

STATE OF NORTH CAROLINA



Department of The
Secretary of State

In the Matter of:

THE NORTH CAROLINA SECURITIES DIVISION,

Petitioner,

vs.

**Ballantyne Wealth Advisors, LLC; Ballantyne Wealth
Management Group, LLC; and Ronald J. Walters**

3440 Toringdon Way
Suite 208
Charlotte, NC 28277

Respondents.

**TEMPORARY ORDER TO
CEASE AND DESIST**

FILE NO. 13-SEC-037

Pursuant to the authority granted by Chapter 78C of the North Carolina General Statutes (the North Carolina Investment Advisers Act), hereinafter referred to as the "Act," and the rules promulgated thereunder, the Securities Division of the Department of the Secretary of State, hereinafter referred to as the "Division," has investigated the activities of **Ballantyne Wealth Advisors, LLC, Ballantyne Wealth Management Group, LLC, and Ronald J. Walters** (hereinafter, the "Respondents") to determine if either of them has engaged in, or is about to

engage in, any act or practice constituting a violation of the Act or any rule or order thereunder.

THE DIVISION has filed an Administrative Petition against the above-named Respondents seeking, among other remedies, a temporary and summary Cease and Desist Order pursuant to the provisions of N.C.G.S. § 78C-28(b)(2).

THE SECRETARY OF STATE, acting by and through her duly authorized Deputy Securities Administrator, from the investigation and the information derived therefrom, and for the protection and preservation of the public welfare and in the public interest, makes the following:

FINDINGS OF FACT

(1) Respondent Ballantyne Wealth Advisors, LLC (hereinafter “BWA” or “Respondent”) is a limited liability company formed on January 21, 2011, in the State of North Carolina. BWA maintains a principal office at 3440 Toringdon Way, Suite 208, Charlotte, North Carolina.

(2) BWA was registered with the Division as an investment adviser under the Act from February 28, 2011, until September 5, 2012.

(3) Respondent Ballantyne Wealth Management Group, LLC (hereinafter “BWMG” or “Respondent”) is a limited liability company formed on May 20, 2008, in the State of North Carolina. BWMG also maintains a principal office at 3440 Toringdon Way, Suite 208, Charlotte, North Carolina.

(4) BWMG has at no time been registered with the Division as an investment adviser under the Act.

(5) Respondent Ronald J. Walters (hereinafter “Walters” or “Respondent”) is the Principal of both BWA and BWMG, and was Chief Compliance Officer of BWA, at least during the time the entity was registered with the Division as an investment adviser. Walters maintains a

principal office address of 3440 Toringdon Way, Suite 208, Charlotte, North Carolina.

(6) Walters became registered with the Division as an investment adviser representative for BWA on March 10, 2011. His registration as an investment adviser representative for BWA was withdrawn on September 5, 2012. Walters was registered separately with the Division as an investment adviser representative for Global Financial Private Capital, LLC (“GFPC”), an SEC registered investment adviser, from May 7, 2012, until April 12, 2013. At no time has Walters been registered as an investment adviser representative for BMWG.

(7) From May 7, 2012, until September 5, 2012, Walters was registered with the Division as an investment adviser representative for both BWA and GFPC. Walters was dually registered during this time pursuant to N.C.G.S. § 78C-16(b2) because in addition to providing investment advisory services to clients on behalf of BWA, Walters was also soliciting advisory clients for GFPC.

(8) On September 5, 2012, BWA formally withdrew its registration with the Division as an investment adviser in North Carolina. At that time, Walters ceased to be registered with the Division as an investment adviser representative for BWA, but would remain registered in North Carolina as an investment adviser representative for GFPC.

(9) Upon information and belief, in or about November of 2012, Walters engaged a South Carolina resident (“Investor”) for the purpose of providing investment advisory services on behalf of BMWG.

(10) Upon information and belief, on November 28, 2012, the Investor entered into an advisory contract with BWA. BWA was named as a party to the contract and described as an investment adviser registered with the State of North Carolina. On November 29, 2012, the Investor made a check out to BMWG for five hundred thousand dollars (\$500,000) to be

managed by Walters on behalf of BWMG and pursuant to the terms of the contract entered into with BWA. Neither entity was registered as an investment adviser at that time.

(11) Upon information and belief, Investor's understanding was that BWMG would purchase an annuity with four hundred thousand dollars (\$400,000) and the remaining one hundred thousand dollars (\$100,000) would be placed into an investment account. Walters and BWMG were to receive a one percent (1%) management fee on the \$100,000 that was to be invested elsewhere.

(12) Upon information and belief, BWMG did not charge Investor a one percent (1%) management fee. Instead, BWMG invoiced Investor for his advisory services at an hourly rate of two hundred and fifty dollars (\$250.00) for one hundred and twenty (120) hours. The total invoice was thirty thousand dollars (\$30,000). BWMG collected this fee out from the one hundred thousand dollars (\$100,000) in Investor's investment account and marked the invoice for fees as paid.

(13) BWMG maintains a public presence on the Internet at <http://www.ballantynewealth.com/> where it holds itself out as an investment adviser. The website is registered to BWMG at the principal address it shares with Respondents Walters and BWA, 3440 Toringdon Way, Suite 208, Charlotte, North Carolina. This website is accessible to anyone with Internet access.

(14) The website describes BWMG as "a comprehensive financial planning, money management and estate-planning firm." The website states further that "BWMG's services are comprehensive in terms of offered investments (ETF's, equities, managed account, commodities and alternative investments) along with depth of independent research."

(15) BWMG's website describes Walters as an "Investment Advisor Representative" and

“Principal of Ballantyne Wealth Advisors, LLC a Registered Investment Advisor firm.”

(16) Upon information and belief, GFPC terminated Walters on April 12, 2013. FINRA’s Central Registration Depository (CRD) indicates that Walters was terminated for potential violations of the firm’s policy regarding the handling of customer funds. On April 19, 2013, GFPC formally withdrew Walters’ registration with the Division as an investment adviser representative for its firm.

(17) N.C.G.S. § 78C-2(1) describes an investment adviser in part to mean any person who for compensation engages in the business of advising others as to the advisability of investing in, purchasing or selling securities. The definition also includes persons who “hold themselves out as providing investment advisory services to others for compensation.”

(18) Pursuant to N.C.G.S. § 78C-16(a)(1) it is unlawful for any person to transact business in the State of North Carolina as an investment adviser unless that person is registered under the Act or exempt from registration under the Act.

(19) BWMG is an investment adviser as that term is defined in N.C.G.S. § 78C-2(1). Prior to and at the time BWMG entered into an advisory contract with the Investor, BWMG was transacting business as an investment adviser subject to the registration requirements described in N.C.G.S. § 78C-16(a)(1). BWMG’s failure to register as an investment adviser with the Division violated N.C.G.S. § 78C-16(a)(1).

(20) BWMG continues to violate N.C.G.S. §78C-16(a)(1) by holding itself out as an investment adviser while failing to be registered with the Division. The violation is evidenced by BWMG’s preservation of the website through which it continues to solicit clients for purposes of engaging in unregistered investment advisory activities.

(21) N.C.G.S. § 78C-16(a1)(1) provides that it is unlawful for any person to transact

business in North Carolina as an investment adviser representative unless the representative is registered under the Act.

(22) The BWMG website identifies Respondent Walters as an “Investment Adviser Representative.” Walters is no longer registered with the Division as an investment adviser representative and to continue to hold himself out as such while engaging in unregistered advisory business in North Carolina is a violation of N.C.G.S. § 78C-16(a1)(1).

(23) Pursuant to N.C.G.S. § 78C-8(a)(2), it is unlawful for any person who receives, directly or indirectly, any consideration from any other person for advising the person as to the value of securities or their purchase or sale, to engage in any act, practice, or course of business which operates as a fraud or deceit upon the other person.

(24) Pursuant to N.C.G.S. § 78C-8(b), it is unlawful for any person, in the solicitation of advisory clients, to make any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.

(25) Walters’ registration as an investment adviser representative in North Carolina was no longer effective as of April 12, 2013, when GFPC terminated his employment as a solicitor with its firm.

(26) BWA has not been registered as an investment adviser with the Division since September 5, 2012. BWA is not and was not at any time registered with the SEC and notice-filed in North Carolina as a federally covered investment adviser under the Investment Advisers Act of 1940.

(27) The written advisory contract Walters entered into with the Investor on behalf of BWA on November 28, 2012, falsely identified BWA as an investment adviser registered in the

State of North Carolina. By entering into this written contract with the Investor, Walters and BWA violated N.C.G.S. § 78C-8(a)(2). The contract operated as a fraud or deceit so far as it led the Investor to believe he was contracting to receive advisory services from a registered investment adviser.

(28) BMWG's description on its website of Walters as an investment adviser representative and BWA as a registered investment adviser are untrue statements of material fact regarding Respondents' ability to engage in investment advisory activities in the State of North Carolina. Such statements constitute violations of N.C.G.S. § 78C-8(b). The statements may be misleading to prospective investors as they relate to Walters and BWA's ability to legally conduct investment advisory business on their own or on behalf of BMWG.

(29) It is in the public interest of the citizens of North Carolina and for the protection of investors that each Respondent be prohibited from violating the provisions of the Investment Advisers Act, in connection with providing investment advisory services.

(30) Respondents pose an immediate and significant danger to the public welfare because they are holding themselves out as investment advisers and investment adviser representative for the purpose of engaging in the business of providing investment advice to persons without having been registered with the Division. Proper registration of investment advisers and investment adviser representatives is an essential safeguard serving to protect the public from securities fraud. In addition, the registration as an investment adviser or investment adviser representative, as required by the North Carolina Investment Advisers Act, is essential to ensure that persons transacting business in this State are competent and properly authorized to do so.

(31) An immediate Temporary Order to Cease and Desist is necessary and appropriate to address Respondents' violations of the North Carolina Investment Advisers Act. Any delay in

issuing an order under N.C.G.S. § 78C-28(b)(1) will result in irreparable harm to the public interest by allowing persons to continue to transact business in North Carolina in violation of its laws, and to its citizens in the form of economic loss resulting from investment advice provided in violation of those laws.

CONCLUSIONS OF LAW

(1) The Secretary has statutory authority pursuant to N.C.G.S. § 78C-28(b)(2) to enter and issue a Temporary Order to Cease and Desist against the Respondents.

(2) There is reasonable cause to believe the Respondents have engaged in willful violations of the North Carolina Investment Advisers Act, specifically N.C.G.S. § 78C-16(a)(1), § 78C-16(a1)(1), § 78C-8(a)(2) and §78C-8(b).

(3) There is reasonable cause to believe the Respondents continue to commit acts and omissions in violation of the North Carolina Investment Advisers Act.

(4) It is necessary and appropriate for the protection and preservation of the public interest that the Respondents are temporarily and summarily ordered to cease and desist from transacting investment advisory activities in North Carolina.

(5) The public interest would be irreparably harmed by the delay inherent in issuing an order under the provisions of N.C.G.S. § 78C-28(b)(1).

NOW, THEREFORE, IT IS ORDERED, pursuant to the authority contained in N.C.G.S. § 78C-28(b)(2), that Respondents Ballantyne Wealth Advisors, LLC, Ballantyne Wealth Management Group, LLC, and Ronald J. Walters shall immediately cease and desist from transacting business in the State of North Carolina as investment advisers and investment adviser representative in violation of the North Carolina Investment Advisers Act.

NOTICE IS HEREBY GIVEN that the Respondents may request a hearing upon this matter by transmitting such request, in writing and within thirty (30) business days of receipt of this document, to David S. Massey, Deputy Securities Administrator, Securities Division, Department of the Secretary of State, Post Office Box 29622, Raleigh, North Carolina 27626-0622. A copy of any such request shall be served by first-class mail upon Jessica L. Hayes, Enforcement Attorney, Securities Division, Department of the Secretary of State, Post Office Box 29622, Raleigh, North Carolina 27626-0622. If such request is made, this matter shall be scheduled for a hearing in accordance with Chapter 150B of the North Carolina General Statutes within twenty (20) days after receipt by the Deputy Securities Administrator of the written request. If no request for a hearing, other responsive pleading, or submission is received by the Deputy Securities Administrator within thirty (3) business days of the receipt of service hereof, this Temporary Order To Cease And Desist shall become final and remain in effect unless it is modified or vacated by the Secretary of State in her capacity as Administrator of the North Carolina Investment Advisers Act.

(Signature on following page)

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the Secretary of State, this the 21st day of June, 2013.

Time of Entry: 4:39 P.M.



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

By: 
**DAVID S. MASSEY
DEPUTY SECURITIES ADMINISTRATOR**