

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING ) Order No. S-09-003-11-CO02  
5 whether there has been a violation of the )  
6 Securities Act of Washington by: ) CONSENT ORDER  
7 )  
8 Centurion Financial Group, LLC; )  
9 Thomas R. Hazelrigg III; and )  
10 Scott G. Switzer, )  
11 )  
12 Respondents )

13 **INTRODUCTION**

14 Pursuant to the Securities Act of Washington, chapter 21.20 RCW, the Securities Division of the  
15 Department of Financial Institutions (“Securities Division”) and Respondents, Centurion Financial  
16 Group, LLC; Thomas R. Hazelrigg III; and Scott G. Switzer, do hereby enter into this CONSENT  
17 ORDER in settlement of the matters alleged herein. Respondents, Centurion Financial Group, LLC;  
18 Thomas R. Hazelrigg III; and Scott G. Switzer, neither admit nor deny the Findings of Fact and  
19 Conclusions of Law as stated below.

20 **FINDINGS OF FACT**

21 Respondents

- 22 1. Centurion Financial Group, LLC (“Centurion”) is a Washington limited liability company that  
23 has its principal place of business in Bellevue, Washington. Centurion was formed on March 29, 2004.  
24 From at least 2007 through 2009, Centurion was in the business of originating high-interest, short-term  
25 loans that were to be secured by real estate. The loans were to be made for a business purpose and were  
generally to be used for real estate development.
2. Thomas R. Hazelrigg III (“Hazelrigg”) was a managing member of Centurion.
3. Scott G. Switzer (“Switzer”) was a managing member of Centurion.

1 Internet Offering of Promissory Note Investments

2 4. During at least 2008, Centurion advertised its investments on its Internet website at  
3 <http://www.centurionfg.com>. In the “Investments” section of the website, Centurion stated that it was  
4 originating loans that would generate “fixed returns of 12% to 15% on real estate secured investments.”  
5 The website stated that the primary borrowers were large, experienced real estate developers who had  
6 significant net worth. The website stated that the loans were to be secured by deeds of trust that would  
7 provide “safety through real estate securitization.” The website also stated that Hazelrigg had years of  
8 experience in property development and that “every loan that Tom has ever made has been collected in  
9 full, thanks to his experience and sound judgment.”  
10

11 Offer and Sale of Promissory Notes

12 5. From 2007 through 2009, the Respondents each offered and sold promissory notes that were  
13 issued by Centurion. The notes were sold to twelve purchasers, most of whom were Washington  
14 residents. The principal amount of the notes totaled more than \$3,500,000. The annual interest rate for  
15 the notes ranged from 12% to 15%. The notes were generally due after five days’ written notice by the  
16 purchaser. The notes were personally guaranteed by Hazelrigg and by Switzer.

17 6. The proceeds from the notes were to be used by Centurion as business operating capital for  
18 making commercial and business purpose loans. The investors who purchased the Centurion promissory  
19 notes were relying upon the Respondents to generate a return on their investments. The investors did  
20 not participate in the management of Centurion or its business activities and the investors did not have  
21 any control over the use of their invested funds.

22 Misrepresentations and Omissions

23 7. When offering and selling the promissory note investments, the Respondents each represented  
24 to investors that the notes would be secured by real estate. In fact, the Respondents did not assign any  
25

1 real property security interests to protect the investors. The Respondents also failed to disclose any  
2 specific use of investor funds. The Respondents each failed to disclose risks associated with real  
3 property secured loans, including, but not limited to, payment defaults, illiquidity, the need for possible  
4 future cash contributions, and fluctuations in real property values. The Respondents each failed to  
5 disclose the business operating history of Centurion. The Respondents each failed to give investors any  
6 financial statements for Centurion, Hazelrigg, or Switzer, which would have enabled investors to assess  
7 the Respondents' ability to repay the notes.

#### 8 Inability to Repay the Investments

9  
10 8. The Centurion promissory notes were generally not repaid according to their terms and the  
11 regular monthly interest payments stopped after May 2009. Respondents have since repaid some  
12 investors, but not others. In June 2010, Switzer sent a letter to one of the investors. The letter stated  
13 that Centurion had sustained losses in 2007 and 2008 of over \$40,000,000. The letter stated that  
14 Centurion had become insolvent and would not be able to repay the investor.

#### 15 Registration Status

16 9. Centurion is not currently registered to sell its securities in the state of Washington and has not  
17 previously been so registered.

18 Based upon the Findings of Fact, the following Conclusions of Law are made:

### 19 **CONCLUSIONS OF LAW**

#### 20 **I.**

21  
22 The offer or sale of the promissory note investments described above constitutes the offer or sale  
23 of a security as defined in RCW 21.20.005(10) and (12), whether in the form of an investment contract,  
24 note, or evidence of indebtedness.

1 II.

2 As set forth in the Findings of Fact, Respondents, Centurion, Hazelrigg, and Switzer, have each  
3 offered unregistered securities in violation of RCW 21.20.140, the securities registration section of the  
4 Securities Act of Washington.

5 III.

6 As set forth in the Findings of Fact, Respondents, Centurion, Hazelrigg, and Switzer, in connection  
7 with the offer or sale of said securities, have each made untrue statements of material fact or omitted to  
8 state material facts necessary in order to make the statements made, in the light of the circumstances  
9 under which they are made, not misleading, in violation of RCW 21.20.010, the anti-fraud section of the  
10 Securities Act of Washington.  
11

12 **CONSENT ORDER**

13 Based upon the foregoing and finding it in the public interest:

14 IT IS AGREED AND ORDERED that Respondents, Centurion Financial Group, LLC; Thomas R.  
15 Hazelrigg III; and Scott G. Switzer, and their agents and employees each shall cease and desist from  
16 violating RCW 21.20.140, the securities registration section of the Securities Act of Washington.

17 IT IS FURTHER AGREED AND ORDERED that Respondents, Centurion Financial Group, LLC;  
18 Thomas R. Hazelrigg III; and Scott G. Switzer, and their agents and employees each shall cease and  
19 desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

20 IT IS FURTHER AGREED AND ORDERED that Respondents, Centurion Financial Group, LLC;  
21 Thomas R. Hazelrigg III; and Scott G. Switzer, shall be jointly and severally liable for and shall pay a  
22 fine of \$20,000, and shall each pay investigative costs of \$2,500. However, the entire amount of the  
23 fines and costs shall be suspended, based upon Respondents' future compliance with this Consent Order  
24 and based on filings with the Division demonstrating an inability to pay.  
25

1 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent  
2 Order.

3 IT IS FURTHER AGREED that Respondents, Centurion Financial Group, LLC; Thomas R.  
4 Hazelrigg III; and Scott G. Switzer, enter into this Consent Order freely and voluntarily and with a full  
5 understanding of its terms and significance.

6 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents, Centurion  
7 Financial Group, LLC; Thomas R. Hazelrigg III; and Scott G. Switzer, each waive their right to a  
8 hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.  
9

10 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

11  
12 Signed this 17<sup>th</sup>/25<sup>th</sup> day of May, 2011

13  
14 Signed by:  
15 Centurion Financial Group, LLC

14 Approved for entry by:

16  
17 By /s/ Scott G. Switzer  
18 Managing Member

/s/ Jack G. Orr  
Jack G. Orr  
WSBA #6740

19 Signed by:  
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22 /s/ Thomas R. Hazelrigg III  
Thomas R. Hazelrigg III, Individually

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Signed by:

/s/ Scott G. Switzer

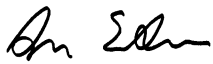
Scott G. Switzer, Individually

SIGNED and ENTERED this 9th day of June, 2011



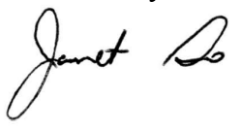
WILLIAM M. BEATTY  
Securities Administrator

Approved by:



Suzanne E. Sarason  
Chief of Enforcement

Presented by:



Janet So  
Enforcement Attorney

Reviewed by:

Robert Kondrat  
Financial Legal Examiner Supervisor