

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

IN THE MATTER OF:

**SOWELL MANAGEMENT
SERVICES
& T. KENNETH WATTS, JR.,
Individually**

**ADMINISTRATIVE CONSENT
ORDER NO. LS-17-2582**

Respondents

CONSENT ORDER OF HEIGHTENED SUPERVISION

WHEREAS, the Securities Division of the Mississippi Secretary of State (“Division”), has 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, the Division upon a routine examination found violations of the Act by Respondents T. Kenneth Watts, Jr. (“Watts”);

WHEREAS, Respondents Watts cooperated with the Division and settled the complaint against him by Administrative Consent Order LS-17-2582;

WHEREAS, terms of the consent order between Watts and the Division require heightened supervision by any new firm with which Watts is affiliated;

WHEREAS, Respondent Sowell Management Services (“Sowell”) wishes to affiliate with Watts and agrees to supervise him according to the heightened supervision requirements set forth in this Order;

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

ORDER

1. This Order is entered into solely for the purpose of setting forth the terms of heightened supervision for Sowell to supervise Watts and is not intended to be used for any other purpose.

2. For a period of two years from the date of his affiliation with an approved firm, Watts may not work alone in an office without a full-time supervisor on site;

3. Watts will not be allowed to serve in any supervisory or compliance capacity, or as a "person-in-charge;"

4. If the conditions in 2 above are impossible, and only if the Division permits Watts to affiliate with a firm that cannot provide full-time on-site supervision, Watts may work alone in an office which is visited in-person and examined by a supervisor randomly and unannounced once per month for twelve months, then once per quarter for an additional twelve months. Work papers and a report from each examination must be submitted to the Division by the firm within fifteen days of the on-site visit;

5. In the on-site exams set forth in 4 above, Watts' supervisor must review Watts' book of business, client files, sales practices, and outside business activities and document the review;

6. Watts must have a firm-issued email address and may not conduct advisory business using any other email address. Watts' supervisor must review 100% of Watts' firm email address correspondence monthly for a period of twenty-four months, and must document the review;

7. Watts' supervisor must review Watts' website(s) and social media site(s) quarterly for twenty-four months and document the review. This review must be random and unannounced.

8. Watts' supervisor must conduct a review of Watts' personal email account activity quarterly for twenty-four months to see if any securities related correspondence has taken place through personal email accounts.

9. At least three of Watts's customers must be randomly contacted by Watts's supervisor each quarter to review Watts' compliance with the firm's suitability requirements. The contact must be noted by the supervisor and reported to the Division;

10. The supervising firm must notify the Division immediately of any internal or external verbal or written complaints or investigations associated with Watts; and

11. Annually, for a period of two years from the date of his affiliation with the approved firm, Watts will complete ten hours of continuing education regarding investment adviser compliance, of which two hours must be on ethics.

12. Within 30 days of the execution of this Consent Order, Sowell will submit to the Division a written plan of heightened supervision to ensure compliance with the terms set forth above.

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

14. 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.

15. 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.

Date: 1/24/19

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

By:



JEFFREY L. LEE
Senior Attorney
Securities Division

CONSENT TO ENTRY OF FINAL ORDER

Sowell Management Services

The undersigned representative of Sowell Management Services hereby acknowledges that he/she has been served with a copy of this Administrative Consent Order ("Order"); has read this Order; and understands that entry into the Order is a required condition to employ T.

Kenneth Watts, Jr.

Sowell admits the jurisdiction of the Division and consents to entry of this Order by the Division solely for the purpose of affiliating with and supervising Watts.

The undersigned states that no promise of any kind or nature whatsoever was made to induce the firm to enter into this Order and that it has entered into this Order voluntarily. The undersigned states that he/she executes this Order with full authority of Sowell Management Services to do so.

Dated, this the 23rd day of January 2019.

SOWELL, INC.

By: Alfred L. Pitt

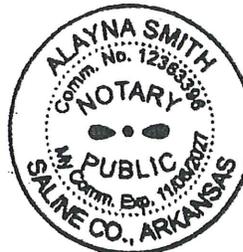
Title: General Counsel

STATE OF Arkansas

COUNTY OF Pulaski

SUBSCRIBED AND SWORN TO before me, this the 23rd day of January 2019.

Alayna Smith
Notary Public
My commission expires: 11/06/2027



CONSENT TO ENTRY OF FINAL ORDER

T. Kenneth Watts, Jr.

T. Kenneth Watts, Jr. 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.

Watts admits the jurisdiction of the Division and consents to entry of this Order by the Division solely for purposes of settlement.

Watts 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 18th day of January 2019.

T. KENNETH WATTS, JR.

T. Kenneth Watts Jr

STATE OF Mississippi

COUNTY OF Lauderdale

SUBSCRIBED AND SWORN TO before me, this the 18th day of January 2019.

Gloria J. Cokel
Notary Public
My commission expires: _____

