

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)	
)	
DOMINION STOCK FUND, LLC)	ADMINISTRATIVE CONSENT ORDER
JAMES RUSSELL MCELROY, III)	
)	NO. CO-2014-0005
<u>RESPONDENTS</u>)	

CONSENT ORDER

The Alabama Securities Commission (the "Commission"), having 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"), has investigated the activities of Dominion Stock Fund, LLC ("DSF"), and James Russell McElroy, III ("MCELROY") (collectively, "RESPONDENTS") to determine whether RESPONDENTS should have been registered as an investment adviser between January 1, 2003, and current date; and

RESPONDENTS

1. DOMINION STOCK FUND, LLC ("DSF") is a company that invests its capital by owning interests in select public companies and debt interests. DSF has never been registered as a broker-dealer or investment adviser. DSF is listed with the Alabama Secretary of State's Office as a Foreign Limited Liability Company, formed in Delaware on October 16, 1997. DSF's current business address is 4 Office Park Circle, Suite 312, Birmingham, AL 35223.

2. JAMES RUSSELL MCELROY, III (CRD #2821422) ("MCELROY") was previously registered in Alabama as an Investment Adviser Representative with the following: J. Russell McElroy, III CPA & Investment Adviser (CRD #122286) from July 9, 1997 through December 31, 2002. During all times relevant to the issuance of this Order, MCELROY acted as manager of DSF. DSF's current business address is 4 Office Park Circle, Suite 312, Birmingham, AL 35223.

STATEMENT OF FACTS

3. On December 31, 2002, MCELROY voluntarily terminated his registration as an investment adviser and investment adviser representative. MCELROY stated that he would cease conducting investment advisory business and submitted a form ADV-W to IARD. MCELROY mistakenly believed he was not conducting investment advisory business and that registration as an investment adviser was no longer necessary. In 2009, MCELROY received written advice from paid legal counsel that MCELROY should not be required to register as an investment adviser under Alabama law. No consideration was given to the possibility that DSF may be required to register as an investment adviser.

4. Following his voluntary termination, MCELROY remained the Manager of DSF and had full authority and responsibility for the operation and management of the business of DSF. MCELROY was and is currently compensated in the amount of 1% of the net assets of DSF through December, 2011. Since December 2011, MCELROY has not been compensated.

5. MCELROY is the lone operator of DSF whose responsibilities have included:

- A. Selecting the stocks acquired by DSF,
- B. Selecting the stocks sold by DSF,
- C. Generating the Disclosure Documents,
- D. Meeting with and signing up clients,
- E. Providing relevant documentation to those persons who purchased interests in DSF, and
- F. Meeting with regulatory entities on behalf of DSF.

6. On March 7, 2009, MCELROY changed the business of DSF by expanding the scope of DSF's investments to include "debt interests". MCELROY explained to DSF's owners that DSF would begin investing a portion of its capital in some or all of the following:

- A. Bank Deposits (via money market accounts, certificates of

- deposits, savings accounts, etc.);
- B. Debt Instruments of Public Companies;
- C. Government Securities (via municipal bonds, U.S. Treasuries, etc.);
- D. Direct Mortgage Loans;
- E. Other Loans.

In 2010, DSF sold all of its stock holdings. DSF's and MCELROY's activities are limited to the collection of principal and interest payments due with respect to the loans payable to DSF, and to redeeming all DSF shares and interests owned by certain members of DSF pursuant to an agreement effective as of June 30, 2012.

CONCLUSIONS OF LAW

7. Pursuant to Section 8-6-2(18), an investment adviser is any person, who, for compensation, engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing, or selling securities. Investment adviser includes any entity which manages the investments of a fund or pooled investment vehicle. RESPONDENT, DSF is a pooled investment vehicle and is an investment adviser under the ACT.

8. Pursuant to Section 8-6-2(19), an investment adviser representative is any person or individual employed by an investment adviser who makes recommendations or otherwise renders advice regarding securities; manages accounts or portfolios of clients; or determines what recommendations or advice, relating to transactions in securities, should be given. RESPONDENT, MCELROY is the sole manager of DSF, is solely responsible for all investments and loans that have been made by DSF and is an investment adviser representative of DSF under the Act.

9. Pursuant to Section 8-6-3(b), it is unlawful for any person to transact business in the state as an investment adviser or as an investment adviser representative unless they are registered under the Act. MCELROY terminated his registration on December

31, 2002, and thereafter, DSF acted as an investment adviser and MCELROY as an investment adviser representative in violation of the Act.

WHEREAS, RESPONDENTS have voluntarily waived all rights to a hearing upon entry of this Order, and have consented to the entry of this Order, and

WHEREAS, the Commission finds this Order necessary and appropriate in the public interest for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act, and

WHEREAS, the Commission and RESPONDENTS are desirous of settling this matter as hereafter set forth and agree to the entry of this Order.

ACCORDINGLY, IT IS HEREBY AGREED:

1. That RESPONDENTS shall, until such time as properly registered in the State of Alabama, refrain from effecting securities transactions into, within or from the State of Alabama.
2. That RESPONDENTS shall ensure that proper procedures are enacted to preclude any future non-compliance with the Act.
3. That in accordance with Section 8-6-19(j) (1), Code of Alabama 1975, RESPONDENTS shall pay to the State of Alabama an administrative assessment, in the sum of Two hundred and Fifty dollars (\$250.00) said funds to be tendered in certified funds contemporaneously with the entry of this Order.
4. That in accordance with Section 8-6-19(k)(1), Code of Alabama 1975, RESPONDENTS shall pay to the Alabama Securities Commission, as partial reimbursement for the Commission's cost for investigating this matter, the sum of Two hundred and Fifty Dollars (\$250.00), said funds to be tendered in certified funds

contemporaneously with the entry of this Order.

5 That RESPONDENTS shall pay back registration fees amounting to one thousand two hundred and fifty dollars (\$1250.00) said funds to be tendered in certified funds contemporaneously with the entry of this Order.

6. That the entry of this Order resolves all relevant issues set forth in this Order.

RESPONDENTS:

DOMINION STOCK FUND, LLC

BY: JAMES RUSSELL MCELROY, III
(Signature/Print)
3/17/14
Date

James Russell McElroy III
(Signature)
TITLE: MANAGER

JAMES RUSSELL MCELROY, III

James Russell McElroy III
(Signature)
3/17/14
Date

APPROVED AND AGREED this 19th day of March, 2014

ALABAMA SECURITIES COMMISSION
401 Adams Avenue, Suite 280
Montgomery, AL 36104
(334) 242-2984



BY:

Joseph P. Borg
JOSEPH P. BORG
Director