
THE NORTH CAROLINA SECURITIES DIVISION,)

Petitioner,)

vs.)

EPHREN W. TAYLOR, CITY CAPITAL)
CORPORATION, CITY LAUNDRY SERVICES, LLC,)
CITY PETROLEUM, LLC, and CLEAN SWEEPS)
HOLDINGS GROUP, LLC.)

Respondents.)

TEMPORARY ORDER

TO

CEASE AND DESIST

FILE NOS.
10SEC080 & 10SEC240

THIS CAUSE coming on to be heard by the undersigned, pursuant to an Administrative Petition filed by the Securities Division of the Department of the Secretary of State (the “Division” or “Petitioner”) under the authority granted by Chapter 78A of the North Carolina General Statutes (the North Carolina Securities Act or “Securities Act”), and the rules promulgated thereunder, in which the Division seeks, among other remedies, a temporary and summary Cease and Desist Order pursuant to the provisions of N.C.G.S. §78A-47(b)(2).

THE SECURITIES DIVISION has investigated the activities of **EPHREN W. TAYLOR, CITY CAPITAL CORPORATION, CITY LAUNDRY SERVICES, LLC, CITY PETROLEUM, LLC and CLEAN SWEEPS HOLDINGS GROUP, LLC** (hereinafter, the “Respondents”) to determine if any one of them have engaged in, or are about to engage in, any act or practice constituting a violation of the Securities Act or any rule or order thereunder.

THE SECRETARY OF STATE, acting by and through her duly authorized Deputy Securities Administrator, from the investigation and the information derived therefrom, and for the protection and preservation of the public welfare and in the public interest, makes the following:

FINDINGS OF FACT

1. Respondent **CITY CAPITAL CORPORATION** (hereinafter “City Capital” or “Respondent”) is a corporation formed on July 24, 1984 in the State of Nevada. As a foreign corporation, City Capital, became authorized to do business in North Carolina on November 12, 2008. The initial North Carolina Application for Certificate of Authority was signed by Ephren Taylor, Jr. as CEO.
2. City Capital’s last known principal office, from at least November 2008 until May 2010, was located at 2000 Mallory Lane, Suite 301, Franklin, Tennessee, 37067. City Capital’s last known business office, from at least October 2008 until May 2010, was located at 7780 Brier Creek Parkway, Suite 225, Raleigh, North Carolina, 27617.
3. Respondent **CITY LAUNDRY SERVICES, LLC** (hereinafter “City Laundry” or “Respondent”) is a limited liability company formed on January 22, 2009 in the State of Missouri. City Laundry’s last known business address is 2000 Mallory Lane, Suite 201, Franklin, Tennessee, 37067.
4. Respondent **CITY PETROLEUM, LLC** (hereinafter “City Petroleum” or “Respondent”) is a limited liability company formed on January 26, 2009 and dissolved on April

10, 2009 in the State of Missouri. City Petroleum's last known business address is 2000 Mallory Lane, Suite 301, Franklin, Tennessee, 37067.

5. Respondent **CLEAN SWEEPS HOLDINGS GROUP, LLC** (hereinafter "Clean Sweeps" or "Respondent") is a limited liability company formed on November 13, 2009 in the State of North Carolina. Clean Sweeps' last known business address is 7780 Brier Creek Parkway, Suite 225, Raleigh, North Carolina, 27617.

6. Respondent **EPHREN W. TAYLOR** (hereinafter "Taylor" or "Respondent") was the previous president, secretary, treasurer and director of City Capital until October 22, 2010. Taylor was the organizer of City Laundry, LLC, City Petroleum, LLC and Clean Sweeps Holdings Group, LLC. On December 21, 2010, state regulators in Alabama issued an Administrative Order to Cease and Desist against City Capital Corporation, Ephren W. Taylor Jr., Kinetra Dixon, City Petroleum, LLC and City Laundry Services, LLC ordering them to cease and desist from further offers or sales of any security into, within or from the state of Alabama, which transactions occurred between January 2009 until April 2010.

Community Redevelopment Investment Program

7. On or about April or May 2008, Taylor spoke to the congregation at the Southside Church of Christ in Durham, North Carolina. Taylor was introduced as a multi-millionaire, who had written a book on how to build wealth and who was doing great things for the church. Taylor signed and sold his book to congregants, solicited investors for his community redevelopment investment program, and spoke with the congregants later that evening on an individual basis regarding investment opportunities. There were between 100 and 150 people in attendance during this presentation.

8. During the April or May 2008 presentation, Taylor on behalf of City Capital described wealth building through his community redevelopment investment program. Taylor purported that through the community redevelopment investment program an investor would be guaranteed a minimum 20% annual return on a minimum investment of \$50,000. Through City Capital,

Taylor would set up and manage a limited liability company in which he would identify, purchase, rehabilitate and sell properties that had fallen into disrepair and sell the properties to clients he had in a credit investor program. Taylor stated he would be able to complete one transaction per quarter and that City Capital would not earn any money until the investor had accumulated a minimum of a 20% profit on his or her investment. The remaining profits would then be split equally for the remainder of the twelve month period.

9. The transactions described by Taylor in his community redevelopment investment program constitute an "investment contract" as defined by N.C.G.S. §78A-2(11) and 18 NCAC 06A.1104 (8).

10. Based on Taylor's presentation at the church, an investor within the state of North Carolina (hereinafter "Investor A") entered into a twelve month investment agreement with Taylor and City Capital on August 28, 2008. Investor A invested \$50,000 with Taylor and City Capital. Taylor told Investor A that Investor A would receive \$850 monthly from Investor A's original capital investment. This investment contract was offered, purchased and sold in North Carolina.

11. In October 2008, Investor A received information from Taylor on Investor A's first proposed investment property that was located in Missouri. Investor A signed authorization for the purchase of this property located in Missouri.

12. On or about August 2009, a few weeks before the expiration of the investment agreement, Investor A contacted Taylor to discuss Investor A's dissatisfaction with the investment. Investor A was disappointed with Taylor's lack of communication, and Taylor's inability to find investment properties each quarter for Investor A as agreed to within the investment agreement. Investor A told Taylor that Investor A wanted to get out of the investment. After hearing that Investor A wanted out of the investment, Taylor informed Investor A that Taylor had purchased a second proposed investment property located in Ohio for Investor A.

13. Investor A never received the return of his capital investment from Taylor or City Capital after Investor A told Taylor Investor A wanted to get out of the investment and requested the full return of his capital investment.

14. The offer and sale of the investment contract as found in paragraphs 7 through 12 above constitutes the “offer” and “sale” of a “security,” as those terms are defined pursuant to N.C.G.S. §§ 78A-2(8) and 78A-2(11).

15. In connection with the offer, sale and purchase of the investment contract described in paragraphs 7 through 12, Taylor made willful violations of N.C.G.S. §78A-8(2) in that Taylor made an untrue statement of a material fact and omitted to state a material fact. Taylor made an untrue statement of material fact by telling Investor A that Investor A’s return on the investment was guaranteed when instead Investor A never received a full return of Investor A’s capital investment. Taylor omitted to state a material fact by failing to tell Investor A how Investor A’s return on the investment would be guaranteed.

16. The investment contract consisting of the enterprise of purchasing, rehabilitating and selling of homes as offered and sold to Investor A by Taylor and City Capital described in paragraphs 7 through 12 was not registered with the Securities Division of the Department of the Secretary of State under the provisions of the North Carolina Securities Act prior to being offered and sold in North Carolina, as required by N.C.G.S. §78A-24.

City Capital, City Laundry and City Petroleum

17. In April 2009, Taylor and City Capital hosted a free financial seminar in Raleigh, North Carolina. Taylor and City Capital advertised this seminar for retirees and near-retirees on www.craigslist.com and through the United States Mail to people within North Carolina. Taylor and City Capital advertised “wake up investors’ 401k/IRA” and “put it to work and get double the returns” through “socially conscious investments.”

18. There were approximately 50 people in attendance at this seminar in which Taylor, on behalf of City Capital, informed attendees on how they would be more successful in investing by

opening a self-directed individual retirement account (hereinafter "IRA") for their retirement assets. Taylor also described how City Capital purchased and rehabilitated properties and thereby created money for investors.

19. After the presentation, Taylor informed attendees that they could speak with a City Capital representative for more information by making an appointment to visit the City Capital Raleigh, North Carolina office.

20. Between April 2008 and January 2010, Taylor, or others acting at his direction, solicited investors within North Carolina to create self-directed IRA accounts with City Capital at The Equity Trust Company. Interviews with these investors revealed that these investors had no managerial participation in the alleged joint ventures and that the investors' only contribution was the infusion of capital.

21. In January 2009, Taylor, or others acting at his direction, solicited from City Capital's Raleigh, North Carolina business location an investor in Texas to create a self-directed IRA account with City Capital at The Equity Trust Company. An interview with this investor revealed that this investor had no managerial participation in the alleged joint venture and that the investor's only contribution was the infusion of capital.

22. Taylor offered and sold promissory notes issued by City Laundry and City Petroleum to investors within the state of North Carolina. From his North Carolina business office, Taylor offered and sold promissory notes issued by City Laundry and City Petroleum to an investor in Texas. Taylor, City Laundry and City Petroleum guaranteed from 15% to 20% rate of return within one year. However, whenever the promissory notes matured the investors neither received the principal nor the promised interest.

23. The offer and sale of promissory notes, as found in paragraphs 17 through 22, above constitute the "offer" and "sale" of a "security," as those terms are defined pursuant to N.C.G.S. §§ 78A-2(8) and 78A-2(11).

24. The promissory notes as offered and sold by Taylor and City Capital were not registered with the Securities Division of the Department of the Secretary of State under the provisions of the North Carolina Securities Act prior to being offered and sold in North Carolina, as required by N.C.G.S. §78A-24.

Clean Sweeps

25. As member and organizer of Clean Sweeps, Taylor signed the Articles of Organization for Clean Sweeps in Taylor's capacity as CEO of City Capital. Clean Sweeps' marketing material contained the names of Taylor and City Capital.

26. On or about June 8, 2010, a person within North Carolina (hereinafter "Investor B") heard a Clean Sweeps' radio advertisement, which described Taylor as a multi-millionaire whom could help investors build wealth and monthly income through his sweepstakes machine investment opportunity. The advertisement did not provide details about the investment opportunity, so Investor B called the advertised telephone number and spoke to a Clean Sweeps' representative.

27. The Clean Sweeps' representative described the sweepstakes machine investment opportunity to Investor B. The Clean Sweeps' representative said that by purchasing a sweepstakes machine, Investor B could make on average \$2000 a month. The Clean Sweeps' representative said that if Investor B decided to invest in the sweepstakes machine investment opportunity, Clean Sweeps would take care of everything for Investor B regarding the investment including the placement of the sweepstakes machine in a location that insured profitability, staffing of the location and servicing of the sweepstakes machine. The Clean Sweeps' representative said that within 60 days of receiving Investor B's investment money, Clean Sweeps would select a location to place Investor B's sweepstakes machine.

28. The Clean Sweeps' representative emailed Investor B a document entitled "How You Can Create A Zero-Maintenance, Residual Income Using The Sweepstakes Empire!" which described how the sweepstakes investment opportunity worked and the prior successes of the

investment opportunity in North Carolina. This document states that it was authored by Taylor and City Capital.

29. On or about June 9, 2010, Investor B invested \$4997 with Clean Sweeps for the purchase of a sweepstakes machine. Taylor and Clean Sweeps never selected a location or installed Investor B's sweepstakes machine. Taylor and Clean Sweeps never provided Investor B with a return on her investment.

30. The offer and sale of the investment contract as found in paragraphs 25 through 29 above constitutes the "offer" and "sale" of a "security," as those terms are defined pursuant to N.C.G.S. §§ 78A-2(8) and 78A-2(11).

31. The investment contract consisting of the enterprise of investing in sweepstakes machine described in paragraphs 25 through 29 as offered and sold to North Carolina investors by Taylor, City Capital and Clean Sweeps was not registered with the Securities Division of the Department of the Secretary of State under the provisions of the North Carolina Securities Act prior to being offered and sold in North Carolina, as required by N.C.G.S. §78A-24.

Offer and Sale of Securities

32. At all relevant times complained of herein, Taylor was not registered to sell securities in North Carolina as required by N.C.G.S. §78A-36(a).

33. City Capital, City Laundry, City Petroleum and Clean Sweeps employed unregistered securities salesmen to offer and sell their securities, in violation of N.C.G.S. §78A-36(b). (See Exhibit D). During the April or May 2008 presentation at the North Carolina church, Taylor recruited several members of the Southside Church of Christ to work for him. These members worked in City Capital's Raleigh, North Carolina business location. Acting at the direction of Taylor, these City Capital employees were in the business of offering, purchasing and selling securities for Taylor, City Capital, City Laundry, City Petroleum and Clean Sweeps. These City Capital employees received commission based on their employment duties of offering and

selling securities to clients. Many of these City Capital employees introduced their personal friends to Respondents and to the investments being offered and sold by Respondents.

34. It is in the public interest of the citizens of North Carolina and for the protection of investors that Respondents be prohibited from violating the provisions of the Securities Act in connection with selling or making offers to sell securities and buying or soliciting offers to buy securities.

35. Respondents presently continue to have the ability to offer and sell securities to persons in North Carolina in violation of the provisions of N.C.G.S. §§78A-8, 78A-24 and 78A-36.

36. Respondents' solicitation of investors poses an immediate and significant danger to the public welfare because the securities offered have not been registered with the Division. Proper registration of securities is an essential safeguard serving to protect the public from securities fraud. In addition, the registration as a dealer or salesman, as required by the Securities Act, is essential to ensure that persons transacting business in this State are competent and properly authorized to do so.

37. An immediate Temporary Order to Cease and Desist is necessary and appropriate to address Respondents' violations of the North Carolina Securities Act. Any delay in issuing an order under N.C.G.S. §78A-47(b)(1) will result in irreparable harm to the public interest by allowing persons to continue to transact business in North Carolina in violation of its laws, and to its citizens in the form of economic loss resulting from investment in securities sold in violation of its laws.

BASED UPON the foregoing Findings of Fact, the Administrator makes the following:

CONCLUSIONS OF LAW

1. The Secretary has statutory authority pursuant to N.C.G.S. §78A-47(b)(2) to enter and issue a Temporary Order to Cease and Desist against Respondents.

2. The offering and selling of an investment in the enterprise of purchasing, rehabilitating and selling of homes constituted an investment contract, thus was a security under N.C.G.S. §78A-2(11).
3. The offering and selling of promissory notes to investors to be placed in self-directed IRA accounts with City Capital at The Equity Trust Company were securities under N.C.G.S. §78A-2(11).
4. The offering and selling of an investment in the enterprise of investing in a sweepstakes machine constituted an investment contract, thus was a security under N.C.G.S. §78A-2(11).
5. Taylor and City Capital, by making an untrue statement of a material fact to Investor A in connection with the offer, sale and purchase of the investment contract, by telling Investor A that Investor A's investment was guaranteed when instead Investor A did not get a full return of Investor A's capital investment, engaged in willful violations of the North Carolina Securities Act, specifically N.C.G.S. §78A-8(2).
6. Taylor and City Capital, by omitting to tell Investor A how Investor A's investment would be guaranteed, engaged in willful violations of the North Carolina Securities Act, specifically N.C.G.S. §78A-8(2).
7. Respondents, by offering and selling their unregistered securities in the form of investment contracts and promissory notes to persons in and from North Carolina, engaged in willful violations of the North Carolina Securities Act, specifically N.C.G.S. §78A-24.
8. Respondents, by transacting business in North Carolina without being registered as either dealers or as securities salesmen, have engaged in willful violations of the North Carolina Securities Act, specifically N.C.G.S. §78A-36.
9. There is reasonable cause to believe Respondents will continue to commit acts and omissions in violation of the North Carolina Securities Act.

10. It is necessary and appropriate for the protection and preservation of the public interest that Respondents be temporarily and summarily ordered to cease and desist from making offers and sales of securities in violation of the North Carolina Securities Act.

11. The public interest would be irreparably harmed by the delay inherent in issuing an order under the provisions of N.C.G.S. §78A-47(b)(1).

NOW, THEREFORE, IT IS ORDERED, pursuant to the authority contained in N.C.G.S. §78A-47(b)(2), that Respondents Taylor, City Capital, City Laundry, City Petroleum and Clean Sweeps and their officers, agents, employees, shareholders, directors, partners, members and all other persons or entities affiliated with any one of them, shall immediately cease and desist from:

- a. offering for sale, soliciting offers to purchase, or selling, in or from North Carolina, securities of City Capital, City Laundry, City Petroleum and Clean Sweeps and any security of any issuer, howsoever denominated, unless and until such securities have been registered pursuant to the provisions of the Securities Act;
- b. offering for sale, soliciting offers to purchase, or selling, in or from North Carolina, securities of City Capital, City Laundry, City Petroleum and Clean Sweeps and any security of any issuer, howsoever denominated, unless and until Respondents become registered pursuant to the provisions of the Securities Act as dealers or salesmen; and
- c. making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made not misleading, in connection with the offer, sale or purchase of any security.

NOTICE IS HEREBY GIVEN that Respondents may request a hearing upon this matter by transmitting such request, in writing and within thirty (30) business days of receipt of this document, to David S. Massey, Deputy Securities Administrator, Securities Division, Department of the Secretary of State, Post Office Box 29622, Raleigh, North Carolina 27626-0622. A copy of any such request shall be served by first-class mail upon Dena J. King, Enforcement Attorney, Securities Division, Department of the Secretary of State, Post Office Box 29622, Raleigh, North Carolina 27626-0622. If such a request is made, this matter shall be scheduled for a hearing in

accordance with Chapter 150B of the North Carolina General Statutes within twenty (20) days after receipt by the Deputy Securities Administrator of the written request. If no request for a hearing, other responsive pleading, or submission is received by the Deputy Securities Administrator within thirty (30) business days of the receipt of service hereof, this Temporary Order To Cease And Desist shall become final and remain in effect unless it is modified or vacated by the Secretary of State in her capacity as Administrator of the North Carolina Securities Act.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the Secretary of State, this the 30th day of November, 2011.

Time of entry: 3:16 P. M.



**ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH
CAROLINA and
SECURITIES ADMINISTRATOR**

By: 
**DAVID S. MASSEY
DEPUTY SECURITIES ADMINISTRATOR**