

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:

CAPITAL GUARDIAN, LLC.
MICHAEL MCMAHAN

RESPONDENTS

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ADMINISTRATIVE ORDER
NO. CD-2006-0046

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("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. CAPITAL GUARDIAN, LLC ("CAPITAL GUARDIAN"), is a North Carolina LLC, with a business address of 1209 E. Garrison Blvd. Gastonia, NC 28054

2. MICHAEL MCMAHAN ("MCMAHAN"), at all times relevant, was President and Chief Compliance Officer of CAPITAL GUARDIAN , with a business address of 1209 E. Garrison Blvd. Gastonia, NC 28054.

STATEMENT OF FACTS

3. On August 25, 2006, CAPITAL GUARDIAN electronically filed a Form BD, through the National Association of Securities Dealers, Inc., Central Registration Depository ("NASD CRD"), for registration as a dealer in the state of Alabama.

4. On September 1, 2006, a letter was dispatched to CAPITAL GUARDIAN which enumerated certain documentation and information that must be provided as part of

the application for registration, among which was a requirement to furnish a statement concerning any prior sales activity that had occurred in the state of Alabama.

5. On September 12, 2006, the Commission received a letter dated September 5, 2006, from Regulatory Compliance LLC., with an attached affidavit executed by MCMAHAN and dated September 9, 2006, attesting that CAPITAL GUARDIAN had no prior activity in Alabama.

6. On October 16, 2004, the Commission received transaction information from Pershing LLC., clearing firm for CAPITAL GUARDIAN, reflecting CAPITAL GUARDIAN has 15 open accounts with 8 Alabama resident reflecting 132 securities Transactions. The transactions occurred between June 16, 2006 and October 3, 2006.

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

CONCLUSIONS OF LAW

8. CAPITAL GUARDIAN is not registered nor exempt from registration as a Broker-dealer in the state of Alabama, and has effected 132 securities transactions on behalf of residents of the state of Alabama.

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

10. RESPONDENTS have 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.

11. 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 Act.

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

ACCORDINGLY, IT IS HEREBY ORDERED that RESPONDENTS 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 21st day of December, 2006.



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

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over the printed name and title.

JOSEPH P. BORG
Director