

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 70527 / September 26, 2013

INVESTMENT ADVISERS ACT OF 1940
Release No. 3681 / September 26, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15525

In the Matter of

BRIAN G. ELROD,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
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”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Brian G. Elrod (“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, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, 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. From at least March 2009 through May 2010 (the "Relevant Period"), Elrod was the owner and manager of CFS Holding Company LLC ("CFS"), which, in turn, wholly owned CFS Investment Group LLC ("CIG"). Elrod was the president and chief executive officer of CIG as well as CIG's financial service company subsidiaries (collectively, with CFS, the "Elrod Companies"). During the Relevant Period, Elrod was also a registered representative associated with a broker-dealer registered with the Commission and was associated with a registered investment adviser. Elrod, 54 years old, is a resident of Buffalo Creek, Colorado.

2. On September 24, 2013, a final judgment was entered by consent against Elrod, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Brian G. Elrod, et al., Civil Action Number 13-CV-02449 (WYD) (D. Colo.), in the United States District Court for the District of Colorado.

3. The Commission's complaint alleged that, in connection with the offer, purchase, and sale of promissory notes issued by CFS, Elrod misused and misappropriated investor funds, misrepresented that investor funds would be used to expand the Elrod Companies' businesses, misrepresented the risks associated with the CFS promissory notes, and otherwise engaged in a variety of conduct which operated as a fraud and deceit on investors. The complaint also alleged that Elrod improperly failed to register the CFS promissory note offering with the Commission.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act that Respondent Elrod 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