

III. Factual Background

5. On or about May 16, 2013, the Division requested information from Respondent pursuant to S.C. Code Ann. § 35-1-411(d) (the “Request for Information”), asking that a response be provided on or before June 3, 2013.

6. On or about June 17, 2013, Division Staff spoke by telephone with Michael Lovett (“Lovett”), Respondent’s Compliance Officer, who stated that he would forward Respondent’s answer to the Request for Information to the Division by June 21, 2013.

7. On or about June 21, 2013, Lovett requested another week with which to provide the Division with Respondent’s answer to the Request for Information.

8. On or about July 22, 2013, the Request for Information having not yet been answered, Lovett requested that Respondent be given until August 1, 2013 to provide its answer to the Request for Information.

9. Respondent failed to comply with the August 1, 2013 deadline.

10. Respondent, as of the date of this Rule to Show Cause, has yet to provide its answer to the Request for Information.

11. Respondent’s continuing failure to provide its answer to the Request for Information is impeding the Division’s inspection.

IV. Applicable Law

12. The South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.* (the “Act”), governs the offer and sale of securities within the State of South Carolina.

13. Pursuant to S.C. Code Ann. § 35-1-411(d), the Securities Commissioner or his designee may inspect the records of a broker-dealer registered with the Division.

14. Pursuant to S.C. Code Ann. § 35-1-412(b), the Securities Commissioner may

revoke the registration of a registrant if it is determined that that registrant's conduct violated S.C. Code Ann. § 35-1-412(d)(8) by impeding an inspection under Section 411(d).

15. Pursuant to S.C. Code Ann. § 35-1-412(c), if the Securities Commissioner finds that the order is in the public interest and subsection (d)(1) through (6), (8), (9), (10), or (12) and (13) authorizes the action, an order under the Act may censure, impose a bar, and/or impose a civil penalty in an amount not to exceed \$10,000 for each violation on a registrant.

V. Conclusion

16. Based on the foregoing facts and applicable law, the broker-dealer registration of Cape Securities should be revoked.

NOW THEREFORE, it is hereby **ORDERED** that Respondent **SHOW CAUSE**, if any there be, why the Securities Commissioner should not enter an Order, pursuant to S.C. Code Ann. § 35-1-412(b) and (c), revoking the broker-dealer registration of Cape Securities, Inc. and imposing a fine not to exceed \$10,000 on Cape Securities for impeding the Division's inspection under S.C. Code Ann. § 35-1-411(d).

NOTICE AND OPPURTUNITY FOR A HEARING

Respondent is hereby notified that it has thirty (30) days from the date of this Rule to Show Cause to file an answer and, if desired, a request for a hearing on the matters contained herein. Such documents should be filed with Thresechia Navarro, Securities Division, Post Office Box 11549, Columbia, South Carolina, 29211-1549. In its written Answer, Respondent shall admit or deny each factual allegation in this Rule to Show Cause, set forth specific facts, laws, and/or affirmative defenses which Respondent relies upon. If Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, he shall so state.

In the event an answer and written notice requesting a hearing is not received within the above-stated thirty (30) day period of time, an order revoking Respondent's broker-dealer registration will be entered in this proceeding with no further notice.

Respondent is further notified that by seeking the issuance of an order revoking Respondent's broker-dealer registration and assessing an appropriate fine, the Division is not waiving any rights it may have to pursue additional remedies available to it for violations of the Act committed by Respondent not enumerated herein.

ENTERED, this the 30th day of August, 2013.
Columbia, South Carolina

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