

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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**IN THE MATTER OF:**

**MALORY INVESTMENTS, L.L.C. (CRD # 110936),  
RONALD STEIN (CRD # 434761),  
STEPHEN STRAUSS (CRD #4446296),  
KENNETH EUGENE ZELLMER, JR. (CRD #476238),  
SEAN ZARINEGAR (CRD #2244373),  
    (aka Bejahn Zarinegar)  
CAPITAL GUARDIAN, INC.,  
BLAKE WILLIAM WILSON (CRD #1390808),  
    (aka Arnold Kramer,  
    Arnold Cramer,  
    Irv Kranberg), and  
CHRISTINE FENN  
    (aka Christine Ann Gilbert),**

**File Number: 07-00319**

**RESPONDENTS.**

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**CONSENT ORDER**

TO THE RESPONDENTS:

Capital Guardian, L.L.C. (CRD # 110936)  
10937 Wilkins Avenue #304  
Los Angeles, CA 90024

Blake Wilson (CRD# 434761)  
of 419 Tico Blvd.  
Ojai, CA 93023

WHEREAS, Capital Guardian, LLC ("Capital Guardian"), and Blake Wilson ("Wilson"), collectively ("Respondents") on the 23<sup>rd</sup> day of May 2010, executed a certain Stipulation to Enter Consent Order (the "Stipulation"), which is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondents CGI and Wilson have admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated July 6, 2007, in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order ("Consent Order").

WHEREAS, by means of the Stipulation, Respondents CGI and Wilson have acknowledged, without admitting or denying the truth thereof, that the following shall be adopted as the Secretary of State's Findings of Fact:

**FINDINGS OF FACT**

1. From March 12, 2003 until December 18, 2006, Malory Investments, L.L.C., Central Registration Depository ("CRD") #110936, was a registered securities dealer in the state of Illinois pursuant to the Act with a mailing address of 10937 Wilkins Avenue, #304, Los Angeles, CA 90024.<sup>1</sup>
2. Capital Guardian, Inc. ("CGI") has a business address of 155 East El Roblar Drive, Ojai, CA 93023. CGI is self-described as a third party Broker-Dealer and issuer compliance company.
3. Blake William Wilson (CRD # 1390808) is the owner of CGI. He has a last known business address of 155 East El Roblar Drive, Ojai, CA 93023 and a last known home address of 419 Tico Blvd., Ojai, CA. 93023.
4. In September of 2000, Respondent Wilson was subject to a Wisconsin Department of Financial Institutions Order that prohibited Respondent Wilson from selling securities in Wisconsin. The Wisconsin Order found that Respondent Wilson was the controlling person of issuers Sierra West Unit Investment Trust, Sierra West-A Unit Investment Trust, and Pac West II Unit Investment Trust (collectively "Unit Investment Trusts"). The Wisconsin Order further found that Respondent Wilson violated Wisconsin Securities Laws by using unregistered salespersons to sell interests in the Unit Investment Trusts.
5. Respondents CGI and Wilson were in the business of assisting Companies ("issuer(s)") in preparing the securities filings. Many of CGI's clients claimed the offerings were exempt from federal and state registration under a series of federal rules referred to as Regulation D.
6. A review of the files of the Illinois Securities Department did not disclose any record of the registrations of Respondents CGI and/or Wilson either as a Broker-Dealer and/or Agent in the state of Illinois.
7. The examiners found that Malory and its employees did not maintain client files. Rather, Malory and its employees relied on files maintained by Wilson and CGI.

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<sup>1</sup> Malory was registered at this address, and maintained a mailing address at 10937 Wilkins Avenue, #304, Los Angeles, CA 90024. Malory had no operations at this address other than the ability to receive mail.

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8. Despite making regulatory filings claiming that Malory was the Broker-Dealer of record, Malory was not primarily engaged in the selling efforts of any PPOs for which the firm was the Broker-Dealer of record.
9. Respondent Wilson's involvement with Malory and his violations of state blue sky laws was never disclosed to investors for any of the offerings CGI performed, including but not limited to, PPM drafting, notice filings, subscription tracking and/or other services.
10. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
11. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances in which they were made, not misleading.
12. By virtue of the foregoing, Respondent Wilson violated Sections 12.F and 12.G of the Act.
13. By virtue of the foregoing, Respondent CGI violated Sections 12.F and 12.G of the Act.

WHEREAS, by means of the Stipulation, Blake Wilson and Capital Guardian (through Blake Wilson in his capacity as owner) acknowledge that the following shall be adopted as the Secretary of State's Conclusion of Law:

1. The activities set forth above constitute the offer and sale of an investment contract, and therefore a security as those terms are defined at Sec. 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 (815 ILCS 5/1 et seq.).
2. By virtue of the foregoing, Respondents violated Sections 12.F and 12.G of the Act.

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WHEREAS, by means of this Stipulation, Respondent Wilson has acknowledged and agreed that he shall be permanently prohibited from offering or selling securities in the State of Illinois.<sup>2</sup>

WHEREAS, by means of the Stipulation, Respondent Wilson has acknowledged and agreed that he shall be permanently prohibited from engaging in the business of offering investment advice in or from the State of Illinois.

WHEREAS, by means of the Stipulation Respondent Wilson and Respondent CGI shall be jointly and severally liable for \$19,000 to the Illinois Secretary of State, Securities Audit and Enforcement Fund, as a reimbursement of investigative costs. Respondent Wilson will pay \$10,000 to the Illinois Secretary of State on or before May 28, 2010. Respondent Wilson will pay the remaining \$9,000 in increments of \$1,000 made payable on the first day of every month beginning July 1, 2010 until March 1, 2011 or until the balance has been satisfied, whichever occurs sooner.

WHEREAS, by means of the Stipulation, Respondent Wilson has acknowledged and agreed that he is permanently prohibited from securing any position of management or control (either directly or indirectly) of any entity engaged in the offer or sale of securities.

WHEREAS, by means of the Stipulation, Respondent Wilson has acknowledged and agreed that he is permanently prohibited from securing any position of employment, management, or control (either directly or indirectly) of any entity engaged in the business of a Broker-Dealer.

WHEREAS, by means of the Stipulation, Respondent Wilson has acknowledged and agreed that he is permanently prohibited from engaging in the business of offering investment advice.

WHEREAS, by means of the Stipulation, Respondent Wilson has acknowledged and agreed that he is permanently prohibited from securing any position of employment, management, or control (either directly or indirectly) of any entity engaged in the business of an Investment Adviser.

WHEREAS, by means of the Stipulation, Respondent Wilson has acknowledged and agreed that he is permanently prohibited from securing any position of management or control, including but not limited to, any officer, director, partner, agent, consultant, or person performing similar functions, of any issuer engaged in the offer of securities.

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<sup>2</sup>“Offering” shall be construed to mean issuing, engaging in the business of selling, negotiating for the sale of, or otherwise in any way dealing or participating, arranging for the sale of, or otherwise assisting any individual or entity in the distribution of securities.

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WHEREAS, by means of the Stipulation, Respondents CGI and Wilson have acknowledged and agreed that they are permanently prohibited from issuing, engaging in the business of selling, negotiating for the sale of, or otherwise in any way dealing or participating, with respect to the public or to other persons, offering, selling, arranging for the sale, employing, directly or indirectly, any device, scheme, or artifice in connection with the offer, purchase, or sale of any security, aiding and abetting any other persons or business engaged in the purchase or sale of a security, or otherwise dealing or participating with any securities.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that The Notice of Hearing dated July 7, 2007, as it relates to Respondents Wilson and CGI will be dismissed without further proceedings upon full satisfaction of all obligations set forth in this Order. The Department will retain the right to vacate this Order should any provision herein be violated.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

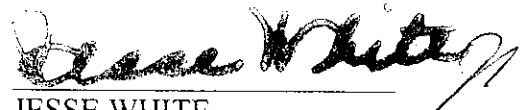
1. Respondent Wilson is permanently prohibited from offering or selling securities in the State of Illinois.<sup>3</sup>
2. Respondent Wilson is permanently prohibited from engaging in the business of offering investment advice in or from the State of Illinois.
3. Respondent Wilson and Respondent CGI shall be jointly and severally liable for \$19,000 to the Illinois Secretary of State, Securities Audit and Enforcement Fund, as a reimbursement of investigative costs. Respondent Wilson will pay \$10,000 to the Illinois Secretary of State on or before May 28, 2010. Respondent Wilson will pay the remaining \$9,000 in increments of \$1,000 made payable on the first day of every month beginning July 1, 2010 until March 1, 2011 or until the balance has been satisfied, whichever occurs sooner.
4. Respondent Wilson is permanently prohibited from securing any position of management or control (either directly or indirectly) of any entity engaged in the offer or sale of securities.
5. Respondent Wilson is permanently prohibited from securing any position of employment, management, or control (either directly or indirectly) of any entity engaged in the business of a Broker-Dealer.

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<sup>3</sup>“Offering” shall be construed to mean issuing, engaging in the business of selling, negotiating for the sale of, or otherwise in any way dealing or participating, arranging for the sale of, or otherwise assisting any individual or entity in the distribution of securities.

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6. Respondent Wilson is permanently prohibited from engaging in the business of offering investment advice.
7. Respondent Wilson is permanently prohibited from securing any position of employment, management, or control (either directly or indirectly) of any entity engaged in the business of an Investment Adviser.
8. Respondent Wilson is permanently prohibited from securing any position of, management, or control, including but not limited to, any officer, director, partner, agent, consultant, or person performing similar functions, of any issuer engaged in the offer of securities.
9. Respondents CGI and Wilson are permanently prohibited from issuing, engaging in the business of selling, negotiating for the sale of, or otherwise in any way dealing or participating, with respect to the public or to other persons, offering, selling, arranging for the sale, employing, directly or indirectly, any device, scheme, or artifice in connection with the offer, purchase, or sale of any security, aiding and abetting any other persons or business engaged in the purchase or sale of a security, or otherwise dealing or participating with any securities.
10. The Notice of Hearing dated July 7, 2007, as it relates to Respondents Wilson and CGI will be dismissed without further proceedings upon full satisfaction of all obligations set forth in this Order. The Department will retain the right to vacate this Order should any provision herein be violated.

  
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JESSE WHITE  
Secretary of State  
State of Illinois

Dated: May 25, 2010.

Attorneys for the Illinois Secretary of State:  
James J. Nix  
Angela P. Angelakos  
Office of the Secretary of State  
Illinois Securities Department  
69 W. Washington Street, Suite 1220  
Chicago, Illinois 60602  
(312) 793-3384