

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE  
SECURITIES DIVISION**

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<b>IN THE MATTER OF</b>	)	
	)	
<b>DONALD C. BLACKWELL</b>	)	<b>Administrative Consent Order</b>
	)	<b>Number LS-18-3206</b>
<i>Respondent</i>	)	
	)	

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**CONSENT ORDER**

**WHEREAS**, the Securities Division of the Mississippi Secretary of State’s Office (“Division”), having the authority to administer and provide for the enforcement of all provisions of the Mississippi Securities Act (“Act”), codified at Mississippi Code Annotated Sections 75-71-101 *et seq.*;

**WHEREAS**, Donald C. Blackwell (“Respondent”), individually, has advised the Division of his agreement to resolve the matter without the expense and delay that formal proceedings would involve;

**WHEREAS**, Respondent, solely for the purpose of concluding this matter with the Division and without admitting or denying the Findings of Fact and Conclusions of Law set forth herein, agrees to certain actions described herein, and consents to the terms and conditions of this Administrative Consent Order (“Order”); and

**WHEREAS**, Respondent elects to permanently waive any right to a hearing and appeal under the Act in Sections 75-71-604 and 75-71-609 with respect to this Order;

**NOW, THEREFORE**, the Division, as Administrator of the Act, hereby enters this Order:

## **I. FINDINGS OF FACT**

### **A. Parties**

1. The Secretary of State has the authority pursuant to the Act to administer and enforce the Act and regulate the offer and sale of securities in Mississippi, including the firms and persons who offer or sell securities or who provide investment advice regarding securities.
2. Donald C. Blackwell (“Blackwell”) is an individual with a last known residence at 1313B Access Road, Oxford, Mississippi. The Central Registrations Depository (“CRD”) number for Blackwell is 5682804.
3. From January 2, 2015, to July 15, 2016, Blackwell was a registered investment advisor representative with Calton & Associates, Inc. (“Calton”), who supervised him from its branch office located at 9642 Wood Green Lane in Lakeland, Tennessee.
4. The Financial Industry Regulatory Authority (FINRA) is a nongovernmental organization that regulates member brokerage firms in the United States.

### **B. Events**

5. On June 9, 2017, FINRA sent Blackwell a certified letter and email informing him that he was the subject of an inquiry into whether any violation of federal securities laws or FINRA rules had occurred. The letter also requested information on and explanations for five municipal bond cross trades Blackwell, then an employee of Calton, had effected between February 2015 and May 2016.
6. FINRA sent Blackwell a second request via certified letter and email for documents and information on July 17, 2017, and a third request on August 4, 2017.

7. On August 24, 2017, FINRA sent Blackwell a notice of suspension, which explained that, pursuant to FINRA Rule 9552, his failures to respond to FINRA's requests and to provide information would result in Blackwell's suspension from associating with any FINRA member in any capacity. The notice also informed Blackwell that if he failed to request termination of the suspension within three months, FINRA would automatically bar him from associating with any FINRA member.

8. FINRA suspended Blackwell from associating with any FINRA member on September 18, 2017.

9. On November 27, 2017, FINRA barred Blackwell, who did not request termination of the suspension, from associating with any FINRA member in any capacity, pursuant to FINRA Rule 9552(h). Such a bar means that Blackwell may not be employed as an associated person for a FINRA broker-dealer or a FINRA member broker-dealer who is also a federal or state registered investment adviser.

## II. APPLICABLE LAW

10. Section 75-71-102(1) of the Mississippi Securities Act of 2010 defines the Secretary of State as the administrator of the Act, and Section 75-71-601(a) explains that he "shall administer this chapter."

11. Miss. Code Ann. Section 75-71-412(a) states:

§ 75-71-412. Denial, revocation, suspension, withdrawal, restriction, condition, or limitation of registration.

(a) **Disciplinary conditions-applicants.** If the administrator finds that the order is in the public interest and subsection (d) authorizes the action, an order issued under this chapter may deny an application, or may condition or limit registration of an applicant to be a broker-dealer, agent, investment adviser, or investment adviser representative, and if the applicant is a broker-dealer or investment adviser, of a partner, officer, director, or person having a similar status

or performing similar functions, or a person directly or indirectly in control, of the broker-dealer or investment adviser.

12. Miss. Code Ann. Section 75-71-412(c) explains:

If the administrator finds that the order is in the public interest and subsection (d)(1) through (6) . . . authorizes the action, an order under this chapter may censure, impose a bar, or impose a civil penalty . . . for each violation on a registrant, and, if the registrant is a broker-dealer or investment adviser, a partner, officer, director, or person having a similar status or performing similar functions, or a person directly or indirectly in control of the broker-dealer or investment adviser.

13. Miss. Code Ann. Section 75-71-412(d) states:

(d) **Grounds for discipline.** A person may be disciplined under subsections (a) through (c) if the person:

.....

(5) Is the subject of an order, issued after notice and opportunity for hearing by:

.....

(C) The Securities and Exchange Commission or a self-regulatory organization suspending or expelling the registrant from membership in the self-regulatory organization.

14. Mississippi Securities Act Rule 5.21 sets forth:

*Rule 5.21 Standards of Conduct.* Each broker-dealer and agent shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. Acts, conduct, and practices, including, but not limited to, the following are considered contrary to such standards and may constitute grounds for denial, suspension, or revocation of registration, imposition of fines, a bar, or such other action authorized by statute.

A. Broker-dealers.

.....

23. Violating any laws or rules of the SEC or a national securities exchange or any national securities association of which it is a member, or violating any federal or state securities law or any rule or regulation promulgated thereunder.

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B. Agents.

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6. Engaging in conduct specified in Subsection[] . . . (23) of this Rule.

15. FINRA Rule 9552 details the proceedings of a member's failure to provide information to FINRA.

**(a) Notice of Suspension of Member, Person Associated with a Member or Person Subject to FINRA's Jurisdiction if Corrective Action is Not Taken**

If a member, person associated with a member or person subject to FINRA's jurisdiction fails to provide any information, report, material, data, or testimony requested or required to be filed pursuant to the FINRA By-Laws or FINRA rules, or fails to keep its membership application or supporting documents current, FINRA staff may provide written notice to such member or person specifying the nature of the failure and stating that the failure to take corrective action within 21 days after service of the notice will result in suspension of membership or of association of the person with any member.

....

**(h) Defaults**

A member or person who is suspended under this Rule and fails to request termination of the suspension within three months of issuance of the original notice of suspension will automatically be expelled or barred.

**III. ACTIONS NECESSARY TO PROTECT THE PUBLIC**

16. Action by the Division to halt future conduct by Respondent is necessary and appropriate in the public interest and for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of the Act.

17. Based upon the foregoing Findings of Fact, and consistent with the consent of the Respondent, the Division makes the following;

**IV. CONCLUSIONS OF LAW**

18. The Administrator has jurisdiction over the subject matter of securities-related registration in Mississippi and over Donald C. Blackwell.

19. FINRA barred Blackwell from associating with FINRA member broker-dealer firms or their related investment adviser firms because he failed to provide information and respond to

FINRA's requests for information as required by FINRA Rule 9552 and did not contest his suspension under that same rule.

20. Blackwell violated Mississippi Securities Act Rule 5.21(B)(6) by engaging in conduct prohibited by Rule 5.21(A)(23), specifically by failing to comply with FINRA Rule 9552.

## **V. ORDER**

IT IS HEREBY ORDERED:

1. This Order concludes the open matter with the Division with respect to Respondent's November 27, 2017 FINRA Order. However, nothing herein limits the ability of the Division, individually or jointly with other agencies, in pursuing any investigation with respect to any other securities-related matter involving the Respondent.
2. This Order is entered into solely for the purpose of resolving the aforementioned matter as applicable in the State of Mississippi and is not intended to be used for any other purpose.
3. Respondent shall fully and fairly comply with all the following requirements:
  - a. Respondent shall permanently refrain from seeking broker-dealer, broker-dealer agent, issuer agent, investment adviser, or investment adviser representative registration in Mississippi immediately following the entry of this Order;
  - b. Respondent shall not take any action, or make or permit to be made any public statement, denying, directly or indirectly, any finding in this Order or creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondent's (1) testimonial obligation or (2) right to take legal or factual positions in defense of litigation or other legal proceedings to which the Administrator is not a party; and

c. Respondent shall fully, fairly, and truthfully disclose all information and produce all records and other evidence in his possession, custody, or control relevant to all inquiries made by the Division concerning the subject matter of this Order, except to the extent such inquiries call for the disclosure of information protected by attorney-client and/or work product privileges.

4. If Respondent defaults in any of his obligations set forth in this Order, the Division may, at its sole discretion and upon fifteen (15) days' notice to Respondent, without opportunity for administrative hearing, refer this matter for enforcement as provided in Section 75-71-604(g) of the Act.

5. This Order shall not disqualify Respondent from any business that he otherwise is qualified or licensed to perform under applicable state law, and this Order is not intended to form the basis for any disqualification.

6. Neither this Order nor any acts performed or documents executed in furtherance of this Order is intended for use by any person or entity not a party to this proceeding as an admission of or evidence of any fault or omission of Respondent in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. This Order is not intended to convey any rights upon any person or entities who are not a party to this proceeding.

7. This Order contains, constitutes, and embodies the entire agreement between the undersigned, there being no agreement of any kind, verbal or otherwise, which varies, alters, or adds to this Order; and this Order supersedes any prior communication, understanding, or agreement, whether written or oral, concerning the subject matter of this Order.

8. In the event that one or more provisions contained in this Order shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Order.

9. By his consent to and execution of this Order, Respondent affirmatively represents that he freely agrees to the signing of this order by the Division, and that no threats, promises, representations, inducements, or offers of any kind, other than as stated in this document, have been made by the Division, any member of the staff of the Division, or any agent or employee of the Division in connection with the negotiations and signing of this Order.

Dated this, the 12th day of October, 2018 .

C. DELBERT HOSEMANN, JR.  
Secretary of State  
State of Mississippi

By: Drew Compton  
DREW COMPTON  
Attorney  
Securities Division

**CONSENT TO ENTRY OF FINAL ORDER**

Donald C. Blackwell hereby acknowledges that he has been served with a copy of this Administrative Consent Order (“Order”), has read this Order, is aware of his right to a hearing and appeal in this matter, and has waived the same.

Donald C. Blackwell admits the jurisdiction of the Division, neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order, and consents to entry of this Order by the Division.

Donald C. Blackwell states that no promise of any kind or nature whatsoever was made to him to induce him to enter into this Order and that he has entered into this Order voluntarily.

Dated this, the 9<sup>th</sup> day of October.

Donald C. Blackwell

By: [Signature]

STATE OF Mississippi

COUNTY OF Lafayette

SUBSCRIBED AND SWORN TO before me this 9<sup>th</sup> day of October.

[Signature]  
Notary Public

My commission expires: Aug 13 2022

