STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING whether there has been a violation of the Securities Act of Washington by: Damon Vickers; Frank H. Black; Southeast Investments, N.C., Inc., Respondents	Order No.: S-11-0597-15-CO02 CONSENT ORDER AS TO SOUTHEAST INVESTMENTS, N.C., INC. AND FRANK H. BLACK

INTRODUCTION

On August 19, 2015, the Securities Administrator of the Securities Division of the Department of Financial Institutions ("Securities Division") issued a Statement of Charges and Notice of Intent to Issue an Order to Cease and Desist, Deny Future Registrations, Suspend Current Registrations, Impose Fines, and Charge Costs ("Statement of Charges"), Order Number S-11-0597-14-SC01, against the Respondents Damon Vickers, Frank H. Black, and Southeast Investments, N.C., Inc. Pursuant to the Securities Act of Washington, Chapter 21.20 RCW, the Securities Division and the Respondents Southeast Investments, N.C., Inc. and Frank H. Black do hereby enter into this Consent Order in settlement of the matters alleged herein. The Respondents enter into this Consent Order in order to avoid the costs of litigation. The Respondents Southeast Investments, N.C., Inc. and Frank H. Black neither admit nor deny the Findings of Fact and Conclusions of Law stated below.

FINDINGS OF FACT

Respondents

1. Damon Vickers ("Vickers") (CRD No. 1441432) is a resident of Sammamish, Washington. At various times between October 1995 and November 2013, Vickers was registered with the Securities

Division as a securities salesperson at several broker-dealers. Between October 2008 and February 2014, Vickers was a registered representative at Southeast Investments, N.C., Inc. Vickers was the Chief Investment Officer of Damon Vickers & Co., a registered trade name of his sole proprietorship. Between October 2008 through June 2013, Vickers used a business address in Seattle, Washington, and between February 2011 and February 2014, Vickers used a business address in San Juan, Puerto Rico. Vickers has never been registered with the Securities Division as an investment adviser or investment adviser representative, and is not currently registered with the Securities Division in any capacity.

2. Southeast Investments, N.C., Inc. ("Southeast Investments") (CRD No. 43035) is a North Carolina corporation formed in 1996, with a principal place of business in Charlotte, North Carolina. Southeast Investments has been registered as a broker-dealer with the Securities Division since September 2008. Between approximately September 2004 and April 2008, Southeast Investments was federally registered as an investment adviser with the U.S. Securities and Exchange Commission. Since December 2009, Southeast Investments has been registered as an investment adviser in at least one state, and is currently registered as an investment adviser in five states (not including Washington).

3. Frank H. Black ("Black") (CRD No. 22451) is a resident of South Carolina. Black is the President of Southeast Investments. Since October 2008, Black has been registered with the Securities Division as a securities salesperson. Black was the designated supervisor for Vickers. In 1979 and 1980, Black was subject to enforcement actions by securities regulators in Wisconsin and Georgia. In 2014, Black was subject to an enforcement action by securities regulators in Oklahoma, which is currently under appeal.

Introduction

4. Vickers engaged in excessive trading in his customers' brokerage accounts. Due to the excessive trading and use of a commission-based compensation structure, Vickers received large

commissions from trading customer accounts. From 2009 through 2012, Vickers earned approximately $5.3 million dollars in commissions. Certain commissions received by Vickers were unreasonable and constituted a high percentage of the customer's average portfolio value. Certain commissions were also unreasonable compared to what customers would have been charged with fee-based accounts. Black failed to reasonably supervise Vickers by approving his commission schedule. Southeast Investments failed to have adequate written policies and procedures in place regarding the review of discretionary accounts, and as a result, Black failed to adequately review Vickers' customer accounts for excessive trading.

Background

5. In October 2008, Vickers joined Southeast Investments as a registered representative with an office in Seattle, Washington. In at least 2009 and 2010, Vickers frequently appeared as a guest commentator on nationally-broadcast television and radio programs, and several customers first heard about Vickers through such appearances. During his media appearances, Vickers was introduced as the Managing Director of a hedge fund that he founded. At least one customer contacted Vickers to establish a brokerage account after he heard that Vickers made an approximate 63% return on the hedge fund.

6. Vickers selected the securities for customer accounts and then he had the trades executed. Vickers had discretionary trading authority in all of his customers' brokerage accounts, as he only did business on a discretionary basis. Vickers primarily used his discretionary authority to trade stocks for the customer accounts. In contrast, when Vickers purchased mutual funds for a customer, he did not make such purchases in the exercise of his discretion, but instead contacted the customer for approval. However, Vickers did not purchase mutual funds frequently, and overall, his customers had very little involvement in the trading decisions for their accounts.

7. Vickers used a commission-based compensation schedule for providing a mix of investment advisory and brokerage services to customers. Each commission charged by Vickers was a comprehensive

charge for his advice selecting securities to purchase and sell and for placing trade orders. Vickers charged his customers a commission based on a percentage of the traded assets per trade. The percentage of assets per trade that Vickers charged depended on the total amount of assets in the customer account, as outlined in the following table:

Account value	**Commission**
Under $1 million dollars	2% of traded assets per trade
$1 million dollars or greater	1% of traded assets per trade
$5 million dollars or greater	0.75% of traded assets per trade

Typically, accounts with investment advisory services do not have commission-based compensation. Accounts with investment advisory services are typically charged fee-based compensation. A fee-based account is an account in which the representative's compensation is based on a set percentage of the customer's assets, instead of on transaction-based commissions.

8. Vickers provided investment advisory services to his customers, in spite of the fact that he was never registered as an investment adviser or investment adviser representative. Vickers would have made substantially less in compensation if he had been a registered investment adviser or investment adviser representative managing fee-based accounts. For example, registered investment adviser representatives at Southeast Investments made as much as 3% per annum of assets under management. In contrast, Vickers made as much as approximately 18.35% per annum of a customer's average portfolio value in commissions.

Excessive Trading in Customer Accounts

9. Vickers engaged in the excessive trading of customer accounts. Pursuant to RCW 21.20.035, excessive trading occurs when a broker-dealer or one if its securities salespersons knowingly

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effects transactions in a discretionary account that are excessive in size in view of the financial resources and character of the account.

10. Vickers actively traded his customers' brokerage accounts, which in 2011 and 2012 numbered over 100 accounts. On the Damon Vickers & Co. website, Vickers described his investment strategy as "Adaptive Trend Following," which involved actively positioning customer holdings in both up-trends and down-trends. Vickers did the same trades simultaneously for many of the accounts he managed, and he often submitted block orders divided among customer accounts to Southeast Investments for execution.

11. Vickers' active management of customer accounts resulted in a high frequency of trading in the accounts that was excessive in light of the financial resources of the customers and the character of their accounts. High turnover rates and cost-to-equity ratios are two indicators of excessive trading in accounts. As explained below, many of Vickers' customer accounts had high turnover rates and high cost-to-equity ratios.

High Turnover Rates

12. One metric of the excessive nature of Vickers' trading practices is the turnover rates in his customers' accounts. The turnover rate measures the volume of trading activity in a brokerage account. The turnover rate is the number of times, during a given time period, that the securities in an account are replaced by new securities, and is calculated by dividing the total dollar amount of securities purchased in a given period by the average monthly balance in the account. For example, a turnover rate of 1 means that during the given time period, all of the positions in an account have been sold and replaced by new positions. As there is no specific turnover rate that establishes excessive trading in an account, a case by

case analysis is required.[1]

13. A review of 33 (approximately one-third) of Vickers' customer accounts for the year 2010 shows a pattern of high turnover in a majority of the accounts, with turnover rates as high as 6.6. As outlined in the table below, a majority of the accounts (approximately 66% of the accounts reviewed) had a turnover rate of 4 and above. Twelve accounts had a turnover rate of 5 and greater, and of these, five accounts had a turnover rate of 6 and greater.

Turnover Rate	Number of Accounts in this Range	Percentage of Accounts Reviewed (approx.)
6 to 7	5	15%
5 to 6	7	21%
4 to 5	10	30%
3 to 4	7	21%
2 to 3	3	9%
1 to 2	1	3%

High Cost-to-Equity Ratios

14. Another metric of the excessive nature of Vickers' trading is the cost-to-equity ratios of his customer accounts. The cost-to-equity ratio (which is also known as the "break even analysis") determines the rate of return that an account has to earn during a given time period just to cover account expenses and "break even." The cost-to-equity ratio is calculated by dividing the total costs (primarily commissions, but also including other expenses, such as service fees) in a given period by the average monthly balance in the account. For example, a cost-to-equity ratio of 5% means that the customer account needs at least a 5% investment return to cover account costs before the account breaks even.

15. A review of 33 (approximately one-third) of Vickers' customer accounts for the year 2010

[1] Most of the case law in this area is regarding churning. Churning requires excessive trading and control of the account by the broker (such as discretionary trading authority). However, churning has a higher burden of proof than excessive trading as it also requires scienter. Scienter is not an element of excessive trading under RCW 21.20.035. According to the case law, a turnover rate of 4 or more is considered indicative of churning, and a turnover rate of 6 or more is considered presumptive of churning.

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shows a pattern of high cost-to-equity ratios in the accounts, which were as high as 24.83% (in percentage form). As outlined in the table below, almost all of the accounts had a cost-to-equity ratio of at least 5%, and the majority greatly exceeded this amount. The average cost-to-equity ratio among the 33 accounts was 12.66%.

Cost-to-equity Ratio	Number of Accounts in this Range	Percentage of Accounts Reviewed (approx.)
20-25%	5	15%
15-20%	3	9%
10-15%	15	45%
5-10%	9	27%
0-5%	1	3%

16. Trading practices that require an account to earn returns in excess of 20% just to break even are indicative of excessive trading. At least five of Vickers' customer accounts would have needed at least a 20% return on their account to break even.

Unreasonable Commissions

17. Vickers received unreasonable commissions from trading his customer accounts. Vickers generated high commissions for himself due to his excessive trading and use of a commission-based compensation schedule, with commissions that more than doubled between 2009 and 2012. Over four years, Vickers generated approximately $5.3 million dollars in commissions, as shown in the following table:

Year	Annual Commission (approx.)
2009	$703,777
2010	$879,948
2011	$1,938,458
2012	$1,777,681
Total	**$5,299,864**

The commissions that Vickers received were unreasonable because they constituted a high percentage of the customer's portfolio value. Furthermore, the commissions were unreasonable compared to what customers would have been charged if their accounts had a fee-based compensation schedule.

Commissions Constitute High Percentage of Portfolio Value

18. Vickers' customers ultimately paid commissions that constituted a large percentage of their account value. A review of 33 customer accounts (approximately one-third of all Vickers' accounts) in 2010 shows a pattern of high commissions as a percentage of the average portfolio value. Certain commissions, as a percentage of the average portfolio value for Vickers' customers, were as high as 18.35%. Over half of the accounts (approximately 60%) paid commissions of 10% or more of their average portfolio value in a one-year time period, and six accounts paid commissions of 15% or more of their average portfolio value.

Commissions as % of the Average Portfolio Value	**Number of Accounts in this Range**	**Percentage of Accounts Reviewed (approx.)**
15-20%	6	18%
10-15%	14	42%
5-10%	9	27%
0-5%	4	12%

19. The majority of customer accounts reviewed did not have positive investment returns to offset the large commissions that they were charged. In 2010, twenty-three of the accounts had a negative return ranging from -1.88% to -15.90%. For example, Customers A, B and C, who are within the sample of accounts reviewed, had negative returns in 2010. For the accounts of these customers, the table below details the commissions paid during 2010 for the account, the commissions as a percentage of the average portfolio value, and the cumulative account performance during 2010:

Customer	Account	Average Account Balance (approx.)	Commissions Paid (approx.)	Commissions as % of Portfolio (approx.)	Cumulative Account Performance (approx.)
Customer A	IRA	$79,685	$8,139	10.21%	-13.50%
Customer A	SEP IRA	$206,834	$22,729	10.99%	-15.89%
Customer A	Individual Brokerage	$135,607	$15,773	11.63%	-11.98%
Customer B	Roth IRA	$13,782	$2,305	16.72%	-11.45%
Customer C	SEP IRA	$88,233	$7,444	8.44%	-11.11%

20. In 2010, Customers A, B, and C had frequent trading in their accounts and high turnover rates ranging from 3.1 to 6.6. These customers had commissions as a percentage of the average portfolio value that were as high as 16.72%. Given what they were paying in commissions, these customers would have had to earn large investment returns (approximately 10-16%) to break even. In fact, Vickers' trading strategies were not successful and all of their accounts had a negative performance during the year. These customers experienced substantial losses in their accounts, which were compounded by the large amount of commissions they paid due to Vickers' frequent trading.

21. Even accounts with a positive return often had commissions that were higher than their investment return. In 2010, ten of the customer accounts reviewed had a positive return, six of which had commissions that were higher than their investment return. The table below details the commissions paid during 2010 for these six accounts, the commissions as a percentage of the average portfolio value, the account performance during 2010, and the difference between the commissions as a percentage of the average portfolio value and the cumulative account performance:

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Customer	Account	Average Account Balance (approx.)	Commissions Paid (approx.)	Commissions as Percentage of Portfolio (approx.)	Cumulative Account Performance (approx.)	Difference (approx.)
Customer D	Individual Brokerage	$45,498	$5,667	12.46%	2.76%	9.70%
Customer E	SEP IRA	$47,293	$5,026	10.63%	2.29%	8.34%
Customer E	Individual Brokerage	$988	$31	3.12%	1.72%	1.40%
Customer F	IRA	$23,050	$2,922	12.68%	4.35%	8.33%
Customer G	IRA	$211,180	$21,944	10.39%	5.87%	4.52%
Customer H	Roth IRA	$40,692	$1,650	4.06%	1.11%	2.95%

Even with a positive return, these customers needed up to an additional 9.70% return in order to break even. Only four customers (approximately 12% of the sample) still had a net outcome that was positive when the percentage of their commissions were subtracted from their cumulative account performance.

Comparison to Fee-Based Accounts

22. The commissions that Vickers received were unreasonable compared to what customers would have been charged if their accounts had a fee-based compensation schedule. As previously mentioned, accounts that include investment advisory services typically have fee-based compensation. In addition, fee-based accounts are generally more beneficial for customers who have at least a moderate amount of trading in their account, and protect customers from excessive trading commissions. Vickers received an unreasonable commission as he should have utilized a fee-based, rather than a commission-based, compensation schedule for his customer accounts.

23. Two common types of fee-based accounts are fee-based brokerage accounts and investment advisory accounts, which both charge a percentage of assets under management. As discussed below, both fee-based brokerage accounts and investment advisory accounts offer similar services to those that Vickers provided, but have significantly lower fees than the commissions charged by Vickers.

24. A fee-based brokerage account, also known as a "wrap account," is an account that offers a bundle of services, typically brokerage services with an investment advice component. A wrap account has a comprehensive fee for all services, generally a percentage of assets under management that is charged quarterly. From 2009 through 2012, the standard wrap account fee charged by Southeast Investments representatives was as high as 3% per annum of the customer's assets under management. The fees charged by a wrap account are well suited for customers who will have a high frequency of trading in their account.

25. An investment advisory account is an account that is actively managed and monitored by a registered investment adviser. Investment advisory accounts have a comprehensive fee for investment advisory services and for placing trade orders. The fee is typically a percentage of assets under management, and generally, the more assets under management, the lower the fee charged to the customer. From 2009 through 2012, the investment advisory fee charged by Southeast Investments representatives was as high as 3% per annum of the customer's assets under management. The fees charged by investment advisory accounts are also well suited for customers who will have a high frequency of trading in their account.

26. Unlike wrap accounts and investment advisory accounts, Vickers' compensation schedule was not well suited for customers with a high frequency of trading in their accounts. Fee-based accounts would have saved Vickers' customers a considerable amount of money. Both wrap accounts and investment advisory accounts, managed by Southeast Investments representatives, had annual fees as high as 3% of the customer's assets under management. In comparison, in 2010 Vickers' customer accounts were charged an average of 10.98% of their average account value in commissions, and one account was charged as much as 18.35% per annum of its average account value.

27. If Vickers had placed his customers in fee-based accounts, they would have avoided

hundreds and in some cases, thousands of dollars, in commissions. For example, the table below outlines what Customers A, B, and C would have paid in 2010 if they had been put into fee-based accounts that charged 3% of their average account balance for the year. Most notably, as shown in the following table, Customer A would have saved a total of nearly $34,000 in just one year:

Customer	Account	Average Account Balance (approx.)	3% Fee-Based Compensation (approx.)	Actual Commissions Paid (approx.)	Difference (approx.)
Customer A	IRA	$79,685	$2,391	$8,139	$5,748
Customer A	SEP IRA	$206,834	$6,205	$22,729	$16,524
Customer A	Individual Brokerage	$135,607	$4,068	$15,773	$11,705
Customer B	Roth IRA	$13,782	$413	$2,305	$1,892
Customer C	SEP IRA	$88,233	$2,647	$7,444	$4,797

Supervision of Vickers

28. During the relevant time period, Vickers was a registered representative at Southeast Investments and was supervised by Black, who is based in Charlotte, North Carolina. Black is also the Chief Compliance Officer of Southeast Investments. Between at least 2008 and 2012, Vickers committed multiple violations of the Securities Act of Washington while employed at Southeast Investments and under the supervision of Black. Black failed to reasonably supervise Vickers by approving his commission-based compensation schedule. Southeast Investments failed to have adequate written policies and procedures in place regarding the review of discretionary accounts and as a result Black failed to adequately review Vickers' customer accounts for excessive trading.

Approval of Vickers' Commission Schedule

29. Contrary to typical broker-dealer practices, Southeast Investments allowed their registered representatives to negotiate their compensation structure. When Vickers joined Southeast Investments, Black approved his proposal to use a commission-based compensation structure for his discretionary

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accounts. Southeast Investments benefitted from Vickers' use of this compensation schedule to generate large commissions. Beginning in April 2009, Southeast Investments received 10% of the total commissions paid by the customers of Vickers.

30. When reviewing Vickers' proposed commission schedule, Black approved it because the commission percentage was below 5%. When approving Vickers' commission-based compensation schedule, Black failed to take into consideration the anticipated level of trading activity in Vickers' customer accounts and the large commissions that would be generated from such trading practices. Black also failed to consider the overall needs and objectives of the customers and the benefits of other available compensation structures. By approving Vickers' compensation schedule, Black allowed Vickers to receive unreasonable trading commissions.

Failure to Establish Adequate Supervisory System for the Review of Discretionary Accounts

31. Southeast Investments failed to establish adequate systems to detect and prevent excessive trading. Southeast Investments did not have sufficient written supervisory procedures in place to govern the review of discretionary accounts, such as a written policy specifying that accounts with high turnover ratios should be given immediate attention and further review. As a result of Southeast Investment's failure to establish adequate supervisory procedures, Black failed to adequately review Vickers' accounts for excessive trading.

32. Black approved all of Vickers' accounts as discretionary accounts, and he was responsible for reviewing the accounts. Black personally reviewed all trades made by Vickers (typically multiple trades each month for customers), and he also reviewed Vickers' discretionary accounts on a monthly basis. When reviewing the accounts, Black did not utilize any exception reports and he did not follow up on the red flags associated with Vickers' frequent trades. When reviewing Vickers' accounts, Black never found any instances of excessive trading in the accounts, in spite of the fact that the turnover ratio in some

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accounts was more than 6. Moreover, Black never contacted any of Vickers' customers that had accounts with high turnover ratios to determine whether the voluminous trading activity was acceptable to the customer and conformed to their objectives.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

1. Respondent Damon Vickers acted as an investment adviser and/or an investment adviser representative, as defined in RCW 21.20.005(8) and (9), by receiving compensation for selecting securities to purchase and sell for customer accounts.

2. Respondent Damon Vickers violated RCW 21.20.040 by transacting business as an investment adviser and/or investment adviser representative while not registered in the State of Washington.

3. Respondent Damon Vickers violated RCW 21.20.035, by knowingly effecting transactions in discretionary accounts of customers that were excessive in size in view of the financial resources and character of the accounts. Such conduct is also a dishonest or unethical practice as defined by WAC 460-22B-090(6), and is grounds for the denial of future securities registration applications pursuant to RCW 21.20.110(1)(g).

4. Respondent Damon Vickers, as described above, received an unreasonable commission or profit from trading customer accounts. Such conduct is a dishonest or unethical practice as defined by WAC 460-22B-090(11), and is grounds for the denial of future securities registration applications pursuant to RCW 21.20.110(1)(g). Such conduct is also grounds to impose a fine pursuant to RCW 21.20.110(1) and to recover investigative costs pursuant to RCW 21.20.390.

5. Respondent Damon Vickers used a trading strategy for customer accounts that resulted in the purchase and sale of securities that were unsuitable, in violation of RCW 21.20.702. Such conduct is

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also a violation of RCW 21.20.110(1)(g) and WAC 460-22B-090(7) and is grounds for the denial of future securities registration applications.

6. Respondent Frank H. Black failed to reasonably supervise Damon Vickers by approving Vickers' commission-based compensation schedule. Vickers was a securities salesperson subject to Black's supervision who committed violations of the Securities Act of Washington. Such conduct is grounds for the suspension of securities registrations and to impose a fine pursuant to RCW 21.20.110(1)(j).

7. Respondent Southeast Investments failed to establish, maintain, and enforce an adequate supervisory system for discretionary accounts, including failing to develop adequate policies and procedures for the review of discretionary accounts. Such conduct is a violation of RCW 21.20.110(1)(g) and WAC 460-21B-060(24) for failing to comply with an applicable provision of the NASD Conduct Rules, namely NASD Rule 3010 and FINRA Rule 2010. Such conduct is grounds to suspend broker-dealer registration. Such conduct is also grounds to impose a fine pursuant to RCW 21.2.110(1) and RCW 21.20.395 and to recover investigative costs pursuant to RCW 21.20.390.

CONSENT ORDER

Based upon the foregoing and finding it in the public interest:

IT IS AGREED AND ORDERED that the Respondent Frank H. Black shall cease and desist from violation of RCW 21.20.110(1)(j).

IT IS FURTHER AGREED AND ORDERED that the Respondent Southeast Investments, N.C., Inc. shall cease and desist from violation of RCW 21.20.110(1)(g).

IT IS FURTHER AGREED that the Respondent Southeast Investments, N.C., Inc. shall not open any branch offices in Washington State, or employ any representatives with a principal place of business in Washington State, for a period of three (3) years from the entry date of this Consent Order.

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IT IS FURTHER AGREED that the Respondent Southeast Investments, N.C., Inc. shall not grant discretionary trading authority to any additional representatives who conduct business in Washington State for a period of three (3) years from the entry date of this Consent Order.

IT IS FURTHER AGREED that the Respondent Southeast Investments, N.C., Inc. shall hire an independent consultant, within 90 days of the entry date of this Consent Order, to review and revise its written supervisory policies and procedures. Within six (6) months of the independent consultant's retention, Southeast Investments, N.C., Inc. shall provide the Securities Division with a copy of the independent consultant's written report detailing the adequacy of its written supervisory policies and procedures and the recommendation and implementation of revisions.

IT IS FURTHER AGREED that the Respondents Southeast Investments, N.C., Inc. and Frank H. Black shall be jointly and severally liable for and shall pay the investigative costs incurred in the investigation of this matter in the amount of $5,000 on or before the entry date of this Consent Order.

IT IS FURTHER AGREED that the Respondents Southeast Investments, N.C., Inc. and Frank H. Black shall be jointly and severally liable for and shall pay a fine in the amount of $25,000. The Respondents shall pay $10,000 before the entry date of this Consent Order, and shall make payments of $2,500 per month for six (6) consecutive months. Each payment shall be due by the last day of the month. The first payment shall be due by March 31, 2016.

IT IS FURTHER AGREED that if the Respondents Southeast Investments, N.C., Inc. and Frank H. Black fail to make any monthly payment, the fine imposed in this Consent Order shall become immediately due and payable, and the Securities Division may seek enforcement of the Consent Order pursuant to RCW 21.20.395.

Except in an action by the Securities Division to enforce the obligations of the Respondents in this Consent Order, this Consent Order and findings are not binding in any other proceeding. For any person or entity not a party to this Consent Order, this Consent Order does not create any private rights, remedies, or liabilities against the Respondents and does not limit any defense by the Respondents to any claim.

IT IS FURTHER AGREED that the Respondents Southeast Investments, N.C., Inc. and Frank H. Black enter into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this order.

IT IS FURTHER AGREED that in consideration of the foregoing, the Respondents Southeast Investments, N.C., Inc. and Frank H. Black waive their right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE

SIGNED this 8 day of March, 20 16.

Approved for Entry by:

/s/
Robert G. Chadwell, Attorney for Respondent
Washington State Bar No. 22683

Approved for Entry by:

/s/
Krysta A. Liveris, Attorney for Respondent
Washington State Bar No. 39581

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Signed by:

SOUTHEAST INVESTMENTS, N.C., INC.

_____/s/_________________________________
Frank H. Black, President

Signed by:

_____/s/_________________________________
Frank H. Black, individually

DATED AND ENTERED this _16th____ day of _March_____________, 2016_____.

By:

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William M. Beatty
Securities Administrator

Approved by:

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Suzanne Sarason
Chief of Enforcement

Presented by:

____
Bridgett Fisher
Financial Legal Examiner

Reviewed by:

____
Robert Kondrat
Financial Legal Examiner Supervisor