STATE OF NORTH CAROLINA

Department of The Secretary of State

THE NORTH CAROLINA SECURITIES DIVISION, Petitioner, **vs.** **CAPITAL MANAGEMENT PARTNERS, L.L.C., d/b/a THE NORTH CAROLINA CENTER FOR RETIREMENT AND ESTATE PLANNING; THE NORTH CAROLINA CENTER FOR RETIREMENT AND ESTATE PLANNING, L.L.C.; and KEVIN EDWARD SULLIVAN,** Respondents.	**FINAL ORDER** FILE NO. 10 SEC 247

WHEREAS, CAPITAL MANAGEMENT PARTNERS, L.L.C. (hereinafter, "Respondent Capital Management") is a North Carolina member-managed limited liability company with its principal place of business located at 14009 Island Drive, Huntersville, North Carolina, 28078;

WHEREAS, KEVIN EDWARD SULLIVAN (hereinafter, "Respondent Sullivan") is a natural person residing in Mecklenburg County, North Carolina; and

WHEREAS, THE NORTH CAROLINA CENTER FOR RETIREMENT AND ESTATE PLANNING, L.L.C. (hereinafter, "Respondent Center") is a North Carolina member-managed limited liability company with its principal place of business located at 1923 York Avenue, Suite 108, High Point, North Carolina, 28675; and

WHEREAS, the North Carolina Secretary of State (hereinafter, the "Secretary of State"), as Administrator of the North Carolina Securities Act (North Carolina General Statutes, Chapter 78A) and the North Carolina Investment Advisers Act (North Carolina General Statutes, Chapter 78C), the Securities Division of the Department of the Secretary of State (hereinafter, 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 78A (the North Carolina Securities Act), 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 Securities Act and the North Carolina Investment Advisers Act, with the consent of the Respondents and in settlement of the Administrative Petition, dated November 12, 2010, Amended Administrative Petition, dated June 22, 2011, and Order of Summary Postponement, dated November 12, 2010, does hereby enter into this Final Order against the Respondents.

I.
JURISDICTION AND CONSENT

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

II.
FINDINGS OF FACT

The Securities Administrator, acting by and through her duly appointed Deputy Securities Administrator, makes the following findings of fact regarding an investigation into certain activities undertaken by the Respondents:

1. Respondent **CAPITAL MANAGEMENT PARTNERS, L.L.C.** ("Respondent Capital Management"), is a North Carolina member-managed limited liability company with its principal place of business located at 14009 Island Drive, Huntersville, North Carolina, 28078.

On or about October 12, 2010, Respondent Capital Management, using the Investment Adviser Registration Depository ("IARD"), electronically filed an application for registration with the Division as an investment adviser under the Investment Advisers Act. On this application, Kevin Edward Sullivan is shown as the managing member and controlling person of Respondent Capital Management and as the person who made the electronic filing. Respondent Capital Management claimed in its application that its trade name would be "The North Carolina Center for Retirement and Estate Planning."

2. Respondent **KEVIN EDWARD SULLIVAN** ("Respondent Sullivan") is a resident of Mecklenburg County, North Carolina whose principal place of business is in the office of Respondent Capital Management. On or about October 12, 2010, Respondent Sullivan, using the IARD, electronically filed an application for registration with the Division as an investment adviser representative to be associated with Respondent Capital Management under the Investment Advisers Act.

3. Respondent **THE NORTH CAROLINA CENTER FOR RETIREMENT AND ESTATE PLANNING, L.L.C.** ("Respondent Center"), is a North Carolina member-managed limited liability company with its principal place of business located at 1923 York Avenue, Suite 108, High Point, North Carolina, 28675. Respondent Center has not filed any application with the Securities Division.

4. Respondent Center has never held any registration with the Administrator as a securities dealer under the North Carolina Securities Act, or as an investment adviser under the North Carolina Investment Advisers Act. Respondent Center operates under the control of Respondent Sullivan as its managing member.

5. By attempting to register Respondent Capital Management as an investment adviser using a trade name which is the legal name of a related and controlled unregistered entity, all of the Respondents misrepresented the true identity of the entity with which they propose to deal with the public and the submission of the trade name of Respondent Capital Management by Respondent Sullivan under these circumstances is a misleading statement to the Administrator in violation of N.C.G.S. §78C-9.

6. Respondent Center, through the misleading statements of Respondents Capital Management and Respondent Sullivan and its common control by Respondent Sullivan, attempted to act as an investment adviser without registration.

7. From and after April 1, 2002, Respondent Sullivan offered and sold securities in the form of viatical settlement contracts, as defined in N.C.G.S.§ 78A-2 (11) and (13). Respondent Sullivan offered viatical settlement contracts for sale and in fact did sell such securities in or from North Carolina without obtaining any registration as a securities dealer or securities salesman, when the securities he sold were not registered or qualified for exemption from registration, and by making such offers and sales through the use of statements that omitted material facts and included untrue statements of material fact, all in violation of the Securities Act.

8. Respondent Sullivan's conduct with regard to the activities referred to in Paragraph 7 violated the Securities Act, and ultimately resulted in the Administrator's issuance of a summary order to Respondent Sullivan to Cease and Desist in 2003 ("the 2003 Summary Order").

9. With respect to the activities referred to in Paragraph 7 that summarily resulted in

the 2003 Summary Order, Respondent Sullivan ultimately entered into a Consent Order with the Administrator in 2006 ("the 2006 Consent Order").

10. The 2006 Consent Order specifically ordered Respondent Sullivan, in his individual capacity:

> "...to cease and desist...
>
> a. offering for sale, soliciting offers to purchase, or selling, in or from North Carolina...any other security... in violation of the provisions of N.C.G.S. §78A-24;
>
> b offering for sale, soliciting offers to purchase, or selling in or from North Carolina...any other security of any issuer, however denominated, in violation of the provisions of N.C.G.S. §78A-36(a);
>
> ...
>
> d. in connection with the offer, sale or purchase of any security, omitting to state material facts necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading; and
>
> e. in connection with the offer, sale or purchase of any security, making untrue statements of material fact."

11. After being subjected to the 2006 Consent Order, Respondent Sullivan, personally and as Respondent Center, offered to sell and sold securities without being registered with the Administrator as a securities dealer or as a securities salesman affiliated with a securities dealer in violation of both the 2006 Consent Order and N.C.G.S. § 78A-36, the Securities Act's requirement for registration.

12. In 2007, a registered securities salesman working in Respondent Sullivan's office provided information relating to securities products, which she obtained from the securities dealer for which she worked, to Respondent Sullivan. Respondent Sullivan then used this

information to recommend and offer securities to North Carolina investors. After Respondent Sullivan recommended and offered securities to North Carolina investors, he used the registered securities salesman working in his office merely to execute the transactions. Respondent Sullivan required the registered securities salesman to provide him with 70% of the commissions that the registered securities salesman received from these transactions from the securities dealer for which she worked.

13. The acts of Respondent Sullivan in offering securities to North Carolina investors and accepting commissions from a registered securities salesman in 2007 were violations of G.S. § 78A-36(a), the 2006 Consent Order, and 18 NCAC 06A .1414 (c)(6), which are grounds for denial of registration under G.S. § 78A-29(a)(2).

14. From 2007 through 2010, Respondent Sullivan recommended securities to North Carolina investors and provided investment advice relating to the value of securities and advisability of investing in, purchasing, or selling securities to North Carolina investors. Respondent Sullivan gathered investment analyses and reviewed these analyses with North Carolina investors. Respondent Sullivan received compensation for his recommendation of securities and investment advice. Such conduct was a violation of G.S. § 78C-16.

III.

CONCLUSIONS OF LAW

1. The Administrator has statutory authority pursuant to N.C.G.S. § 78C-19(c) to issue an Order denying registration to and barring Respondents Capital Management and Respondent Center from investment adviser registration and Respondent Sullivan from investment adviser registration and investment adviser representative registration.

2. There is reasonable cause to believe each Respondent has engaged in violations of the North Carolina Securities Act and North Carolina Investment Advisers Act.

3. The Securities Administrator finds that the entry of this Final Order is necessary in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the North Carolina Securities Act and the North Carolina Investment Advisers Act.

IV.

ORDER

THEREFORE, on the basis of the foregoing, and Respondents' waiver of the right to a hearing and appeal under the North Carolina Securities Act, North Carolina Investment Advisers Act, and North Carolina Administrative Procedure Act with respect to the entry of this Final Order, Respondents, for the purpose of settling this proceeding and without admitting or denying the matters set forth herein, have consented to the entry of this Final Order. It is **HEREBY ORDERED AND AGREED** that:

a. The application for investment adviser registration of Respondent Capital Management Partners, L.L.C. d/b/a The North Carolina Center for Retirement and Estate Planning shall be denied;

b. The application for investment adviser representative registration of Respondent Kevin Edward Sullivan shall be denied;

c. Respondents Capital Management Partners, L.L.C., Kevin Edward Sullivan, and The North Carolina Center for Retirement and Estate Planning, L.L.C. shall not apply for registration as a securities dealer under Chapter 78A before July 11, 2014.

d. Respondent Kevin Edward Sullivan shall not apply for registration as a securities salesman under Chapter 78A before July 11, 2014.

e. Respondents Capital Management Partners, L.L.C., Kevin Edward Sullivan, and The North Carolina Center for Retirement and Estate Planning, L.L.C. shall not apply for registration as an investment adviser under Chapter 78C before July 11, 2014.

f. Respondent Kevin Edward Sullivan shall not apply for registration as an investment adviser representative under Chapter 78C before July 11, 2014.

g. Respondents Capital Management Partners, L.L.C., Kevin Edward Sullivan, and The North Carolina Center for Retirement and Estate Planning, L.L.C. shall cease and desist from violating any statute, rule, or regulation promulgated under the North Carolina Securities

Act or Investment Advisers Act.

h. This Final Order serves as a disposition of the facts cited within this Final Order. Nothing herein shall prevent the Securities Division from initiating an investigation or action based upon new or additional information; and

i. 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 claims.

Respondents, by execution of this Final Order, waive any right to a hearing or judicial review thereof. Respondents affirmatively state 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.

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 3rd day of November, 2011.

Time of entry: 11:17 A.M.

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

DAVID S. MASSEY
DEPUTY SECURITIES ADMINISTRATOR

CONSENT TO ENTRY OF ORDER BY RESPONDENTS

Respondents acknowledge that they have been served with a copy of this FINAL ORDER, have read the foregoing FINDINGS OF FACT, CONCLUSIONS OF LAW, and ORDER, are aware of the right to a hearing and appeal in this matter, and have waived the same.

Respondents admit the jurisdiction of the Administrator, neither admit nor deny the FINDINGS OF FACT and CONCLUSIONS OF LAW in the FINAL ORDER and consent to the entry of this FINAL ORDER by the Administrator as final settlement of this matter.

Respondents state that no promise of any kind or nature whatsoever not contained in this FINAL ORDER was made to Respondents to induce them to enter into this FINAL ORDER and that the Respondents have entered into this FINAL ORDER voluntarily.

By Respondent Kevin Edward Sullivan on the date noted herein below:

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Kevin Edward Sullivan,

individually and in his capacity as managing member of Capital Management Partners, L.L.C. and The North Carolina Center for Retirement and Estate Planning, L.L.C.

Date: 10/20/2011