

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)	
)	ORDER TO CEASE AND DESIST
Clifton Rodney Michael)	
(a/k/a "C. Rodney Michael,")	
a/k/a "Rodney Michael"))	
)	
and)	File No. 08006
)	
R & M Loans, Inc.)	
)	
Respondents.)	
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WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the "Division"), pursuant to authority granted in the South Carolina Uniform Securities Act of 2005 (the "Act"), S.C. Code Ann. §§ 35-1-101 to 35-1-703 (Supp. 2009), in or around January 2008, received information regarding activities of Clifton Rodney Michael (a/k/a "C. Rodney Michael," a/k/a "Rodney Michael") ("Michael") and R & M Loans, Inc. ("R&M") which, if true, could constitute violations of the Act;

WHEREAS, the information led the Division to open and conduct an investigation of Michael and R&M (collectively, the "Respondents") pursuant to S.C. Code Ann. § 35-1-602; and

WHEREAS, in connection with the investigation, the Division has determined that evidence exists to support the following findings and conclusions:

1. Respondent Michael is a South Carolina resident.

2. During the relevant time period herein, Respondent R&M was a South Carolina corporation owned and controlled by Respondent Michael.
3. The primary business address for Respondents during the relevant time period was 200 Chesterfield Highway, Cheraw, South Carolina 29520.
4. In or around 2003, Respondents began offering promissory notes in and from the State of South Carolina.
5. When making the offers, Respondents indicated the proceeds of the promissory notes would be used to make consumer loans and that the notes were "guaranteed."
6. During the relevant time period, Respondent R&M was a company in the business of making consumer loans.
7. Upon information and belief, Respondent R&M was funded by proceeds it obtained from investors.
8. In exchange for their investments, Respondents gave investors promissory notes, most of which indicated a guaranteed interest rate.
9. Respondents represented to investors they would pool the money taken in from investors and utilize the funds to make consumer loans.
10. Investors were then to be paid the interest rate they had been guaranteed from the interest the Respondents received on the consumer loans.
11. Upon information and belief, as of December 31, 2009, Respondent R&M had promissory notes outstanding with at least twenty-four (24) investors.

12. Upon information and belief, as of as of December 31, 2009, the outstanding promissory notes had a combined outstanding obligation of at least five hundred twenty-nine thousand, five hundred and eight dollars (\$529,508.00).
13. The terms of the promissory notes issued by Respondents varied, but most guaranteed rates of interest between ten (10%) and fifteen (15%) percent.
14. By November 2007, Respondents had begun failing to meet their obligations to investors regarding the investors' "guaranteed" interest rates.
15. Respondents had also defaulted on one or more of their obligations pursuant to the allegedly guaranteed promissory notes entered with investors.
16. Respondent Michael, acting on behalf of himself and Respondent R&M, made the direct representations above to investors, and issued the promissory notes given to investors.
17. Upon information and belief, Respondent Michael maintained sole control of all bank accounts for Respondents.
18. A review of Respondents' bank accounts show Respondent Michael spent money given to him and Respondent R&M by investors in exchange for promissory notes on personal and/or other expenses which were unrelated to the business of R&M.
19. Some of the payments made by Respondents which were funded with investor funds include payments on personal loans, personal medical, educational and other expenses, payments to family members, and payments on real property.
20. Respondent Michael, on behalf of himself and Respondent R&M, did not inform investors that their money would be used for personal and other expenses which were unrelated to R&M's business.

21. On or around March 31, 2009, Respondent Michael came to the offices of the South Carolina Securities Division to give a statement concerning his business at Respondent R&M Loans and the terms of the promissory note investment offered by Respondents.
22. In the statement Respondent Michael admitted he had used money given to him and Respondent R&M for promissory notes for personal use.
23. In the statement and in later communications Respondent Michael also indicated he did not keep records of company (R&M) money and/or the amount of company money he used for personal expenses.
24. The promissory notes offered and sold by Respondents are securities pursuant to the Act.
25. The promissory notes offered and sold by Respondents were not registered for sale in or from the State of South Carolina, nor were they federally covered securities.
26. Respondent Michael is not and has never been registered in the State of South Carolina as an agent, investment adviser representative, or other person authorized to give financial advice or offer or sell securities in or from this State.
27. Respondent R&M has never been registered in the State of South Carolina as a broker-dealer, investment adviser, or other person authorized to offer or sell securities in or from this State or to employ persons to act on his behalf to offer or sell securities in or from this State.
28. No exemption from registration has been claimed by either Respondent on behalf of themselves or the promissory notes offered and sold in and from this State.

WHEREAS, the promissory notes offered by Respondents Michael and R&M, as described above, constitute “securities” within the meaning of S.C. Code Ann. § 35-1-102(29); and

WHEREAS, Respondents Michael and R&M, as described above, offered and sold the securities in and from this State; and

WHEREAS, pursuant to S.C. Code Ann. § 35-1-301, it is unlawful for a person to offer or sell a security in this State unless (1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration under Sections 35-1-201 through 35-1-203 of the Act; or (3) the security is registered under the Act;

WHEREAS, the securities Respondents offered and sold in and from South Carolina were not (i) registered, (ii) federally covered securities, or (iii) otherwise exempt within the meaning of the Act; and

WHEREAS, Respondent Michael, as described above, was not registered in South Carolina or exempt from registration as an agent under the Act; and

WHEREAS, Respondent R&M utilized Michael, who was not registered as an agent or exempt from registration, to offer and sell its securities in and from South Carolina; and

WHEREAS, Respondents, in connection with the solicitations described above, made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

WHEREAS, based on the foregoing, the Division has determined that Respondents have engaged in acts and practices which violate S.C. Code Ann. §§ 35-1-301, 35-1-402(a) and (d), and 35-1-501; and

WHEREAS, after due deliberation, the Division finds it necessary and appropriate, in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act to issue the following Order:

CEASE AND DESIST ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), IT IS HEREBY ORDERED that Respondents Michael and R&M and every successor, affiliate, control person, agent, servant, and employee of Michael and R&M, and every entity owned, operated, or directly or indirectly controlled by or on behalf of either of the Respondents:

- a. Cease and desist from offering and/or selling securities in or from the State of South Carolina;
- b. Cease and desist from transacting business in or from the State of South Carolina in violation of the Act by making untrue statements and/or omissions of material fact in connection with the offer or sale of a security, or otherwise engaging in dishonest and unethical business practices; and
- c. Pay a civil penalty in the amount of ten thousand dollars (\$10,000.00) per Respondent if this Order becomes effective by operation of law, or, if any Respondent seeks a hearing and a legal authority resolves this matter, pay

a civil penalty in an amount not to exceed ten thousand dollars (\$10,000.00) for each violation of the Act by that Respondent and the actual cost of the investigation or proceeding.

**REQUIREMENT OF ANSWER AND
NOTICE OF OPPORTUNITY FOR HEARING**

Respondents are hereby notified that they each have the right to a hearing on the matters contained herein. To schedule such a hearing, a Respondent must file with the Securities Division, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina 29211-1549, attention: Thresechia Navarro, within thirty (30) days of notification of the issuance of this Order to Cease and Desist a written Answer specifically requesting a hearing therein.

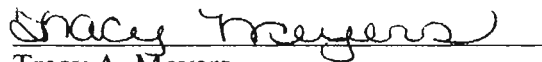
In the written Answer, the Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty (30) day period stated above shall be deemed a waiver by that Respondent of his right to such a hearing. Failure of a Respondent to file an Answer, including a request for a hearing, shall result in this Order, including the stated civil penalty, becoming final as to that Respondent by operation of law.

CONTINUING TO ENGAGE IN ACTS DETAILED BY THIS ORDER
AND/OR SIMILAR ACTS MAY RESULT IN THE DIVISION'S FILING
ADDITIONAL ADMINISTRATIVE ACTIONS AND/OR SEEKING FURTHER

ADMINISTRATIVE FINES. WILLFUL VIOLATION OF THIS ORDER COULD
RESULT IN CRIMINAL PROSECUTION. THIS ORDER DOES NOT PRECLUDE
THE FILING OF PRIVATE CAUSES OF ACTION OR THE FILING OF CRIMINAL
CHARGES UNDER S.C. CODE ANN. § 35-1-508 OR ANY OTHER APPLICABLE
CODE SECTION.

So **ORDERED**, this 20th day of June, 2010.



Tracy A. Meyers
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