

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 83151 / May 2, 2018**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18465**

**In the Matter of**

**Douglas A. McClain, Jr.,**

**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 A. McClain, Jr. (“McClain” or “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 admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.2-3 below, and consents 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. McClain was a member and President of SW Argyll Investments, LLC (d/b/a Argyll Investments LLC) ("Argyll"). Argyll has never been registered with the Commission in any capacity.

2. On May 31, 2013, McClain was convicted of: (i) conspiracy to commit mail, wire, and securities fraud in violation of 18 U.S.C. §371; mail fraud in violation of 18 U.S.C. §1341; wire fraud in violation of 18 U.S.C. §1343; securities fraud in violation of 15 U.S.C. §78; and money laundering in violation of 18 U.S.C. §1957. On September 23, 2013, McClain was sentenced to serve 15 years in prison, and was ordered to pay restitution of \$81,731,879.98.

3. On April 26, 2018, a final judgment was entered by consent against McClain, permanently enjoining him from future violations of Section 5 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. SW Argyll Investments, LLC (d/b/a Argyll Investments, LLC), et al., Civil Action Number 12-cv-646-L-KSC, in the United States District Court for the Southern District of California.

4. The Commission's complaint alleged that Argyll Investments, which was controlled by McClain and another individual, operated a fraudulent stock-collateralized loan business. As part of this business, Argyll fraudulently induced at least nine affiliates of issuers to transfer ownership of millions of shares of publicly traded stock as collateral for purported loans, based on a false promise to return the shares to borrowers upon repayments of the loans. Unbeknownst to the borrowers, however, Argyll sold their pledged shares before or soon after funding the loans – and, in many cases, used the proceeds from the collateral sales to fund the loans. As a result of this scheme, Argyll received more than \$8 million in unlawful gains.

### IV.

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

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

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent McClain be, and hereby is 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.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields  
Secretary