

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)
)
NJ Holdings, LLC (d/b/a Coast to Coast)
Business Funding), Nickolas Godfrey,)
and Jennifer Godfrey,)
)
Respondents.)

ORDER TO CEASE AND DESIST

File No. 15053

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) has been authorized and directed by the Securities Commissioner of South Carolina (the “Securities Commissioner”) to administer the provisions of S.C. Code Ann. § 35-1-101, *et seq.*, the South Carolina Uniform Securities Act of 2005 (the “Act”); and

WHEREAS, the Division received information regarding alleged securities-related activities of Nickolas Godfrey, Jennifer Godfrey, and NJ Holdings, LLC (“NJ Holdings”) (d/b/a Coast to Coast Business Funding) (collectively referred to as the “Respondents”); and

WHEREAS, based on the information received, the Division decided it was necessary and appropriate to open an investigation pursuant to S.C. Code Ann. § 35-1-602 to determine whether the Respondents had violated, were violating, or were about to violate the Act; and

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

I. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

II. RESPONDENTS

2. NJ Holdings is a North Carolina limited liability company with a last known address of 9848 Rea Road, Charlotte, North Carolina 28277.
3. Nickolas Godfrey is a South Carolina resident with a last known address of 377 Chorus Road, Fort Mill, South Carolina 29715.
4. Jennifer Godfrey is a South Carolina resident with a last known address of 377 Chorus Road, Fort Mill, South Carolina 29715.
5. At all times relevant to this Order, Nickolas Godfrey and Jennifer Godfrey were the owners, managers, and chief control persons of NJ Holdings.

III. FINDINGS OF FACT

6. NJ Holdings was founded and operated by Nickolas Godfrey and Jennifer Godfrey on or about February 16, 2007.
7. In addition to operating NJ Holdings, Nickolas Godfrey and Jennifer Godfrey were the owners and operators of several salons in and around the Charlotte area (the “Salons”).
8. In or about 2012, the Respondents began conducting business under the name Coast to Coast Business Funding (“Coast to Coast”).
9. Ostensibly, the business model for Coast to Coast was to solicit small businesses in need of short-term loans.
10. Allegedly in order to provide funding for these small businesses, the Respondents began soliciting investors to invest with Coast to Coast (the “Coast to Coast Investment”).
11. Beginning in or about September 2012, the Respondents sold the Coast to Coast Investment to at least twenty-five (25) investors (individually, “Investor A” through “Investor Y”; collectively, the “Coast to Coast Investors”).

12. In connection with the offer of the Coast to Coast Investment, the Respondents told the Coast to Coast Investors that their investments would be used solely to provide loans to small businesses.
13. In connection with each offer of the Coast to Coast Investment, the Respondents told the Coast to Coast Investors that they could expect returns ranging from six percent (6%) to twenty-five percent (25%).
14. Based on the Respondents' representations, the Coast to Coast Investors invested a collective total of approximately one million four hundred thousand dollars (\$1,400,000.00) with the Respondents.
15. The Respondents deposited or transferred investments from the Coast to Coast Investors to an account controlled solely by the Respondents (the "NJ Account"). Upon deposit or transfer into the NJ Account, the Coast to Coast Investors' funds became commingled and indistinguishable from other monies in the NJ Account.
16. Contrary to the representations made to the Coast to Coast Investors by the Respondents, the Respondents did not make significant use of the Coast to Coast Investors' investments to provide loans to small businesses.
17. Contrary to the representations made to the Coast to Coast Investors by the Respondents, the Respondents used the Coast to Coast Investors' investments to make interest payments to the other Coast to Coast Investors.
18. Contrary to the representations made to the Coast to Coast Investors by the Respondents, the Respondents used the Coast to Coast Investors' investments for the Respondents' personal expenses and business expenses unrelated to the Coast to Coast Investment.
19. Contrary to the representations made to the Coast to Coast Investors by the Respondents,

the Coast to Coast Investors did not receive the rates of return promised by the Respondents.

20. Respondents Nickolas Godfrey and Jennifer Godfrey represented Respondent NJ Holdings in effecting or attempting to effect the transactions referenced above.
21. At no time relevant to the events stated herein was Respondent NJ Holdings registered with the Division as a broker-dealer, and no exemption from registration has been claimed.
22. At no time relevant to the events stated herein was Respondent Nickolas Godfrey registered with the Division as an agent, and no exemption from registration has been claimed.
23. At no time relevant to the events stated herein was Respondent Jennifer Godfrey registered with the Division as an agent, and no exemption from registration has been claimed.
24. At no time relevant to the events stated herein were the securities at issue registered with the Division or federal covered securities, and no exemption from registration has been claimed.

IV. CONCLUSIONS OF LAW

25. The South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, governs the offer and sale of securities in this State.
26. Pursuant to S.C. Code Ann. § 35-1-102(29), notes, investment contracts, stock, and certificates of interest or participation in profit-sharing agreements, *inter alia*, constitute securities.
27. 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 that security is a federal covered security, exempt from registration, or registered.
28. Pursuant to S.C. Code Ann. § 35-1-102(2), an “agent” includes an individual who represents an issuer in effecting or attempting to effect purchases or sales of the issuer’s securities.
 29. Pursuant to S.C. Code Ann. § 35-1-102(17), an “issuer” is an individual that issues or proposes to issue a security.
 30. Pursuant to S.C. Code Ann. § 35-1-402(a), it is unlawful for an individual to transact business in this State as an agent unless that individual is registered or exempt from registration.
 31. Pursuant to S.C. Code Ann. § 35-1-402(d), it is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this State, to employ or associate with an agent who transacts business in this State on behalf of broker-dealers or issuers unless the agent is registered or exempt from registration.
 32. Pursuant to S.C. Code Ann. § 35-1-501, it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly (1) to employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.
 33. The securities offered and sold by the Respondents were not federal covered securities, exempt from registration, nor registered with the United States Securities and Exchange

Commission or the Division and were therefore offered and sold in violation of S.C. Code Ann. § 35-1-301.

34. Respondent Nickolas Godfrey, on at least twenty-five (25) occasions, transacted business in this State as an unregistered agent.
35. Respondent NJ Holdings, on at least twenty-five (25) occasions, transacted business in this State as an unregistered broker-dealer.
36. Respondent NJ Holdings, on at least twenty-five (25) occasions, employed or associated with an unregistered agent who transacted business on behalf of NJ Holdings while that agent was not registered.
37. The Respondents, individually and acting together, on at least twenty-five (25) occasions and in connection with the offer, sale, or purchase of a security, directly or indirectly (1) employed a device, scheme, or artifice to defraud; (2) made an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) engaged in an act, practice, or course of business that operated or would operate as a fraud or deceit upon another person, in violation of S.C. Code Ann. § 35-1-501.
38. It is in the public interest, for the protection of investors, and consistent with the purposes of the Act that the Respondents be ordered to cease and desist from engaging in the above-enumerated practices, which constitute violations of the Act and pay an appropriate civil penalty for their wrongdoing.

V. CEASE AND DESIST ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), it is hereby **ORDERED** that:

- a. Respondent NJ Holdings and every successor, affiliate, control person, agent, servant, and employee of NJ Holdings, and every entity owned, operated, or indirectly or directly controlled by or on behalf of NJ Holdings **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301, 35-1-402, and 35-1-501 thereof;
- b. Respondent Nickolas Godfrey **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301, 35-1-402, and 35-1-501 thereof;
- c. Respondent Jennifer Godfrey **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301, 35-1-402, and 35-1-501 thereof;
- d. Respondent NJ Holdings pay a civil penalty in the amount of seven hundred and fifty dollars (\$750,000) if this Order becomes effective by operation of law, or, if NJ Holdings seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000 for each violation of the Act by NJ Holdings, and the actual cost of investigation or proceeding;
- e. Respondent Nickolas Godfrey pay a civil penalty in the amount of five hundred thousand dollars (\$500,000) if this Order becomes effective by operation of law, or, if Nickolas Godfrey seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000 for each violation of the Act by Nickolas Godfrey, and the actual cost of investigation or proceeding; and
- f. Respondent Jennifer Godfrey pay a civil penalty in the amount of two hundred and fifty thousand dollars (\$250,000) if this Order becomes effective by operation of law, or, if

Jennifer Godfrey seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000 for each violation of the Act by Jennifer Godfrey, and the actual cost of investigation or proceeding.

VI. REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

Each Respondent is hereby notified that he or she has the right to a hearing on the matters contained herein. To schedule such a hearing, the 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 after the date of issue of this Order to Cease and Desist, a written Answer specifically requesting a hearing. If a Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record from the Respondent, will schedule the hearing for that Respondent.

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. If a Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, he or she shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty-day (30) period stated above shall be deemed a waiver by that Respondent of the 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 and any assessed costs, becoming final as to that Respondent by operation of law.

This Order does not prevent the Division or any other law enforcement agency from seeking additional civil or criminal remedies as are available under the Act, including remedies

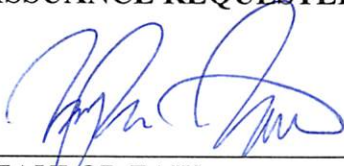
related to the offers and sales of securities by the Respondents set forth above.

ENTERED, this the 5th day of April, 2016.

ALAN WILSON
SECURITIES COMMISSIONER

By: Tracy A. Meyers
TRACY A. MEYERS
Deputy Securities Commissioner

ISSUANCE REQUESTED BY:



TAYLOR FAW
Assistant Attorney General
Securities Division
Rembert C. Dennis Building
1000 Assembly Street
Columbia, South Carolina 29201

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE

File Number 15053

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated April 5, 2016, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

Mr. Nicholas Godfrey as Registered Agent
NJ Holdings, LLC
d/b/a Coast to Coast Business Funding
9848 Rea Road, Suite F
Charlotte, NC 28277

Document(s): Order to Cease and Desist

Mailed April 5, 2016 from Columbia, South Carolina.

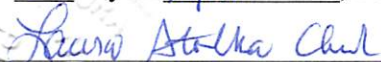
I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By:

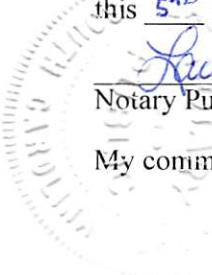


Thresechia P. Navarro
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-4731

Subscribed and sworn to before me on
this 5th day of April, 2016.


Notary Public for South Carolina

My commission expires: 3-10-18



UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C. 20535

MEMORANDUM FOR THE DIRECTOR
FROM: SAC, [illegible]
SUBJECT: [illegible]

[Illegible typed text]

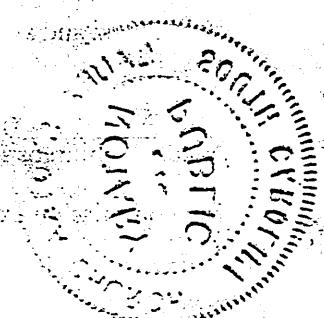
[Illegible typed text]

[Illegible typed text]

[Illegible typed text]

[Illegible typed text]

[Illegible typed text]



STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE

File Number 15053

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated April 5, 2016, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

Mr. Nicholas Godfrey
Individually & as Co-CEO
NJ Holdings, LLC
d/b/a Coast to Coast Business Funding
377 Chorus Road
Fort Mill, SC 29715

Document(s): Order to Cease and Desist

Mailed April 5, 2016 from Columbia, South Carolina.

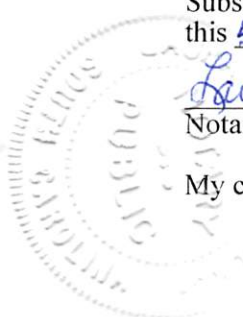
I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By: Thresechia P. Navarro
Thresechia P. Navarro
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-4731

Subscribed and sworn to before me on
this 5th day of April, 2016.

Leann Attkin
Notary Public for South Carolina

My commission expires: 3-10-18



THE UNITED STATES OF AMERICA
DEPARTMENT OF JUSTICE
WASHINGTON, D.C. 20535

OFFICE OF THE ATTORNEY GENERAL
DEPARTMENT OF JUSTICE
WASHINGTON, D.C. 20535

Enclosed for the Department of Justice are two copies of a report of the
Attorney General's Office dated and captioned as above. The report
contains information regarding the activities of the [redacted] and
its relationship to the [redacted].

Very truly yours,
[Signature]
Attorney General

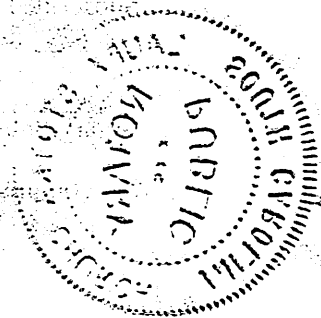
cc: [redacted]

cc: [redacted]

cc: [redacted]

[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]

[redacted]



STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE
File Number 15053

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated April 5, 2016, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

Ms. Jennifer Godfrey
Individually & as Co-CEO
NJ Holdings, LLC
d/b/a Coast to Coast Business Funding
377 Chorus Road
Fort Mill, SC 29715

Document(s): Order to Cease and Desist

Mailed April 5, 2016 from Columbia, South Carolina.

I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By: Thresechia P. Navarro
Thresechia P. Navarro
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-4731

Subscribed and sworn to before me on
this 5th day of April, 2016.

James Parker Child
Notary Public for South Carolina

My commission expires: 3-10-18

SECRET
UNITED STATES DEPARTMENT OF THE ARMY
OFFICE OF THE ADJUTANT GENERAL

ADJUTANT GENERAL
OFFICE OF THE ADJUTANT GENERAL
WASHINGTON, D. C.

1. This document is classified "Secret" because it contains information the disclosure of which would be injurious to the national defense.

2. This document is classified "Secret" because it contains information the disclosure of which would be injurious to the national defense.

3. This document is classified "Secret" because it contains information the disclosure of which would be injurious to the national defense.

4. This document is classified "Secret" because it contains information the disclosure of which would be injurious to the national defense.

5. This document is classified "Secret" because it contains information the disclosure of which would be injurious to the national defense.

6. This document is classified "Secret" because it contains information the disclosure of which would be injurious to the national defense.

