

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 69001 / February 27, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15220

In the Matter of

DOUGLAS F. VAUGHAN,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Douglas F. Vaughan (“Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent consents to the Commission’s jurisdiction over him and the subject matter of these proceedings and to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Vaughan, 65 years old, is a resident of Albuquerque, New Mexico. During the time period relevant to the conduct alleged in the complaint, Vaughan was the chairman, chief executive officer, president, and majority owner of The Vaughan Company Realtors, Inc., ("VCR"), and the founder and sole natural person in control of Vaughan Capital, LLC ("Vaughan Capital"). Vaughan used VCR and Vaughan Capital to offer and sell securities to investors in the United States. Vaughan, VCR, and Vaughan Capital are not registered as, and never have been registered as, brokers or dealers with the Commission.

2. On February 14, 2013, a final judgment was entered by consent against Vaughan, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Douglas F. Vaughan, et al., Civil Action Number 10-cv-00263, in the United States District Court for the District of New Mexico.

3. The Commission's complaint alleged that, beginning in approximately 1993 and continuing until at least January 31, 2010, Respondent acted as a broker or dealer, misused and misappropriated investor funds, and engaged in a variety of conduct which operated as a fraud and deceit on investors. Among other allegations, the complaint stated that, beginning sometime in 1993, Vaughan caused VCR to issue promissory notes, which were securities, to hundreds of investors in the United States. The complaint further alleged that, beginning in about June 2008, Respondent caused Vaughan Capital to sell "membership units," which were securities. The complaint alleged that the VCR promissory note program and the Vaughan Capital securities offering were part of a single Ponzi scheme that continued until at least January 31, 2010.

4. On December 21, 2011, pursuant to a written plea agreement, Vaughan pled guilty to one count of mail fraud and one count of wire fraud in violation of Title 18, United States Code, Sections 1341 and 1343, before the United States District Court for the District of New Mexico in United States v. Douglas F. Vaughan, Cr. No. 11-404. On September 5, 2012, a judgment in the criminal case was entered against Vaughan. He was sentenced to a prison term of 144 months followed by six years of supervised release, and ordered to make restitution in the amount of \$43,658,820.91. Pursuant to the plea agreement, Vaughan also forfeited his right, title, and interest in any assets derived from or used in the commission of the criminal offenses.

5. In connection with that plea, Vaughan admitted, inter alia, that he obtained money and property from investors in the VCR promissory note program and Vaughan Capital by means of materially false and misleading statements and, in so doing, used the United States mails and interstate communications facilities. Vaughan admitted that he misrepresented to investors the safety of VCR's promissory note program and did not disclose that VCR would have been insolvent without the infusion of capital from new investors in Vaughan Capital and VCR's promissory note program.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Vaughan's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act that Respondent Vaughan be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Elizabeth M. Murphy
Secretary