STATE OF NORTH CAROLINA

Department of The Secretary of State

In the Matter of:

THE NORTH CAROLINA SECURITIES DIVISION

Petitioner,

vs.

SUMMARY ORDER TO CEASE & DESIST

BRYAN K. COATS
120 Hibiscus Drive
Clayton, North Carolina 27527

File No: 07-005-CC

Respondent.

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 "Division," has investigated the activities of **BRYAN K. COATS,** (hereinafter, referred to as Respondent), to determine if he has 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 DIVISION has filed an Administrative Petition against the above-named Respondent seeking, among other remedies, a 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 therefrom, and for the protection and preservation of the public welfare and in the public interest, makes the following:

FINDINGS OF FACT

1. The Respondent **BRYAN K. COATS,** (hereinafter referred to as Respondent) is a natural person, who upon information and belief is a North Carolina-licensed insurance agent selling tax-sheltered annuities and other insurance products. Respondent's business activities include engaging in, now or in the past, the solicitation of members of the public in North Carolina to invest in "loan agreements" purchased from Alliance Group Entertainment.

2. Respondent **BRYAN K. COATS**, upon information and belief resides at 120 Hibiscus Drive, Clayton, North Carolina 27527.

3. From November 2006 through the present, Respondent offered and sold to members of the public in North Carolina investments in the form of "movie production loan" programs in Alliance Group Entertainment (hereinafter referred to as AGE).

4. Upon information and belief Respondent represented to potential investors that the AGE loan agreement paid a good return within a short period of time. Specifically, Coats offered two investment "movie production loan" programs in Alliance Group Entertainment: Program Option A promised a 25% fixed return for a 12 month fixed term investment interest paid annually. Program Option B promised 18% fixed return for a 12 month fixed term investment and a 1.5% monthly interest payment.

5. The Respondent's offer and sale of the investment in the "movie production loan" programs in Alliance Group Entertainment described in paragraphs 3 and 4 constitutes the "offer and sale" of a "security" as those terms are defined in N.C.G.S. §§78A-2(8) and 78A-2(11).

6. The securities offered and sold by the Respondent to persons in North Carolina 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 or at the time of being offered or sold to persons in North Carolina and were not exempt from registration nor covered under federal law, in violation of N.C.G.S.§78A-24.

7. At all relevant times the Respondent was not registered at the time of the offering and sale of the securities in the form of "movie production loan" programs in Alliance Group Entertainment as a dealer or salesman of securities with the Securities Division of the Department of the Secretary of the State under the provisions of the North Carolina Securities Act. Respondent was transacting business as a dealer or salesman within the meaning of N.C.G.S. §§78A-2(2) and 78A-2(9).

8. The Respondent has engaged in and may continue to engage in transacting business in offering and selling securities to persons in North Carolina, and the Respondent has not been and is not registered as a dealer or salesman of securities with the Division under the provisions of the North Carolina Securities Act, in violation of N.C.G.S. §78A-36(a).

9. The Respondent presently continues 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.

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 Cease and Desist Order against the Respondent.

2. There is reasonable cause to believe the Respondent has engaged in willful violations of the North Carolina Securities Act, specifically N.C.G.S. §§78A-24 and 78A-36(a).

3. There is reasonable cause to believe the Respondent may 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 Respondent be summarily ordered to cease and desist from making offers and sales of securities in violation of the North Carolina Securities Act.

Upon review of the facts and conclusions of law presented, I find that 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).

IT IS THEREFORE ORDERED THAT, pursuant to the authority contained in N.C.G.S. §78A-47(b)(2), that Respondent shall immediately cease and desist:

a. Offering for sale, soliciting offers to purchase, or selling, to the public in North Carolina, securities in the form of "movie production loan" programs in Alliance Group Entertainment or any security of any issuer, 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, the securities in the form of "movie production loan" programs in Alliance Group Entertainment and any security of any issuer, howsoever denominated, unless and until said person becomes registered as a dealer or salesman pursuant to the provisions of the Securities Act; and

NOTICE IS HEREBY GIVEN that the Respondent 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 Nancy Ann Vecchia, 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 hearing, or submission is received by the Deputy Securities Administrator within thirty (30) business days of the receipt of service hereof, this Summary 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 11th day of September, 2007.

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

By:
DAVID S. MASSEY
DEPUTY SECURITIES ADMINISTRATOR