

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

<b>IN THE MATTER OF:</b>	)	
	)	
<b>Branch Banking and Trust Company</b>	)	
	)	
<b>and</b>	)	<b>Consent Order</b>
	)	
<b>BB&amp;T Asset Management, Inc.,</b>	)	<b>Matter No. 14035</b>
	)	
<b>Respondents.</b>	)	
<hr/>	)	

**WHEREAS**, the Securities Division of the Office of the Attorney General of the State of South Carolina (the "Division"), pursuant to authority granted in the South Carolina Uniform Securities Act of 2005 (the "Act"), S.C. Code Ann. § 35-1-101, *et. seq.* (Supp. 2014), conducted an investigation into certain activities of Branch Banking and Trust Company and BB&T Asset Management, Inc.;

**WHEREAS**, Branch Banking and Trust Company is a bank headquartered in Winston-Salem, North Carolina;

**WHEREAS**, BB&T Asset Management, Inc. ("BB&T AM") has not existed as a legal entity since 2010 and Branch Banking and Trust Company (the "Respondent") is the only currently existing entity in Matter No. 14035;

**WHEREAS**, the Division focused its investigation on certain practices by BB&T AM occurring in 2006 through 2009;

**WHEREAS**, the Respondent acknowledges its desire to resolve this investigation by Consent Order rather than by formal hearing before the Securities Commissioner; and

**WHEREAS**, the Respondent, without admitting or denying any findings or conclusions that may be set forth in this Order, admits the Securities Commissioner's jurisdiction in these matters pursuant to S.C. Code Ann. § 35-1-601, and consents to the entry of this Order.

### **I. FINDINGS OF FACT**

1. BB&T AM, CRD No. 108443 was a registered investment adviser until it terminated its registration in December of 2010.

2. At no time was BB&T AM registered with the Division as a broker-dealer.

3. BB&T AM was formed to provide investment advisory services to "high net worth individuals, small and mid-size businesses, major corporations, endowments, and other institutional investors."

4. The Respondent and BB&T AM contracted with customers whereby BB&T AM would provide various investment advisory services to those customers.

5. Between 2006 and 2009 (the "Relevant Period"), BB&T AM offered its customers the opportunity to invest in various alternative assets through its Alternative Investment Platform (the "AIP").

6. Strategies available to customers through the AIP included securities offerings such as structured notes, hedge funds, prepaid variable forward contracts, and various other alternative asset classes.

7. In connection with thirty-seven (37) AIP transactions in South Carolina, BB&T AM charged a "one-time advisory fee," which was charged "in addition to the standard advisory fee for each customer's account." This "one-time advisory fee" was charged for services which included a "suitability analysis," a "review of available strategies," the recommendation of specific managers and/or investments," and the "coordination of all required documentation."

8. In 2009, BB&T AM ceased offering the AIP.

9. Subsequently, BB&T AM terminated its registration as an investment adviser in December of 2010.

10. In 2012, the Respondent refunded the entirety of each “one-time advisory fee” charged by BB&T AM to each South Carolina customer who participated in the AIP.

## **II. CONCLUSIONS OF LAW**

11. The South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, governs the offer and sale of securities in this State.

12. S.C. Code Ann. § 35-1-102(4) defines a broker-dealer as a person engaged in the business of effecting transactions in securities for the account of others or for the person’s own account.

13. S.C. Code Ann. § 35-1-102 (20) defines the term person to include, *inter alia*, an individual, a corporation, or any other legal entity.

14. Pursuant to S.C. Code Ann. § 35-1-401(a), it is unlawful for a person to transact business as a broker-dealer in this State unless that person is registered or exempt from registration.

## **III. ORDER**

**WHEREAS**, the Securities Commissioner finds the remedies in this Consent Order both appropriate and in the public interest for the protection of the investors and the capital markets of the State of South Carolina;

**NOW, THEREFORE**, it is hereby **ORDERED**, and the Respondent expressly consents and agrees that:

The Respondent will pay the amount of ninety-seven thousand, five-hundred dollars (\$97,500) as an administrative settlement to the Division contemporaneously with the execution of this Consent Order.

Upon execution by the Securities Commissioner, this Consent Order resolves Matter No. 14035.

The parties to this Consent Order agree that this Consent Order does not and should not be interpreted to subject the Respondent to disqualification under the federal securities laws, or rules or regulations thereunder, or the rules and regulations of any self-regulatory organization, or the securities laws, rules, and regulations of the various states, commonwealths, and territories of the United States, including without limitation, any disqualification from relying upon the registration or safe harbor provisions.

The parties to this Consent Order further agree the Consent Order does not and should not be interpreted to waive any (i) criminal cause of action, (ii) private cause of action that may have accrued to any investor(s), (iii) action of any kind in any type of bankruptcy proceeding(s), or (iv) other causes of action which may result from any activity of the Respondent not detailed above or which may hereafter arise.

**IT IS SO ORDERED** this 7 day of September 2016.

By: Alan Wilson  
The Honorable Alan Wilson  
Securities Commissioner  
State of South Carolina

WE CONSENT:

Securities Division of the Office of the Attorney General:

By: \_\_\_\_\_  
Ian P. Weschler  
Assistant Attorney General

Date: \_\_\_\_\_

Respondent Branch Banking and Trust Company

By:     D.W. Fisher      
David Fisher  
Executive Vice President

Date:     8/31/2016

WE CONSENT:

Securities Division of the Office of the Attorney General:

By: \_\_\_\_\_

  
Ian P. Weschler  
Assistant Attorney General

Date: \_\_\_\_\_

8/31/2016

Respondent Branch Banking and Trust Company

By: \_\_\_\_\_

David Fisher  
Executive Vice President

Date: \_\_\_\_\_