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THE NORTH CAROLINA SECURITIES DIVISION, )

Petitioner, )

vs. )

CLAUDE D. MCDUGAL and )  
US FINANCIAL ALLIANCE )  
CONSULTANTS, LLC )

Respondents. )

TEMPORARY ORDER

TO

CEASE AND DESIST

FILE NO. 10SEC201

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Pursuant to the authority granted by Chapter 78A of the North Carolina General Statutes (the North Carolina Securities Act), hereinafter referred to as the "Securities Act," and the rules promulgated thereunder, the Securities Division of the Department of the Secretary of State, hereinafter referred to as the "Securities Division," has investigated the activities of **CLAUDE D. MCDUGAL** and **US FINANCIAL ALLIANCE CONSULTANTS, 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 SECURITIES DIVISION** has filed an Administrative Petition against the above-named Respondents seeking, 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 SECRETARY OF STATE**, acting by and through her duly authorized Deputy Securities Administrator, from the investigation and the information derived therein, and for the protection and preservation of the public welfare and in the public interest, makes the following:

### **FINDINGS OF FACT**

1. Respondent **US FINANCIAL ALLIANCE CONSULTANTS, LLC** (hereinafter “USFAC” or “Respondent”) is a limited liability company formed on May 13, 2005 in the State of North Carolina. USFAC maintains a business office at 6000 Fairview Road, Suite 1425, Charlotte, North Carolina 28210.
2. Respondent **CLAUDE DARREL MCDOUGAL** (hereinafter “McDougal” or “Respondent”) is the manager of USFAC. McDougal resides at 4300 Sharon Road, Apt. 501, Charlotte, North Carolina 28211.
3. Respondent McDougal was employed by Centaurus Financial, Inc., a securities dealer registered with the North Carolina Securities Administrator, from approximately November 2006 to August 26, 2009. During this time period, McDougal was registered (CRD # 1535874) to sell securities in North Carolina.
4. On or about August 26, 2009, Centaurus Financial, Inc. terminated McDougal stating that McDougal failed to respond to a firm request for information regarding a customer complaint involving the selling away or the borrowing of funds from a customer. Since the date of his termination, McDougal has not been registered to sell securities in this state or any other state.
5. USFAC is a North Carolina member-managed limited liability company. USFAC is not registered with the Securities Administrator to sell securities under N.C.G.S. § 78A-36.
6. McDougal, on behalf of USFAC, offered and sold at least twenty-one (21) promissory notes in and/or from North Carolina between September 23, 2009 and September 8, 2010.

7. The offer and sale of the promissory notes, as described herein, 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).

8. The promissory notes 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.

9. From on or about August 26, 2009 to the present, McDougal has not been licensed to sell securities in North Carolina. USFAC has never been licensed to sell securities. Accordingly, Respondents are in violation of N.C.G.S. §78A-36(a).

10. 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, buying or soliciting offers to buy securities.

15. 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-24 and 78A-36.

16. The 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.

17. 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.

### 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 the Respondents.
2. There is reasonable cause to believe the Respondents have engaged in willful violations of the North Carolina Securities Act, specifically N.C.G.S. §§78A-24 and 78A-36.
3. There is reasonable cause to believe the Respondents will continue to commit acts and omissions in violation of the North Carolina Securities Act.
4. It is necessary and appropriate for the protection and preservation of the public interest that the Respondents are temporarily and summarily ordered to cease and desist from making offers and sales of securities in violation of the North Carolina Securities Act.
5. 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 Claude D. McDougal and US Financial Alliance Consultants, LLC shall immediately cease and desist from:

- a. offering for sale, soliciting offers to purchase, or selling, in or from North Carolina, promissory notes or other security, howsoever denominated, unless and until such securities have been registered pursuant to the provisions of the Securities Act; and
- b. offering for sale, soliciting offers to purchase, or selling, in or from North Carolina, promissory notes or other security, howsoever denominated, unless and until Respondents become registered pursuant to the provisions of the Securities Act as dealers or salesmen.

**NOTICE IS HEREBY GIVEN** that the 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 Christopher B. Rawls, 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 14th day of January, 2010.

Time of entry: 6:06 P M.



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

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