, or agreement, whether written or oral, concerning the subject matter of this Order.

7. Each Respondent agrees that the presentation of this Final Order to the Administrator without Respondents or any counsel for Respondents being present shall not constitute an improper *ex parte* communication between the Administrator and Petitioner or counsel for Petitioner. This Final Order shall become final upon entry.

**NOW, THEREFORE**, the Administrator pursuant to and under all authority granted by the North Carolina Securities Act, upon the foregoing Findings of Fact, Conclusions of Law, and Respondents consent to the entry of this Order, does hereby enter the following:

#### **IV. ORDER**

##### **IT IS HEREBY ORDERED:**

1. Respondents South Atlantic Capital Management Group, Inc. and Edward D. Nowell shall immediately and permanently cease and desist from violating the registration requirements (N.C.G.S. 78C-16(a) and (a1)) of the North Carolina Investment Advisers Act.
2. Within ten (10) days of the execution of this Consent Order, Respondent SACMGI shall make the following payment in the form of a certified or bank check: twenty-seven thousand dollars (\$27,000.00) payable to the "Secretary of State Investor Protection and Education Trust Fund" in accordance with G.S. 147-54.5(e).
3. Respondent SACMGI agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any amounts payable pursuant to this Final Order.
4. Respondents shall update all documents and records to reflect this Final Order as may be required by law.
5. Respondents shall not take any action, or make or permit to be made any public statement, denying, directly or indirectly, any finding in this Final Order or creating the impression that this Final Order is without factual basis.
6. This Final Order shall be binding upon South Atlantic Capital Management Group, Inc. and its successors and assigns as well as to successors and assigns of relevant affiliates and Edward D. Nowell with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.
7. This Final Order shall not disqualify the Respondents from any business that they are qualified, licensed or permitted to perform under the securities laws of North Carolina, and any disqualifications, including disqualifications from relying upon registration exemptions or safe harbor provisions, that result from this Final Order are hereby waived. Further, this Final Order is not intended to subject the Respondents to any disqualifications under the laws of the United

States or any state including, without limitation, any disqualification from relying upon state or federal registration exemptions or safe harbor provisions.

8. For any person or entity not a party to this Final Order, this Final Order does not limit or create any private rights or remedies against Respondents, limit or create liability of Respondents, or limit or create defenses of or for Respondents to any claim.

This Final 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 2nd day of August 2012.

Time of entry: 10:35 A.M.



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

  
DAVID S. MASSEY  
DEPUTY SECURITIES ADMINISTRATOR

**CONSENT TO ENTRY OF FINAL ORDER  
BY EDWARD D. NOWELL**

I, **EDWARD D. NOWELL**, state that I have read the foregoing Order and that I know and fully understand the contents hereof; that I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing, judicial review or other procedures in this matter; I understand that this Order is a public record document.

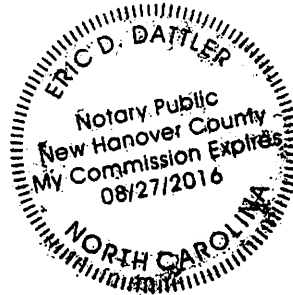
Dated this 24<sup>th</sup> day of July, 2012.

*Edward D. Nowell*  
EDWARD D. NOWELL

STATE OF NC  
COUNTY OF New Hanover

SUBSCRIBED AND SWORN TO before me  
this 20 day of July, 2012.

*Eric D. Dattler*  
Notary Public  
My Commission expires: 8-24-16



**CONSENT TO ENTRY OF FINAL ORDER BY  
SOUTH ATLANTIC CAPITAL MANAGEMENT GROUP, INC.**

**SOUTH ATLANTIC CAPITAL MANAGEMENT GROUP, INC.** hereby acknowledges that a representative has read the foregoing Order and that knows and fully understands the contents hereof; that it voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing, judicial review or other procedures in this matter; It is further understood that this Order is a public record document.

Edward D. Nowell represents that he/she is President of **SOUTH ATLANTIC CAPITAL MANAGEMENT GROUP, INC.** and that, as such, has been authorized by **SOUTH ATLANTIC CAPITAL MANAGEMENT GROUP, INC.** to enter into this Order for and on behalf of **SOUTH ATLANTIC CAPITAL MANAGEMENT GROUP, INC.**

Dated this 24<sup>th</sup> day of July, 2012.

By: Edward D. Nowell

Title: President

SUBSCRIBED AND SWORN TO before me  
this 24 day of July, 2012.

[Signature]

Notary Public

My Commission expires: 8/27/16

