

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF:

**ROYAL ALLIANCE ASSOCIATES, INC.
(CRD 23131),
MARK J. BARATI (CRD 2160553),
MARCUS M. CARBAJAL (CRD 1935847),
DIRK C. SALBERG (CRD 2470737)**

CASE NO. 0800047

**CONSENT ORDER OF CENSURE AS TO RESPONDENTS
ROYAL ALLIANCE ASSOCIATES, INC., MARCUS M. CARBAJAL
AND DIRK C. SALBERG**

WHEREAS, on April 22, 2011 an Amended Notice of Hearing in this matter was filed by the Illinois Securities Department (the "Department");

WHEREAS, Respondents Royal Alliance Associates, Inc., Marcus Carbajal, and Dirk Salberg, ("Respondents"), filed an Answer to the Amended Notice of Hearing in which they denied all claims and allegations of wrongful conduct;

WHEREAS, Respondents desire to resolve this matter without the expense and uncertainty of prolonged litigation;

WHEREAS, on or about January 6, 2012, Respondents signed and entered a Stipulation to Enter Consent Order which is incorporated by reference herein;

WHEREAS, Respondents have admitted to the jurisdiction of the Secretary of State in this matter and have consented to the entry of this Consent Order ("Consent Order");

WHEREAS, the Department's investigation into this matter, as it relates to Respondents, has determined that the underlying facts of this matter consist of unique circumstances in which Respondent Mark J. Barati, not a party to this Consent Order and still a named Respondent in the Case, had used his knowledge of the securities industry's general policies and procedures as well as his relationship with Respondents Salberg and Carbajal to manipulate the circumstances so that he could defraud certain investors;

WHEREAS, on or about January 4, 2012, in conjunction with Case Number 10-02091 before the Financial Industry Regulatory Authority, Inc.'s Office of Dispute Resolution, Respondents made a settlement offer to the Investors of Five Hundred and Sixty-Five Thousand Dollars, which represents approximate 45% of the principal amount invested by investors with Barati, and Investors accepted;

WHEREAS, in consideration of resolving this matter with the Illinois Securities Department, Respondent *Royal Alliance Associates, Inc.*, has agreed to enact certain enhancements to its compliance and sales practice policies and procedures, pay the Forum Costs of Case Number 10-02091 before the Financial Industry Regulatory Authority, Inc.'s Office of Dispute Resolution, as well as pay for the costs and expenses of the Department's investigation into this matter;

WHEREAS, Respondents acknowledge, without admitting or denying the truth thereof, that the following allegations shall be adopted as the Secretary of State's Findings of Fact:

1. Respondent *Royal Alliance Associates, Inc.* ("Royal Alliance"), CRD #23131, is a federally covered investment advisor operating out of One World Financial Center, 15th Floor, in New York, New York, and does investment advisory business in Illinois. Royal Alliance is also registered as a Broker-Dealer in Illinois.
2. Respondent *Dirk Salberg* ("Salberg"), CRD #2470737, is an individual with a last known address of 1074 Crimson Dr., in San Marcos, California. Salberg was a Royal Alliance registered representative from October of 2005 through November of 2008 supervised from the Branch Office at 1300 East Woodfield Road in Schaumburg, Illinois.
3. Respondent *Marcus Carbajal* ("Carbajal"), CRD #1935847, is an individual with the last known address of 1622 RFD in Long Grove, Illinois. Carbajal was a registered representative for Royal Alliance from May of 2004 through May of 2010 operating from the branch office at 1300 East Woodfield Road in Schaumburg, Illinois. Carbajal was the branch manager of the office as well as the supervisor of Salberg.
4. Respondent *Mark Jonathan Barati* ("BARATI"), CRD #2160553, is an individual with a last known address of 1161 Kasting Lane in Mundelein, Illinois. Respondent Mark Barati has absconded from Illinois and, under information and belief, may be residing in Florida.
5. Investors, two retirees residing in Wisconsin, have maintained brokerage accounts with Royal Alliance since 2004, with Salberg as their broker and Carbajal his supervisor. Prior to maintaining an account at Royal Alliance, Investors had brokerage accounts at NSA Securities, a now defunct firm that was operated by Michael Barati, the father of Respondent Barati.
6. On May 19, 2007, Barati, an individual not affiliated with Royal Alliance, travelled from Illinois to Wisconsin to solicit Investors to purchase two promissory notes ("Notes") related to a Barati-owned business, and provided investors information regarding Barati and his various businesses' purported financial conditions.
7. To obtain Investors' money Barati convinced investors to borrow on margin from their respective brokerage accounts at Royal Alliance, promising to pay all interest incurred on Investors' respective accounts. He also personally guaranteed the Notes.

8. On or about May 21, 2007, Salberg received two account applications to update Investors' Royal Alliance brokerage accounts to allow for margin borrowing; one in each Investor's name and signed respectively.
9. Facsimiles of the account applications were then sent from Salberg's California office to Carbajal's Illinois office for review and acceptance. The applications were then sent to Royal Alliance and its clearing firm.
10. On or about May 22, Salberg, in California, sent Fund Wiring Authorization Forms in the name of each Investor directing \$600,000.00 to be wired from each brokerage account, on margin, to a checking account under the control of Barati. These forms were sent directly from Salberg to Royal Alliance's clearing firm with an instruction to expedite the transaction.
11. The above referenced transactions concerning the transferring of copies of the Investors' account applications between Salberg's and Carbajal's offices and the expedited instructions, all of which originated from Barati's solicitation of Investors, were not properly recorded in the Royal Alliance blotter and ledger related to Investors' accounts as required under Section 11.A of the Illinois Securities Law, in particular, Section 130.825 (a)(1), (2), (3), and (6) of the Rules and Regulations Under the Illinois Securities Law of 1953.

WHEREAS Respondents Royal Alliance Associates, Inc., Marcus Carbajal, and Dirk Salberg acknowledge, without admitting or denying the truth thereof, that the following shall be adopted as the Secretary of State's Conclusions of Law:

1. Respondents Royal Alliance Associates, Inc., Marcus Carbajal, and Dirk Salberg did not fulfill the Records Requirement of Section 11.A of the Illinois Securities Law.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that this matter as it related to Respondents Royal Alliance Associates, Inc., Marcus Carbajal, and Dirk Salberg may be DISMISSED without further proceedings and that this Consent Order constitutes a final resolution of any administrative action based upon the allegations put forth in the Notice of Hearing as well as the above Findings of Fact, subject to Section 12.D of the Act.

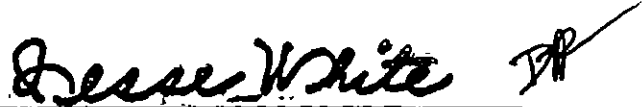
NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Respondents Royal Alliance Associates, Inc., Marcus Carbajal, and Dirk Salberg are censured;

2. Respondents Royal Alliance Associates, Inc., Marcus Carbajal, and Dirk Salberg agree to honor the settlement agreement entered into with Investors, a copy of which shall be kept with the Departmental file;
3. Respondent Royal Alliance Associates, Inc., agrees to enhance its policies and procedures as they pertain to the concerns outlined by the Department in Exhibit "A", a copy of which is attached hereto;
4. Respondents Royal Alliance Associates, Inc., Marcus Carbajal, and Dirk Salberg agree to pay, within thirty days of entry of this Order, the sum of Ten Thousand dollars (\$10,000.00) for the costs of the Department's investigation, payable by certified or cashier's check to the Illinois Secretary of State, Audit and Enforcement Fund; and
5. The formal hearing, as it pertains to Respondents Royal Alliance Associates, Inc., Marcus Carbajal, and Dirk Salberg, identified as Illinois Securities Department Case Number 0800047 is hereby DISMISSED without further proceedings.

ENTERED: This 9th day of January, 2012

Attorney for the Department:
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JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the ACT. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony for each offense.

This is a final order subject to administrative review pursuant to the Administrative Review Law (735 ILCS 5/3-101 *et seq.*) and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. 1 Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

EXHIBIT A

Pursuant to the Consent Order accompanying this “Exhibit A” Royal Alliance Associates, Inc. agrees to enact certain changes as they relate to:

1. Enhancements to its policies and procedures in regards to providing guidance for its representatives as to what might constitute a “conflict of interest” in their business dealings with customers; and
2. Enhancing its disclosures related to its customers’ margin account agreements, in particular, transactions regarding non-Royal Alliance investments/securities.