

ORIGINAL

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

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DEC 20 2010

JAMES N. HATTEN, Clerk
By: *[Signature]*
Deputy Clerk

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

KENNETH W. BURNT,
PERIMETER WEALTH
FINANCIAL SERVICES, INC. and
KSB FINANCIAL, INC.

Defendants.

Civil Action No.

WSD

1:10-cv-4121

COMPLAINT FOR EMERGENCY INJUNCTIVE AND OTHER RELIEF

Plaintiff, Securities and Exchange Commission ("Commission"), alleges that:

OVERVIEW

1. From September 2009 through the present, defendant Kenneth W. Burnt ("Burnt"), through two entities which he controls, Perimeter Wealth Financial Services, Inc. ("Perimeter Wealth") and KSB Financial, Inc. ("KSB"), raised approximately \$4.5 million from more than 20 investors.
2. Burnt raised these funds through an unregistered offering of interests in a covered-call equities trading program.

3. Burnt represented to investors that: (1) investment returns were guaranteed to be 8%, 10% or 12% per annum depending on the investor; (2) Burnt would not be paid any funds for his investing services unless investors were earning their promised annualized returns; and (3) any shortfalls to the guaranteed returns or principal losses would be contractually covered by a reserve account funded by Burnt.

4. Burnt omitted to disclose to investors that his reserve account consisted of only \$1,000 and that he had begun directly drawing on investor funds for personal and business expenses prior to their earning the minimum guaranteed amounts.

5. Burnt further believed that his trading models would only generate the net profits he promised if he had at least \$10 to \$12 million under management, which he knew he did not have.

6. Burnt's covered call program has lost approximately 15 percent, primarily attributable to the approximately \$286,000 in withdrawals Burnt made from investor accounts to cover professional and personal expenses

VIOLATIONS

7. Defendants Burnt and Perimeter Financial have engaged, and unless restrained and enjoined by this Court, will continue to engage in acts and practices

that constitute and will constitute violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§’s 77e(a), 77e(c) and 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] and Sections 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. 80b-6(1) (2) and (4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

8. Defendant KSB has engaged, and unless restrained and enjoined by this Court, will continue to engage in acts and practices that constitute and will constitute violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] and Sections 206(1) and 206(2) of the Advisers [15 U.S.C. 80b-6(1) and (2)]

JURISDICTION AND VENUE

9. The Commission brings this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)] and Sections 209 and 214 of the Advisers Act [15 U.S.C. 80b-9, 80b-14] , to enjoin the defendants from engaging in the transactions, acts, practices, and courses of business alleged in this

complaint, and transactions, acts, practices, and courses of business of similar purport and object, for civil penalties and for other equitable relief.

10. This Court has jurisdiction over this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa] and Section 214 of the Advisers Act [15 U.S.C. 80b-14]

11. Defendants, directly and indirectly, made use of the mails, the means and instruments of transportation and communication in interstate commerce and the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business alleged in this complaint.

12. Certain of the transactions, acts, practices, and courses of business constituting violations of the Securities Act, the Exchange Act and the Advisers Act occurred in the Northern District of Georgia. In addition, Defendant Burnt resides in the Northern District of Georgia. Defendants Perimeter Wealth and KSB have their principal places of business in the Northern District of Georgia.

13. Defendants Burnt, Perimeter Wealth and KSB, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices, and

