STATE OF NORTH CAROLINA

Department of The Secretary of State

FILED

MAR 02 2010

NC Secretary of State
Securities Division

THE NORTH CAROLINA SECURITIES DIVISION,	
Petitioner,	**TEMPORARY ORDER TO CEASE & DESIST**
vs.	
JOTHAM WALKER PRUITT, CINCHPOINT, INC., d/b/a CINCHPOINT FINANCIAL SERVICES, and RAMSES CAPITAL PARTNERS, LLC,	**FILE NO. 08-SEC-141**
Respondents.	

PURSUANT TO THE AUTHORITY granted by Chapter 78A of the North Carolina General Statutes (the North Carolina Securities Act), hereinafter the "Securities Act," by Chapter 78C of the North Carolina General Statutes (the North Carolina Investment Advisers Act), hereinafter the "Investment Advisers 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 **JOTHAM WALKER PRUITT, CINCHPOINT, INC., d/b/a CINCHPOINT FINANCIAL SERVICES,** and **RAMSES CAPITAL PARTNERS, LLC,** hereinafter referred to as Respondents, to determine if these Respondents or any one of them, has engaged in, or is about to engage in, any act or practice constituting

a violation of the Securities Act, the Investment Advisers 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 as to each Respondent pursuant to the provisions of N.C.G.S. §78A-47(b)(2), and, as to Respondents CinchPoint and Pruitt, 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 therein, as shown in the Administrative Petition and supported by affidavit, and for the protection and preservation of the public welfare and in the public interest, makes the following:

FINDINGS OF FACT

(1) Respondent **JOTHAM WALKER PRUITT**, hereinafter "Respondent Pruitt", resides in Durham County, North Carolina. Respondent Pruitt has been registered with the Administrator as a securities salesman pursuant to the North Carolina Securities Act since 2001. Respondent Pruitt was last actively registered as a representative of Brokersxpress, LLC, a registered securities dealer, between December 2007 and the end of December 2008. Respondent Pruitt is not presently registered as a securities salesman with the Division but remains eligible to register. Since 2005, Respondent Pruitt has been a registered investment adviser representative for CinchPoint, Inc., pursuant to the Investment Advisers Act, except for those periods in which the registration of Respondent CinchPoint expired due to its failure to renew its registration.

(2) Respondent **CINCHPOINT, INC.**, d/b/a CinchPoint Financial Services, hereinafter "Respondent CinchPoint", is a North Carolina corporation under the primary ownership and control of Respondent Pruitt and has, since 2005, has been registered with the Administrator as an investment adviser pursuant to the Investment Advisers Act, except for those periods in which its registration expired due to its failure to renew its registration.

(3) Respondent **RAMSES CAPITAL PARTNERS, LLC,** hereinafter "Respondent Ramses", is a limited liability company formed under the laws of the State of Delaware. Respondent Ramses obtained a certificate of authority to transact business in North Carolina in 2006 and is managed by Respondent CinchPoint under the control of Respondent Pruitt in North Carolina.

(4) Between August 2006 and the present, Respondents CinchPoint and Pruitt have operated Respondent Ramses as a "hedge fund" by selling limited liability company memberships in Respondent Ramses to persons in North Carolina and undertaking to invest the proceeds of those sales for the purpose of achieving "long term capital appreciation." Respondents CinchPoint and Pruitt act as the manager of Respondent Ramses and as the investment adviser to Respondent Ramses.

(5) Respondent Ramses, between August 2006 and October 2008, claimed in its solicitation materials to be exempt from federal and state securities registration. Respondent Ramses, prior to October 2008, made no filing, for registration or exemption from registration, with the United States Securities and Exchange Commission or with the Administrator. The limited liability company memberships offered by Respondent

Ramses and sold by Respondents Pruitt and CinchPoint are, in fact and law, securities within the meaning of N.C.G.S. §78A-2(11) and 18 NCAC 06A .1510 (formerly 18 NCAC 06 .1510). Respondents' claim of exemption in its offering materials for this period was not true or legally correct.

(6) Respondents Ramses, Pruitt and CinchPoint have offered and sold the securities of Respondent Ramses to residents of North Carolina between August 2006 and October 2008 without registration with the Administrator in violation of N.C.G.S. §78A-24.

(7) In October 2008, Respondent Ramses made a notice filing with the Administrator of an offering by Respondent Ramses of securities it issues pursuant to a claimed exemption under Regulation D, Rule 506, of the United States Securities and Exchange Commission.

(8) Respondent Pruitt, as managing member of XploraCorp, LLC, made a notice filing with the Administrator in October, 2008, of an offering by XploraCorp, LLC, of securities it issues pursuant to a claimed exemption under Regulation D, Rule 506, of the United States Securities and Exchange Commission.

(9) Respondent CinchPoint, under the control of Respondent Pruitt, as managing member of TraceCorps, LLC, made a notice filing with the Administrator in October, 2008, of an offering by TraceCorps, LLC, of securities it issues pursuant to a claimed exemption under Regulation D, Rule 506, of the United States Securities and Exchange Commission.

(10) Between 2006 and 2008 Respondent Ramses did not invest the assets of its "hedge fund" as represented in the materials prepared and distributed by the Respondents

which describe the goals of the "fund" as "long term capital appreciation." In 2008 that the member equity in Respondent Ramses was slightly in excess of $2 million dollars and that at least half of this equity had been placed into promissory notes that either bear no interest, or less than fair market interest, and of which the majority of these notes were in default in 2008.

(11) The failure of all Respondents to truthfully disclose the investment activities of Respondent Ramses to purchasers of its securities violates N.C.G.S. §78A-8(1), (2) and (3). The failure of Respondents CinchPoint and Pruitt to truthfully disclose to their investment adviser clients the investment activities they conduct for Respondent Ramses violates N.C.G.S. §78C-8(a)(1) and (2). Respondents continue to solicit persons to purchase securities of Respondent Ramses without making truthful disclosures.

(12) In 2008 and continuing into 2009, Respondents failed to provide the true and correct financial and non-financial information to investors as required by Regulation D, Rule 502, of the United States Securities and Exchange Commission as the published materials provided to investors were inaccurate, false and misleading by not showing the true operation and financial conditions of Respondent Ramses. Respondent Ramses, by its failure to make truthful disclosures, was not eligible to claim any exemption from registration or filing with the Administrator based on Regulation D, Rule 506

(13) The Respondents are engaged in violation of N.C.G.S. §78A-8(1), (2) and (3) with respect to the securities of Respondent Ramses. Between August 2006 and October 2008, Respondents offered and sold securities of Respondent Ramses in violation of N.C.G.S. §78A-24. It is in the public interest and necessary for the

protection of investors that all Respondents be order to cease and desist from further violations of the Securities Act.

(14) Respondents Pruitt and CinchPoint, in their filings with the Administrator, describe the business activities of XploraCorp, LLC, and TraceCorps, LLC, as "investments." Respondents Pruitt and CinchPoint are actively soliciting persons to purchase securities of XploraCorp, LLC, and TraceCorps, LLC. As Respondents Pruitt and CinchPoint have not disclosed in their present FORM ADV (filed in January 2009) true and correct information concerning Respondent Ramses, and as they claimed in their notice filings with the Administrator and their present FORM ADV to have already obtained investors in these two new offerings, Respondents Pruitt and CinchPoint are soliciting investors and selling securities of XploraCorp, LLC, and TraceCorps, LLC, without making truthful disclosures concerning the actual investment activities of Respondents Pruitt and CinchPoint from their offices in North Carolina.

(15) In 2008 and continuing into 2009, Respondents failed to provide the true and correct financial and non-financial information to investors in XploraCorp, LLC, and TraceCorps, LLC, as required by Regulation D, Rule 502, of the United States Securities and Exchange Commission as the published materials provided to investors were inaccurate, false and misleading by not containing true and accurate information about the operation and financial conditions of Respondent Ramses as managed by Respondents CinchPoint and Pruitt. XploraCorp, LLC, and TraceCorps, LLC, by their failure to make truthful disclosures about the activities of their principals, were not eligible to claim any exemption from registration or filing with the Administrator based on Regulation D, Rule 506.

(16) With respect to the securities of XploraCorp, LLC, and TraceCorps, LLC, the Respondents are engaged in violation of N.C.G.S. §78A-8(1), (2) and (3). It is in the public interest and necessary for the protection of investors that all Respondents be ordered to cease and desist from further violations of the Securities Act with respect to these securities.

(17) In 2008 Respondents CinchPoint and Pruitt failed to produce for an agent of the Administrator the records each was required to maintain under N.C.G.S. §78C-18(a) and 18 NCAC 06A .1706 (formerly 18 NCAC 06 .1706).

(18) Records provided by Respondents CinchPoint and Pruitt to the agent of the Administrator in 2008 are incomplete or fragmentary and do not contain the information required by 18 NCAC 06A .1706.

(19) Respondents CinchPoint and Pruitt, as an investment adviser and investment adviser representative respectively, having custody and control of client assets, including, but not limited to the assets of Respondent Ramses, are required by 18 NCAC 06A .1802(a)(6) (formerly 18 NCAC 06 .1802) to obtain an annual audit from an independent certified public accountant that identifies and verifies all client funds held and to file that report with the Administrator within 90 days. Respondents CinchPoint and Pruitt failed to obtain this required audit in 2005, 2006, 2007, 2008 and 2009.

(20) Such records as were provided by Respondent CinchPoint and Respondent Pruitt, together with the explanations provided to the auditor by Respondent Pruitt, revealed the following violations of the statutes and rules governing investment advisers and investment adviser representatives under the Investment Advisers Act:

(a) with respect to 36 clients who paid investment adviser fees in cash, no written contract was utilized with these 36 clients; no written financial plan, only an oral presentation, was given to these clients; no information on these clients, except a name and amount of fee paid, was kept beyond thirty (30) days, after which all other information about these clients was destroyed; all in violation of N.C.G.S. §78C-8(c), N.C.G.S. §78C-18(a), N.C.G.S. §78C-19(a)(2)(b) and (g), NCAC 06A .1706(d) and (e) (formerly 18 NCAC 06 .1706), and 18 NCAC 06A .1801(a)(16) (formerly 18 NCAC 06 .1801);

(b) Respondents Pruitt and CinchPoint failed to provide to each of these 36 clients the brochure required by the Administrator in violation of N.C.G.S. §78C-19(a)(2)(b) and 18 NCAC 06A .1707 (formerly 18 NCAC 06 .1707);

(c) with regard to the other investment adviser clients of Respondents Pruitt and CinchPoint, respondents failed to provide to each of their other investment advisor clients the brochure required by the Administrator in violation of N.C.G.S. §78C-19(a)(2)(b) and 18 NCAC 06A .1707;

(d) Respondents CinchPoint and Pruitt filed with the Administrator, through use of the IARD system, the information they claim to disseminate in the brochure, known as the FORM ADV, Parts 1 & 2, required by 18 NCAC 06A .1707; however, the information included in this filing by Respondents is inaccurate and incomplete in violation of N.C.G.S. §78C-19(a)(2)(b) and 18 NCAC 06A .1707; and,

(e) Respondent CinchPoint, under the control of Respondent Pruitt, for the period October 2005 through April 2007, while holding securities belonging to their investment adviser clients and at the same time being authorized to make discretionary investments, violated N.C.G.S. §78C-19(a)(2)(b) by failing to either possess the net worth required by 18 NCAC 06A .1704 (formerly 18 NCAC 06 .1704) or to obtain the bond required in lieu thereof by 18 NCAC 06A .1705 (formerly 18 NCAC 06 .1705);

(21) Respondent Pruitt in April 2007 opened a "broker dealer securities account" in the name of Respondent Ramses with Penson Financial Services, Inc., a securities dealer registered in North Carolina. When opening this account Respondent Pruitt furnished to Penson Financial Services, Inc., a false North Carolina driver license in the name of "Abner Adam Pruitt" and falsely identified himself to agents of Penson Financial as "Abner Adam Pruitt."

(22) Respondent Pruitt, in opening a broker dealer securities account with Penson Financial, a registered securities dealer, under a false name and with a false North Carolina driver license, violated N.C.G.S. §78C-19(a)(2)(b) and 18 NCAC 06A .1414 (c)(10) (formerly 18 NCAC 06 .1414) by violating subsection (b)(26) of that rule.

(23) The Respondents have been, are and continue to be engaged in violation of numerous provisions of the Investment Advisers Act and the rules adopted thereunder by the Administrator. It is in the public interest and necessary for the protection of investors that all Respondents be ordered to cease and desist from further violations of the Investment Advisers Act.

CONCLUSIONS OF LAW

(1) The Secretary has statutory authority pursuant to N.C.G.S. §78A-47(b)(2) to enter and issue a temporary and summary Cease and Desist Order against each Respondent to halt further violations of the Securities Act.

(2) There is reasonable cause to believe each Respondent has engaged in willful violations of the Securities Act, specifically N.C.G.S. §78A-8 and §78A-24. There is reasonable cause to believe that Respondent Pruitt has violated 18 NCAC 06A .1414.

(3) There is reasonable cause to believe each Respondent may continue to commit acts and omissions in violation of the Securities Act.

(4) It is necessary and appropriate for the protection and preservation of the public interest that each Respondent be summarily ordered to cease and desist from making offers and sales of securities in violation of the Securities Act.

(5) The public interest would be irreparably harmed by the delay inherent in issuing an order under the provisions of N.C.G.S. §78A-47(b)(1).

(6) The Secretary has statutory authority pursuant to N.C.G.S. §78C-28(b)(2) to enter and issue a temporary and summary Cease and Desist Order against Respondent CinchPoint and Respondent Pruitt to halt further violations of the Investment Advisers Act.

(7) There is reasonable cause to believe Respondent CinchPoint and Respondent Pruitt have each engaged in willful violations of the Investment Advisers Act, specifically N.C.G.S. §78C-8(a)(1) and (2); N.C.G.S. §78C-16(a) and (b); N.C.G.S.

§78C-18(a) and (c); N.C.G.S. §78C-19(a)(2)(b) and (g); 18 NCAC 06A .1704, .1705, .1706 and .1707; and 18 NCAC 06A .1801(a)(1) and (16), and .1802(a)(6).

(8) There is reasonable cause to believe each Respondent may continue to commit acts and omissions in violation of the Investment Advisers Act.

(9) It is necessary and appropriate for the protection and preservation of the public interest that each Respondent be summarily ordered to cease and desist from rendering services as investment advisers or investment adviser representatives in violation of the Investment Advisers Act.

(10) 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. §78A-47(b)(2) and N.C.G.S. §78C-28(b)(2) that:

a. each Respondent, and any person, employee, officer, director, entity or independent contractor under the direction or control of each Respondent, shall immediately cease and desist offering for sale, soliciting offers to purchase, or selling, any securities of any issuer, howsoever denominated, including, but not limited to the securities of Respondent Ramses, XploraCorp, LLC, and TraceCorps, LLC, in violation of the Securities Act; and

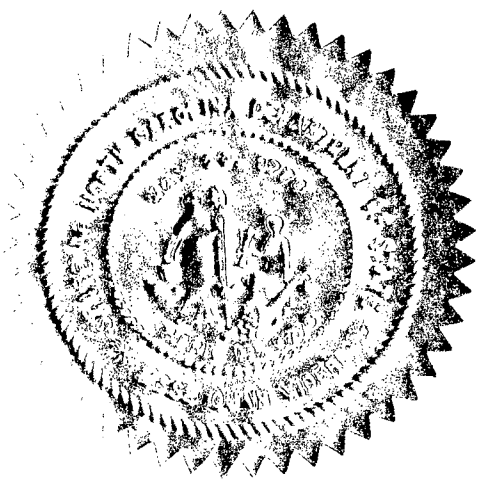
b. Respondent CinchPoint and Respondent Pruitt, and any person, employee, officer, director, entity or independent contractor under the direction or control of either Respondent CinchPoint or Respondent Pruitt, shall immediately cease and desist offering or soliciting the services of Respondent CinchPoint or Respondent Pruitt as investment advisers or investment adviser representatives, to manage investments of others, or advise others concerning investments, unless and until such Respondent is in fact in compliance with the Investment Advisers Act .

NOTICE IS HEREBY GIVEN that each Respondent may request a hearing upon this matter by transmitting such request, in writing, 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 Blackwell M. Brogden, Jr., Enforcement Attorney, Securities Division, Post Office Box 29622, Raleigh, North Carolina 27626-0622. If such a request is made, this matter shall be scheduled for 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 hearing, other responsive pleading, or submission is received by the Deputy Securities Administrator within thirty (30) business days of the receipt of service hereof, this Temporary Order To Cease and Desist shall become final and remain in effect as to each

Respondent that fails to request a hearing unless it is modified or vacated by the Secretary of State in her capacity as Administrator of the Securities Act and the Investment Advisers Act.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the Secretary of State, this the 2nd day of March, 2010.

Time of entry: 1:31 P. M.



ELAINE F. MARSHALL
SECRETARY OF STATE
OF NORTH CAROLINA and
Securities Administrator

By: _____
David S. Massey
Deputy Securities Administrator