

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

IN THE MATTER OF:

**Blue Granite Capital, LLC (CRD No.
125607),**

Respondent.

CONSENT ORDER

Matter No. 20195411

I. PRELIMINARY STATEMENT

Pursuant to the authority granted to the Securities Commissioner of South Carolina (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005 (the “Act”) and delegated to the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) by the Securities Commissioner, the Division conducted an investigation into the securities-related activities of Blue Granite Capital, LLC (CRD No. 125607) (“BGC” or the “Respondent”).

Without admitting or denying the findings of fact and conclusions of law set forth below, except as to the jurisdiction of the Securities Commissioner over the Respondent and the subject matter of this proceeding, which are admitted, the Respondent, having been advised of its right to counsel, expressly consents to the entry of this Consent Order, which resolves the allegations against it set forth herein. The Respondent elects to waive permanently any right to a hearing and appeal under S.C. Code Ann. § 35-1-609, with respect to this Consent Order.

I. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

II. THE RESPONDENT

2. BGC is an investment adviser registered with the Division with an address of 215 East Bay St., Suite 202-C, Charleston, SC 29401. BGC has been registered with the Division as an investment adviser since May 18, 2020. BGC was founded by Mr. Scott Bruce Shubert (CRD No. 1083842) in 2003. Mr. Shubert is an investment adviser representative registered with the Division. Mr. Shubert is president, chief compliance officer, and the registered agent of BGC.

III. FINDINGS OF FACT

3. In order to operate as an investment adviser in South Carolina, a company must either register with the Division as an investment adviser (a “State Registered IA”), or if it qualifies, the company may register with the United States Securities and Exchange Commission (the “SEC”) as an investment adviser (an “SEC Registered IA”). An investment adviser with over \$100 million in Assets Under Management (“AUM”) is required to register as an SEC Registered IA.

4. BGC first became registered with the Division as a State Registered IA on June 27, 2012.

5. On March 22, 2016, BGC made its annual Form ADV filing, and sought to register as an SEC Registered IA. The filing revealed that BGC met the AUM threshold to qualify as an SEC Registered IA.

6. On April 21, 2016, BGC became registered as an SEC Registered IA.
7. On February 2, 2018, BGC filed its Form ADV Annual Amendment, which showed that as of December 31, 2017, it no longer met the qualifications to be an SEC Registered IA. The Respondent failed to file a Form ADV-W to withdraw its SEC registration, and it did not register with the Division as a State Registered IA.
8. On February 11, 2020, BGC submitted its application with the Division for registration as a State Registered IA.
9. On May 18, 2020, the Division approved BGC's registration.
10. Between at least December 31, 2017 and May 18, 2020, BGC was registered with the SEC as an SEC Registered IA even though it was not eligible for SEC registration.
11. Between at least December 31, 2017, and May 18, 2020, BGC should have been registered with the Division as a State Registered IA, but it was not registered as a State Registered IA pursuant to S.C. Code Ann. § 35-1-403(a).
12. At all times since June 27, 2012, BGC was registered with either the Division or the SEC.
13. The Division did not find any investors harmed by BGC's failure to register as a State Registered IA, and the Division has not received any complaints regarding BGC.
14. The Respondent avers and avows that it understands the requirements of the Act and that it will comply with the requirements of the Act.

IV. CONCLUSIONS OF LAW

15. Pursuant to S.C. Code Ann. § 35-1-403(a), it is unlawful for a person to transact business in South Carolina as an investment adviser unless the person is registered as an investment adviser or is exempt from registration as an investment adviser under the Act.

16. While the Respondent was registered as an SEC Registered IA, it should have been registered as a State Registered IA.

17. This Consent Order is appropriate and in the public interest, pursuant to the Act.

V. ORDER

Accordingly, it is hereby ORDERED and agreed upon that the Respondent will pay a civil penalty of five thousand dollars (\$5,000.00).

Upon the Respondent's payment of five thousand dollars (\$5,000.00), and execution by the Securities Commissioner, this Consent Order shall resolve Matter Number 20195411, as to the Respondent.

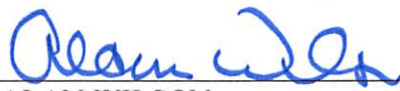
As part of this Consent Order the Respondent agrees that it: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in this Consent Order or creating the impression that this Consent Order is without factual basis; and (ii) will not make or permit to be made any public statement to the effect that the Respondent does not admit the allegations of this Consent Order, or that this Consent Order contains no admission of the allegations, without also stating that the Respondent does not deny the allegations. If the Respondent breaches any of the terms of this Consent Order, the Securities Commissioner may vacate this Consent Order. Nothing in this paragraph affects the Respondent's (i) testimonial obligations or (ii) right to take differing legal or factual positions in litigation or other legal proceedings.

This Consent Order should not be interpreted to waive any (i) criminal cause of action, (ii) private cause of action that may have accrued to investors as a result of the activities detailed


herein, or (iii) other causes of action that may result from activities of the Respondent not detailed in this Consent Order.

ENTERED, this the 28 day of July, 2021.

ALAN WILSON
SECURITIES COMMISSIONER

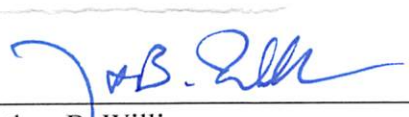
By: 
ALAN WILSON
Securities Commissioner
State of South Carolina

Blue Granite Capital, LLC consents to the terms of the above Consent Order:

By: 
Scott Bruce Shubert, its President

Date: July 7, 2021

The Securities Division of the Office of the Attorney General consents to the terms of the above Consent Order:

By: 
Jonathan B. Williams
Assistant Deputy Attorney General

Date: 7/14/21