

**STATE OF ARKANSAS  
SECURITIES DEPARTMENT**

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IN THE MATTER OF

SCOTT L. HORRELL  
OUACHITA CAPITAL, LLC

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ORDER EXCLUDING  
INDIVIDUAL AND CORPORATION  
FROM INVESTMENT ADVISER  
DEFINITION PURSUANT TO  
ARK. CODE ANN. § 23-42-102(8)(F)  
NO. 00-058-S

**FINDINGS OF FACT**

1. On October 30, 2000, a letter was received by the Arkansas Securities Commissioner requesting that Scott L. Horrell. (“Horrell”) and Ouachita Capital, LLC (“Ouachita”) be determined to be excluded from the definition of an investment adviser as set forth in Ark. Code Ann. § 23-42-102(8)(F) for the purpose of rendering investment advice for a fee for Ouachita Equity Fund, L.P. (the “Fund”).
2. Horrell is a resident of the State of Arkansas and is the principal shareholder and Chief Executive Officer of Ouachita. Horrell is also the principal shareholder and Chief Executive Officer of Horrell Capital Management, Inc., an Securities and Exchange Commission (“SEC”) registered investment adviser (“HCM”), whose principal place of business is located in the State of Arkansas at the same address as Ouachita.
3. Ouachita, upon its pending formation, will be a limited liability company organized under the laws of the State of Delaware with its principal place of business located in the State of Arkansas. Ouachita is the general partner of the Fund, a limited partnership organized under the laws of the State of Delaware. The Fund will receive investment advice for

a fee from Ouachita. Limited partners in the Fund who are Arkansas residents are required to possess a minimum net worth, excluding home, furnishings, and automobiles, of \$1,500,000.

4. Horrell and Ouachita have agreed that this Order is conditional upon compliance, not only with the findings set forth above, but also with the following:

- (a) Horrell will cause Ouachita to prominently disclose to the Fund that Ouachita has been exempted by this Order from the investment adviser registration provisions of the Arkansas Securities Act (the “Act”);
- (b) Horrell and Ouachita agree to allow the Commissioner to inspect their books and records and to provide information requested by the Commissioner for the purpose of investigating customer complaints or other potential violations of the Act or the Rules of the Arkansas Securities Commissioner (the “Rules”);
- (c) Horrell and Ouachita acknowledge that its activities will be subject to Ark. Code Ann. § 23-42-507 and to Rule 308.02 of the Rules;
- (d) Ouachita acknowledges that it will limit its services to one client, the Fund. HCM has had long-term relationships with its clients, certain of which will be limited partners in the Fund, all of which are accredited investors within the meaning of Regulation D, §230.501 (Rule 501) of the Securities Act of 1933 with a minimum net worth in excess of \$1,000,000 (“Accredited Investors”);
- (e) Ouachita acknowledges that all securities recommended to his clients will be registered, exempted or classified as covered securities under the

Securities Act of 1933, the Securities Exchange Act of 1934, or the Arkansas Securities Act;

- (f) All limited partners in the Fund who are Arkansas residents will be required to have a minimum net worth of \$1,500,000, excluding home, furnishings, and automobiles;
- (g) This Order is discretionary and applies only to advice rendered by Horrell and Ouachita to the Fund.

#### **CONCLUSIONS OF LAW**

1. Ark. Code Ann. § 23-42-102(8)(F) provides that the term “Investment Adviser” does not include persons not within the intent of this [subsection] as the Commissioner may by rule or order designate.

2. It is not necessary or appropriate in the public interest for the protection of investors to require the registration of Ouachita as an investment adviser under the Act in view of the limited nature of the advice being given, the limited number of persons receiving the advice, and the nature and sophistication of his clients.

#### **OPINION**

In recognition of the representations made by Horrell and Ouachita, particularly concerning the limitation of advice being given to only persons having a net worth in excess of \$1,500,000 who reside in Arkansas, it does not appear necessary in order to protect such investors that Ouachita should be required to register as an investment adviser under the Act. Such investors are amply able to adequately look to their own interests and make their own determinations regarding the appropriateness of such advice. Particularly is this the case where

disclosure of the Order will be required and Horrell and Ouachita have agreed to be bound by the antifraud provisions of the Act and the Rules pertaining to unethical practices by investment advisers.

**ORDER**

IT IS THEREFORE ORDERED that Ouachita Capital, LLC is excluded from the definition of an investment adviser under Ark. Code Ann. § 23-42-102(8)(F) for the purpose of advising Ouachita Equity Fund, L.P., provided that it complies with the conditions set forth in this Order.

WITNESS MY HAND AND SEAL this *2nd* day of November 2000.

  
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MAC DODSON  
SECURITIES COMMISSIONER