

**IN THE MATTER OF:**

**Michael J. French; MJF Holdings, LLC;  
and MJF Capital, LLC,**

### Respondents.

## ORDER TO CEASE AND DESIST

**Matter No. 20231170**

## I. PRELIMINARY STATEMENT

Pursuant to the authority granted to the Securities Commissioner of South Carolina (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. §35-1-101, *et seq.* and the regulations and rules promulgated thereunder (collectively, the “Act”), and delegated to the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) by the Securities Commissioner, the Division conducted an investigation into the securities-related activities of Michael J. French (“French”); MJF Holdings, LLC (“MJF Holdings”); and MJF Capital, LLC (“MJF Capital”) (collectively, the “Respondents”), and in connection with its investigation, the Division has determined that the Respondents violated the Act.

## II. JURISDICTION

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

### III. RELEVANT PERIOD

2. Except as otherwise expressly stated, the conduct described herein occurred between January 2020 through the present (the “Relevant Period”).

#### **IV. RESPONDENTS**

3. French is a resident of Pendleton, South Carolina and the sole member of MJF Holdings and MJF Capital. French directly or indirectly owns and/or controls many other entities, including: Dugout Enterprises, LLC (“Dugout”); 208 Sears Street, LLC; 211 Crooked Cedar Way, LLC; 302 Keithwood Drive, LLC; 313 Sliding Rock Drive, LLC; 52 Rivermont Road, LLC; and Ally’s Farm, LLC. French does not appear to have received any financial or investment education from any credentialed university or institution, nor does he have any experience working with any company in the financial or investment industry. French has never been registered with the Division.

4. MJF Holdings was a Nevada limited liability company formed in April 2020 and headquartered in Pendleton, South Carolina. MJF Holdings was owned and controlled by French and purported to pool investor funds in order to extend credit to small businesses and invest in commercial loans, and it issued promissory notes to investors that promised annual returns of 12%.

5. MJF Capital is a South Carolina limited liability company formed in April 2018 and headquartered in Pendleton, South Carolina. MJF Capital is wholly owned and controlled by French and is the primary entity through which French conducted business. French touted MJF Capital as a successful business and told investors that MJF Holdings was a division of MJF Capital.

#### **V. RELATED PARTIES**

6. Dugout is a South Carolina limited liability company formed in May 2021 and controlled by French. Fifty percent of the company is owned by French, and fifty percent is owned by his mother. Dugout has never been registered with the Division in any capacity.

7. 211 Crooked Cedar Way, LLC is a South Carolina limited liability company controlled by French. The company was formed by French in May 2021 to purchase the property located at 211 Crooked Cedar Way, Pendleton, South Carolina, using investor funds.

8. 208 Sears Street, LLC is a South Carolina limited liability company controlled by French. The company was formed by French in March 2022 to purchase the property located at 208 Sears Street, Anderson, South Carolina, using investor funds.

9. 302 Keithwood Drive, LLC is a South Carolina limited liability company controlled by French. The company was formed by French in January 2022 to purchase the property located at 302 Keithwood Drive, Anderson, South Carolina using investor funds.

10. 313 Sliding Rock Drive, LLC is a South Carolina limited liability company wholly owned by Dugout and controlled by French. The company was formed by French in August 2021 to purchase the property located at 313 Sliding Rock Drive, Pendleton, South Carolina, using investor funds.

11. 52 Rivermont Road, LLC is a South Carolina limited liability company controlled by French. The company was formed by French in August 2021 to purchase the property located at 52 Rivermont Road, Cleveland, South Carolina, using investor funds.

12. Ally's Farm, LLC is a South Carolina limited liability company controlled by French. The company was formed by French in December 2021 to purchase the property located at 351 Welborn Drive, Pendleton, South Carolina, using investor funds.

## **VI. FINDINGS OF FACT**

### **A. French's Sale of Promissory Notes**

13. During the Relevant Period, French attempted to create a financial guru persona on the social media platform, TikTok, through videos posted under the username @moneyjustflows and

engaged in a number of business ventures, including real estate and e-commerce, which required influxes of cash.

14. In mid-2019, to maintain his many business operations, French began using MJF Capital to sell promissory notes to investors, ultimately selling approximately \$160,000 in promissory notes to five investors.

15. In April 2020, French incorporated MJF Holdings and began selling promissory notes issued by it.

16. Between April 2020 and September 2022, MJF Holdings sold more than \$20 million in unsecured promissory notes to over 400 investors.

17. The MJF Holdings notes had terms of just over one year and promised returns of 12%, with interest paid quarterly and the final interest payment and principal due in a lump sum at the end of the term. MJF Holdings had the power to unilaterally extend a note's term by three months.

18. The money individuals invested in the promissory notes was pooled in MJF Holding's bank account, which was owned and controlled by French. Investors expected to be paid profits derived from the efforts of French and MJF Holdings.

19. The vast majority of MJF Holdings' investors were clients of a Nevada-based education company described as a financial education company whose clients include individuals with self-directed IRA accounts (the "Education Company"), and they invested in MJF Holdings' notes through self-directed IRAs.

20. For most investments made by clients of the education company, MJF Holdings paid the Education Company referral fees equal to 6-7% of the amount invested, totaling over \$1,300,000.

21. MJF Holdings did not disclose these referral payments to investors, and no registration statement or filing was ever made with the Division or the Securities and Exchange Commission

(“SEC”) in connection with the offering of promissory notes by MJF Holdings.

22. During the Relevant Period, French did not lend investor money to third parties to generate income. Instead, French diverted investor funds to make Ponzi payments to earlier investors, to prop up other entities under his control, and to pay his personal expenses.

**B. French’s Misrepresentations and Misappropriation of Investor Funds**

23. At the start of MJF Holdings’ note offering, French communicated directly with prospective investors by telephone, most of whom were identified by the Education Company, and did not provide any written offering materials.

24. French described the investment opportunity as a one-year investment that would yield a 12% return.

25. French represented to prospective investors that their funds would be used to provide loans to small businesses and assured investors that the promissory notes were a safe investment because he had industry experience, including underwriting the loans in which investor funds would be invested.

26. French also represented that he and his entities would get paid only after investors received their promised 12% returns.

27. French further told investors that MJF Capital and/or MJF Holdings had a four-year net return of 24%, and that MJF Holdings was a Division of MJF Capital.

28. Once French convinced investors to participate in the note offering, he provided them the promissory note and issued wiring instructions to bank accounts controlled by him.

29. French’s general description of the investment opportunity remained the same throughout the offering period—i.e., that MJF Holdings would make small business loans or invest in such loans, investors would receive 12% returns, and French and his entities would benefit only

if MJF Holdings' loans achieved returns in excess of the 12% guaranteed to investors.

30. French did, however, make some changes to his specific representations.

31. For example, French told investors that MJF Holdings' business model had changed in response to, and to better profit as a result of, the Covid pandemic.

32. Specifically, French told prospective investors and existing investors from whom he was seeking additional investments that MJF Holdings was making loans to and investing in essential businesses, like hospitals, elder care, commercial construction, transportation, and grocery stores, and that it avoided "leisure businesses."

33. As MJF Holdings sold more notes, French hired employees, some of whom helped with investor solicitations and relations.

34. French also developed written promotional materials describing the offering, which he sometimes directed employees to send to prospective or existing investors.

35. In October 2021, French began using a promotional video to market the notes, a link to which he sent, or instructed his employees to send, to prospective investors.

36. The video included many of the same representations that French previously had made orally during phone calls. Specifically, among other representations, the video claimed that:

- MJF Holdings was a "division" of MJF Capital.
- MJF Capital was in the business of "underwriting commercial loans on a fractional basis."
- MJF Capital "underwrites for 70 different lenders and reviews over 1,000 loans per week," and invests in the loans that meet its criteria.
- "MJF Holdings ensures that we are not comingling company funds with investor funds."
- "We do not charge you any fees whatsoever. *The only way we get paid is if we perform at a rate higher than what we are paying our investors because we believe in fee free investing.*"

- “MJF Holdings is a professional underwriting company.”
- MJF Capital invests its own money along with MJF Holdings’ investor money and “we are more strict with investor money versus our own money.”
- MJF Holdings had strict underwriting criteria and “use[s] algorithms per industry to tell us what particular businesses are likely to succeed or fail.”
- “We deploy small amounts into a lot of loans rather than large amounts into a single loan.”
- “We guarantee the investors a fixed rate of return and *the only way we make our money is if we earn on top of that fixed rate, which gives us an extra layer of responsibility to your funds.*”
- “We use a mutual fund mentality to diversify our risk within the commercial lending space.”
- “*We only make money if we earn at a rate above the 12% fixed interest rate.*”

(emphasis added).

37. After creating the video, French still personally pitched the investment opportunity to many prospective investors, but he also enlisted one of his employees, who used a script from the video, to make sales calls.

38. French was solely responsible for creating the substantive content of all promotional materials, including the video and the script, used by him and his employees to make sales calls.

39. French’s representations concerning MJF Holdings’ promissory note offering were false, and the entire offering was a sham.

40. Instead of acting according to his representations to investors that their funds would be used to make small business loans, French diverted investor funds to make Ponzi payments to earlier investors, to make personal purchases for himself and his family, and to prop up his other businesses.

41. French and MJF Holdings engaged in a multi-year course of conduct designed to deceive investors and to use the investment proceeds in an undisclosed manner.

42. French, individually and on behalf of the MJF Holdings, made repeated misrepresentations concerning the use of investor money and the existence of his companies' commercial loan investment program.

43. French knew that his representations about MJF Holdings' and MJF Capital's business operations were false.

44. As owner of both MJF Holdings and MJF Capital, French knew that MJF Holdings was not a division of MJF Capital.

45. French also knew that neither MJF Capital nor MJF Holdings were engaged in the business of underwriting commercial loans on a fractional basis or making small business loans, let alone reviewing over 1,000 loans per week or conducting a sophisticated underwriting process.

46. Additionally, French lied when he repeatedly represented to prospective investors their money would be deployed into a small business lending or fractional-loan investing program and that MJF Holdings would get paid only if it earned returns in excess of the 12% return promised to investors.

47. Instead of lending the funds to small businesses, French paid \$1.3 million to the Education Company for referring investors, and he used at least \$7.3 million to make Ponzi payments to earlier investors.

48. French also misappropriated millions of dollars for his personal benefit and to prop-up his other business entities.

49. French purchased six properties with approximately \$1.5 million in investor funds.

50. These properties are held by six separate entities controlled by French: 208 Sears



Street, LLC; 211 Crooked Cedar Way, LLC; 302 Keithwood Drive, LLC; 313 Sliding Rock Drive, LLC; 52 Rivermont Road, LLC; and Ally's Farm, LLC.

51. Dugout, the nominal owner of several of these entities, is controlled by French and owned fifty percent by French and fifty percent by his mother.

52. French spent over \$650,000 to purchase and/or customize luxury and classic automobiles, including a 1969 Chevrolet Chevelle, a 1965 Lincoln Continental, a 2021 Ford F450, a 2021 Mercedes GLE AMG, and a 2021 Audi Q8.

53. French transferred investor funds to securities, crypto-asset, and commodities trading accounts, and he paid for hundreds of thousands of dollars in other personal expenses.

54. French used multiple personal and business bank accounts and credit cards in connection with his fraudulent scheme.

55. French used investor funds to pay over \$1 million to TikTok in exchange for "Coins," which he gifted to TikTok content creators.

**C. MJF Capital's Role in the Fraudulent Scheme**

56. MJF Capital, through French, provided substantial assistance to French and MJF Holdings' fraudulent scheme.

57. French and MJF Holdings touted to investors that MJF Capital was a successful business with years of experience and a successful track record in investing in commercial loans, which was false.

58. French transferred at least \$12 million to MJF Capital and other entities owned and controlled by him, which he used to prop up those businesses and/or to pay employees. Included among these employees were French's personal chef, personal trainer, personal performance coach, parents, and a minor child.

59. French's personal chef, personal trainer, personal performance coach, parents, and minor child were not in any way involved in MJF Capital's or MJF Holdings' purported businesses of small business lending or fractional investing in commercial loans.

**D. French's Recent Conduct**

60. In mid-2022, MJF Holdings began defaulting on its interest and principal obligations under the notes.

61. French initially told investors a variety of lies in an attempt to placate them and unsuccessfully solicited investments from new and existing investors.

62. When these attempts failed, MJF Holdings stopped soliciting investments, ceased all principal and interest payments, and cut off communications with investors.

63. Since the fall of 2022, French has taken a number of steps to dissipate investment proceeds. For example, French has:

- a. sold most of the luxury cars he purchased using investor funds,
- b. taken steps to sell the real properties titled in the name of the Related Parties, which had been purchased using investor funds, and
- c. transferred investor funds to new bank and investment accounts.

64. On February 28, 2023, French was arrested by the Fort Myers, Florida police department and charged with several crimes, including aggravated stalking, intimidation by threat to kill or inflict bodily harm on another, tampering with a witness/information, and forgery.

65. On February 7, 2025, the U.S. Attorney's Office in the District of South Carolina announced that French had pleaded guilty to operating a multimillion-dollar Ponzi scheme and to stalking two social media content creators.<sup>1</sup>

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<sup>1</sup> See, <https://www.justice.gov/usao-sc/pr/anderson-county-man-pleads-guilty-13m-ponzi-scheme-and-cyber-stalking>.

66. French had been diverting investor funds to maintain a lavish lifestyle and to support multiple female social media content creators by paying them thousands of dollars a month.

67. Once the content creators ceased communicating with French, he began harassing them through “burner” phone numbers and fake email accounts.

68. French claimed that he was a sniper, that he had killed people, and that the police could not protect them.

69. At one point, French went to one woman’s home unannounced, forcing her to hide in a locked vehicle in the garage with her 2-year-old child as she dialed 911. Meanwhile, French attempted to force his way into the home.

70. Before French could reach the woman and her child, police arrived and arrested him.

71. French’s guilty plea has been accepted, and he currently awaits sentencing, facing a maximum penalty of 20 years’ imprisonment.

#### **E. The SEC Proceedings**

72. On April 3, 2023, the SEC filed a complaint in the United States District Court in the Northern District of Georgia against French, MJF Holdings, and MJF Capital (the “SEC Complaint”).<sup>2</sup> The SEC Complaint alleges violations of federal securities laws and outlines the above described investment scheme perpetrated by French that promised 12% returns within one year but was in fact a Ponzi scheme that allegedly misappropriated at least \$13.2 million of investor proceeds.

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<sup>2</sup> See, *United States Securities and Exchange Commission v. Michael J. French, MJF Holdings, LLC, and MJF Capital, LLC (Defendants) and 208 Sears Street, LLC, 211 Crooked Cedar Way, LLC, 302 Keithwood Drive, LLC, 313 Sliding Rock Drive, LLC, 52 Rivermont Road, LLC, Ally’s Farm, LLC, and Dugout Enterprises, LLC (Relief Defendants)*, Case No. 1:23-cv-01443-JPB.

73. On April 30, 2024, the United States District Court for the Northern District of Georgia, Atlanta Division, entered a final judgment against French, MJF Holdings, and MJF Capital finding French, MJF Holdings, and MJF Capital jointly and severally liable for over \$14.75 million in disgorgement and prejudgment interest, as well as ordering French to pay a civil penalty of \$6.2 million.

## **VII. CONCLUSIONS OF LAW**

74. Paragraphs 1 through 73 are incorporated by reference as though fully set forth herein.

75. Pursuant to S.C. Code Ann. § 35-1-102(29), the promissory notes offered by the Respondents are securities.

76. Pursuant to S.C. Code Ann. § 35-1-301, it is unlawful for a person to offer or sell a security in South Carolina unless the security is a federal covered security, exempt from registration, or registered with the Division.

77. Respondents violated S.C. Code Ann. § 35-1-301 by offering and selling a security that was not a federal covered security, registered with the Division, or exempt from registration.

78. Pursuant to S.C. Code Ann. § 35-1-501, it is unlawful for any person, in connection with the offer, sale, or purchase of a security, directly or indirectly to: (1) employ any device, scheme or artifice to defraud; (2) make an untrue statement of material fact or omit a material fact necessary to make a statement not misleading; or (3) engage in an act, practice, or course of business that operates as a fraud or deceit upon another person.

79. Respondents violated S.C. Code Ann. § 35-1-501 by employing a scheme to defraud investors, making materially false and misleading statements and omissions to investors, and engaging in a course of business that operates as a fraud upon investors.

80. This Order is appropriate and in the public interest, pursuant to the Act.

### **VIII. ORDER**

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

- A. Each Respondent and every successor, affiliate, control person, agent, servant, and employee of each of the Respondents, and every entity owned, operated, or indirectly or directly controlled by or on behalf of each of the Respondents shall **CEASE AND DESIST** from transacting business in this State in violation of the Act; and
- B. The Respondents shall jointly and severally 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 a Respondent seeks a hearing and any 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 and the actual cost of the investigation or proceeding.

### **IX. NOTICE OF OPPORTUNITY FOR HEARING**


Each of the Respondents is hereby notified that she/he/it has the right to a formal hearing on the matters contained herein. To schedule a hearing, a Respondent must file with the Division within thirty (30) days after the date of service of this Order, a written Answer specifically requesting a hearing. If any Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a written request, will schedule a hearing for that Respondent. The written request shall be delivered to the Office of the Attorney General, 1000 Assembly Street, Columbia, South Carolina 29201, or mailed to the Office of the Attorney General, Attention: Securities Division, P.O. Box 11549, Columbia, South Carolina 29211-1549.

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 the Respondent of the right to such a hearing. Failure by a Respondent to file an Answer, including a request for a hearing, shall result in this Order's becoming final by operation of law.

This Order does not prevent the Division or any other agency from seeking additional 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 18<sup>th</sup> day of June, 2025.

ALAN WILSON  
SECURITIES COMMISSIONER

By:   
JONATHAN B. WILLIAMS  
Assistant Deputy Attorney General