

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)	
)	
COASTAL DISCOUNT)	ADMINISTRATIVE ORDER
STOCKBROKERS, INC.)	NO. CD-2002-0010
)	
<u>RESPONDENT</u>)	

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the power to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities into, within or from the state of Alabama, has determined as follows:

RESPONDENT

1. COASTAL DISCOUNT STOCKBROKERS, INC. ("RESPONDENT"), is represented to be a North Carolina domiciled corporation, registered as a BD in the state of North Carolina, et al, with a business address of 5710 Oleander Drive, Suite 211, Wilmington, NC 28403.

STATEMENT OF FACTS

2. On February 5, 2002, RESPONDENT electronically filed a Form BD, through the National Association of Securities Dealers, Inc., Central Registration Depository ("NASDCRD"), for registration as a dealer in the state of Alabama. Subsequently, by letter dated February 5, 2002, RESPONDENT provided the Commission information that it would not have custody of Alabama customer funds and that **"Coastal Discount Stockbrokers, Inc. has not undertaken to offer or sell securities for any Alabama resident prior to application for registration."** On

February 21, 2002, a letter was dispatched to RESPONDENT which enumerated certain documentation and information that must be provided as part of the application for registration, in particular an item-by-item accounting of all disciplinary items enumerated in CRD. By letter, dated February 28, 2002, RESPONDENT provided a response; however, additional information was subsequently requested on April 5, 2002 and May 24, 2002.

3. On February 21, 2002, a visitation letter was dispatched to RESPONDENT's clearing firm, Advanced Clearing, Inc. ("Advanced"), for a listing of Alabama clients of RESPONDENT, and documents, including transaction reports detailing transactions and date of transactions, if any.

4. On March 5, 2002, the Commission received transaction information from Advanced reflecting RESPONDENT has 3 open accounts with Alabama residents numbered 449-022059 opened 02/01/02 (no activity); 449-021819 opened 12/27/01 (no activity) and 449-008283 opened 12/09/97 (5 buys and 2 sales during the period 12/09/97 to 03/09/00).

5. Review of the files of the Commission, disclosed no record of registration or exemption from registration of RESPONDENT as a dealer in the state of Alabama.

CONCLUSIONS OF LAW

6. RESPONDENT is not registered nor exempt from registration as a dealer in the state of Alabama, and has effected securities transactions with a resident of the state of Alabama.

7. Transacting business in the state of Alabama as a dealer, without benefit of registration or exemption from registration, is a violation of Section 8-6-3(a), Code of Alabama 1975.

8. RESPONDENT has filed an application for registration which, as of its effective date, or as of any date after filing, was incomplete or contained a false statement (see highlighted portion of paragraph 2, page 1, above).

9. The filing of an application for registration, containing a false statement, is a violation of Section 8-6-3(j)(1), Code of Alabama 1975.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that are available to it under the Alabama Securities Act.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Alabama Securities Act.

ACCORDINGLY, IT IS HEREBY ORDERED that RESPONDENT immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 19th day of June, 2002.



ALABAMA SECURITIES COMMISSION
770 Washington Avenue, Suite 570
Montgomery, AL 36130-4700
(334) 242-2984
BY:

A handwritten signature in cursive script, appearing to read "Susan B. Anderson", written over a horizontal line.

SUSAN B. ANDERSON
Deputy Director