

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF NORTH CAROLINA

IN THE MATTER OF:

**Clifton Rodney Michael
(a/k/a "C. Rodney Michael,"
a/k/a "Rodney Michael")**

and

R & M Loans, Inc.

Respondents.

ORDER TO CEASE AND DESIST

File No. 08006

WHEREAS, the Securities Division of the Office of the Attorney General of the State of

North Carolina (the "Division") has received information that the Respondents have

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.

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

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

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. § 35-1-201, it is unlawful for anyone 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 Section 35-1-201

WHEREAS, [REDACTED]

Respondents have engaged in acts and practices which violate S.C. Code Ann. §§ 35-1-

1.

WHEREAS, after due deliberation, the Division finds it necessary and

[REDACTED]

ADMINISTRATIVE FINES - WILLFUL VIOLATION OF THIS ORDER

Section 106.101. (a) Any person who willfully violates any provision of this order shall be liable to a civil penalty of not more than \$10,000 for each violation.

(b) The civil penalty shall be assessed by the commission upon a finding that a person has willfully violated any provision of this order. The commission may, in its discretion, suspend or reduce the civil penalty if the person can demonstrate that the violation was the result of a good faith effort to comply with this order.

(c) The civil penalty shall be payable to the commission. The commission may, in its discretion, suspend or reduce the civil penalty if the person can demonstrate that the violation was the result of a good faith effort to comply with this order.

(d) The civil penalty shall be assessed by the commission upon a finding that a person has willfully violated any provision of this order. The commission may, in its discretion, suspend or reduce the civil penalty if the person can demonstrate that the violation was the result of a good faith effort to comply with this order.

(e) The civil penalty shall be payable to the commission. The commission may, in its discretion, suspend or reduce the civil penalty if the person can demonstrate that the violation was the result of a good faith effort to comply with this order.

(f) The civil penalty shall be assessed by the commission upon a finding that a person has willfully violated any provision of this order. The commission may, in its discretion, suspend or reduce the civil penalty if the person can demonstrate that the violation was the result of a good faith effort to comply with this order.

(g) The civil penalty shall be payable to the commission. The commission may, in its discretion, suspend or reduce the civil penalty if the person can demonstrate that the violation was the result of a good faith effort to comply with this order.

(h) The civil penalty shall be assessed by the commission upon a finding that a person has willfully violated any provision of this order. The commission may, in its discretion, suspend or reduce the civil penalty if the person can demonstrate that the violation was the result of a good faith effort to comply with this order.