

**ADMINISTRATIVE PROCEEDING**  
**BEFORE THE**  
**SECURITIES COMMISSIONER OF SOUTH CAROLINA**

<b>IN THE MATTER OF:</b>	)	
	)	
	)	<b>NOTICE OF INTENT TO</b>
<b>Susan Lockwood,</b>	)	<b>SEEK THE REVOCATION OF</b>
	)	<b>INVESTMENT ADVISER</b>
	)	<b>REPRESENTATIVE AND BROKER-</b>
	)	<b>DEALER AGENT REGISTRATIONS</b>
	)	
<u>Respondent.</u>	)	<b>File Number 13005</b>

The Securities Division of the Office of the Attorney General of the State of South Carolina (the "Division"), under the authority of the South Carolina Uniform Securities Act of 2005 (the "Act"), S.C. Code Ann. §§ 35-1-101 to 35-1-703 (Supp. 2012), upon due consideration of the subject matter herein and having reason to believe that Susan Lockwood ("Respondent" or "Lockwood") should not be permitted to act as an investment adviser representative or broker-dealer agent, does hereby notify Respondent Lockwood that the Division intends to seek the issuance of an order, pursuant to S.C. Code Ann. § 35-1-412, revoking Respondent's registrations as an investment adviser representative and broker-dealer agent. The Division hereby includes in this Notice of Intent to Seek the Revocation of Investment Adviser Representative and Broker-Dealer Agent Registrations ("Notice of Intent") a statement of the reasons for the order that is sought, a statement of the penalty sought, and a notice that a hearing will be scheduled if Respondent requests a hearing.

**JURISDICTION**

1. The Securities Commissioner of the State of South Carolina ("Commissioner") has jurisdiction over this matter pursuant to S.C. Code Ann. §35-1-601(a).

## **RESPONDENT**

2. Respondent Lockwood, at all times material herein, was a resident of South Carolina.
3. Respondent Lockwood was registered as an investment adviser representative of Liberty Advisors, LLC, d/b/a EPS Advisors (“EPS Advisors”) until on or about December 31, 2010.
4. On or about October 5, 2012, Lockwood became registered as an investment adviser representative with Certus Investment Advisors, LLC.
5. Respondent Lockwood is currently registered as a broker-dealer agent of Certussecurities, Inc.

## **RESPONDENT’S ACTIVITIES**

6. Respondent Lockwood’s filings with the Investment Adviser Registration Depository (“IARD”) indicate that she is currently employed by EPS Advisors.
7. Upon information and belief, Respondent is not currently employed with EPS Advisors, and has not been in the last year.
8. In other filings required by the Division, Respondent’s principal business address as of January 11, 2013, was listed as 716 East Greenville Street, Anderson, South Carolina 29621.
9. On January 11, 2013, pursuant to its authority under S.C. Code Ann. § 35-1-411 and S.C. Code Ann. § 35-1-602 (Supp. 2012), the Division sent via certified mail a subpoena requesting certain documents and information to Respondent at the East Greenville Street address.
10. On or about January 17, 2013, the Division’s subpoena was returned unclaimed.

11. On or about January 22, 2013, Division staff called Respondent and left a voice mail message requesting that she contact the Division.
12. As of the date of this Notice of Intent, Respondent has not contacted the Division and no documents have been received in response to the Subpoena.
13. Upon information and belief neither Respondent Lockwood, nor her business, occupies the East Greenville Street place of business.
14. Upon information and belief, none of the Respondent's required books and records are kept at the 716 East Greenville Street location.
15. Respondent Lockwood has failed to update her filings with the Division indicating her employment, her current place of business, and the location of books and records she is required by law to maintain.
16. Due to the Respondent's failure to provide an accurate address in which books and records are maintained, the Division was impeded from conducting an audit or inspection.

**APPLICABLE LAW**

17. Pursuant to S.C. Code Ann. § 35-1-411(c)(1), an investment adviser registered or required to be registered under the Act shall make and maintain the accounts, correspondence, memoranda, papers, books and other records required by rule adopted or order issued under the Act.

18. Moreover, S.C. Code Ann. § 35-1-411(d) provides that:

The records of . . . an investment adviser registered or required to be registered under [the Act] are subject to such reasonable periodic, special, or other audits or inspections by a representative of the Securities Commissioner, within or without this State, as the Securities Commissioner considers necessary or appropriate in the public interest and for the protection of investors.

19. The Form U4 is the Uniform Application for Securities Industry Registration or Transfer. Investment adviser representatives must use this form to become registered in the appropriate jurisdictions. Furthermore, by signing the Form U4 an individual acknowledges that he or she is under a continuing obligation to amend and update the information provided on his or her Form U4 as changes occur.
20. Pursuant to S.C. Code Ann. § 408(e) if an investment adviser representative cannot reasonably be located, an order issued under the Act may require the registration be canceled or terminated.
21. Rule 13-502(A)(22) provides that any violation of the Act or a statute or rule promulgated under the Act may be considered dishonest or unethical behavior and may subject an investment adviser or investment adviser representative to sanctions, including revocation of registration. Moreover, Rule 13-502(B) specifically provides that engaging in conduct such as non-disclosure or incomplete disclosure shall also be grounds for denial, suspension or revocation of an investment adviser or investment adviser representative registration.
22. Pursuant to S.C. Code Ann. § 35-1-412(b), if the Securities Commissioner finds that the order is in the public interest and subsection (d) of § 35-1-412 authorizes the action, an order under the Act may revoke, suspend, condition, or limit the registration of a registrant.
23. Pursuant to S.C. Code Ann. § 35-1-412(c), if the Securities Commissioner finds that the order is in the public interest and subsection (d)(1) through (6), (8), (9), (10), or (12) and (13) of § 35-1-412 authorizes the action, an order under the Act may

censure, impose a bar, and/or impose a civil penalty in an amount not to exceed \$10,000 for each violation on a registrant.

24. Pursuant to S.C. Code Ann. § 35-1-412(d), a person who:

(2) wilfully violated or wilfully failed to comply with this chapter or the predecessor chapter or a rule adopted or order issued under this chapter or the predecessor chapter within the previous 10 years; [or]

...  
(8) refuses to allow or otherwise impedes the Securities Commissioner from conducting an audit or inspection under Section 35-1-411(d) or refuses access to a registrant's office to conduct an audit or inspection under Section 35-1-411(d);

may be disciplined under S.C. Code Ann. § 35-1-412(a) or (c).

25. Pursuant to S.C. Code Ann. § 35-1-412(g), an order may not be issued S.C. Code Ann. § 35-1-412, except under S.C. Code Ann. § 35-1-412 (f), without:

- (1) appropriate notice to the applicant or registrant;
- (2) opportunity for hearing; and
- (3) findings of fact and conclusions of law in a record.

#### **REQUEST FOR AN ORDER REVOKING RESPONDENT'S REGISTRATION**

WHEREAS, the Respondent failed to amend and update her Form U4 as changes related to her employment occurred; and

WHEREAS, the Respondent failed to amend and update her Form U4 to specify her current business and the location of required books and records; and

WHEREAS, the Respondent failed to respond to one or more requests for information by the Division; and

WHEREAS, the Respondent through her conduct, has impeded the Division from conducting an audit or inspection in violation of S.C. Code Ann. § 35-1-412(d)(8); and

WHEREAS, it is necessary and appropriate, in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act to seek to revoke the Respondent's registrations as an investment adviser representative and broker-dealer agent in the State of South Carolina for such violations;

NOW THEREFORE, the Division requests that the Commissioner grant the following relief against the Respondent:

- a. Pursuant to S.C. Code Ann. §§ 35-1-408(e) and 35-1-412(b), cancel, terminate, and/or revoke the Respondent's investment adviser representative and broker-dealer agent registrations; and
- b. Pursuant to S.C. Code Ann. § 35-1-412(c), order Respondent to pay an administrative fine in an amount not exceeding ten thousand dollars (\$10,000.00) for each of the four violations of the Act and rules listed herein; and
- c. Order any other relief that the Commissioner deems appropriate.

**NOTICE AND OPPORTUNITY FOR A HEARING**

NOTICE is hereby given that the Respondent shall have thirty (30) days from the date of this Notice of Intent to file an answer and, if desired, a request for a hearing on the matters contained herein. Such answer and, if desired, request for a hearing should be filed with Thresechia Navarro, Securities Division, Post Office Box 11549, Columbia, South Carolina, 29211-1549. In the written Answer, the Respondent, shall admit or deny each factual allegation in this Order, shall set forth specific facts, laws, and/or affirmative defenses upon which the Respondent relies and, if desired, make a request for a hearing. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

In the event an answer and written notice requesting a hearing is not received within the above-stated thirty (30) day period of time, an order revoking Respondent's investment adviser representative and broker-dealer agent registrations, and imposing a civil penalty may be entered in this proceeding with no further notice.

By seeking to issue an order revoking the Respondent's respective registrations, the Division is not waiving any rights it may have to pursue additional remedies available to it for the above or other violations of the Act committed by the Respondent not enumerated above.

Executed and entered, this the 21<sup>st</sup> day of Feb, 2013.

SOUTH CAROLINA OFFICE OF THE  
ATTORNEY GENERAL

By: Tracy Meyers  
TRACY A. MEYERS  
Assistant Deputy Attorney General

ANDREW J. MACLEOD  
Assistant Attorney General

Securities Division  
Post Office Box 11549  
Columbia, South Carolina 29211  
(803) 734-4731

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

<b>IN THE MATTER OF:</b>  Susan Lockwood,  <u>Respondent.</u>	) ) ) ) )	<b>SUMMARY SUSPENSION OF INVESTMENT          ADVISER AND BROKER-DEALER AGENT          REGISTRATIONS</b>  <b>File Number 13005</b>
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The Securities Division of the Office of the Attorney General (the "Division"), being authorized and directed to administer the provisions of Chapter 1, Title 35, Code of Laws of South Carolina, the South Carolina Uniform Securities Act of 2005 (the "Act"), upon due consideration of the subject matter contained in a related administrative proceeding under the Act and having reason to believe that the Respondent violated certain provisions of the Act and the Rules promulgated thereunder, does hereby notify Respondent that, pursuant to Section 35-1-412(f) of the Act, her registrations as an investment adviser representative and broker-dealer agent have been and are **SUMMARILY SUSPENDED**. This suspension will remain in effect pending resolution of the related proceeding.

In accordance with Section 35-1-412(f), NOTICE is hereby given that Respondent may request a hearing on the summary suspension by giving written notice to Thresechia Navarro, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina 29211-1549. In the event such a hearing is requested, within fifteen (15) business days after the receipt of a written request the matter will be set down for hearing. Respondent may then appear, with or without the assistance of an attorney, at the hearing to present testimony, evidence and argument relating to the matters contained herein. In the event such written notice is not received, this Order remains in effect until it is modified or vacated by the Securities Commissioner or his designee.

BE ADVISED THAT, pursuant to Section 35-1-508 of the Act, a willful violation of the Order may be punishable upon conviction by a fine, imprisonment, or both, in addition to any civil or administrative remedies imposed upon Respondent.

Entered, this the 21<sup>st</sup> day of February, 2013.

SOUTH CAROLINA OFFICE OF THE ATTORNEY  
GENERAL

By: Tracy Meyers  
TRACY A. MEYERS  
Assistant Deputy Attorney General

ANDREW J. MACLEOD  
Assistant Attorney General

Securities Division  
Post Office Box 11549  
Columbia, South Carolina 29211  
(803) 734-4731