

STATE OF SOUTH CAROLINA**COUNTY OF RICHLAND****IN THE COURT OF COMMON PLEAS****FOR THE FIFTH JUDICIAL CIRCUIT**Alan Wilson, in his official capacity as the
Securities Commissioner of the State of South
Carolina,

Plaintiff,

v.

Franklin D. McCrea, Jr.,

Defendant.

CASE NO. 2025-CP-_____

SUMMONS

You are hereby summoned and required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your Answer to the said Complaint on the undersigned subscribers at their offices, P.O. Box 11549, Columbia, South Carolina 29211, within thirty (30) days after the service thereof, exclusive of the day of such service; and if you fail to answer the Complaint within the time aforesaid, judgment of default will be rendered against you for the relief demanded in the Complaint.

Respectfully submitted,

s/Danielle A. RobertsonALAN WILSON
Securities CommissionerJonathan B. Williams (S.C. Bar No. 72509)
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Columbia, SC

STATE OF SOUTH CAROLINA**COUNTY OF RICHLAND**

 Alan Wilson, in his official capacity as the
 Securities Commissioner of the State of South
 Carolina,

Plaintiff,

v.

Franklin D. McCrea, Jr.,

Defendant.

IN THE COURT OF COMMON PLEAS**FOR THE FIFTH JUDICIAL CIRCUIT**

CASE NO. 2025-CP-_____

COMPLAINT

The Plaintiff, Alan Wilson, in his official capacity as the Securities Commissioner of South Carolina (the “Securities Commissioner”), complaining that Defendant Franklin D. McCrea, Jr. (the “Defendant” or “McCrea”) has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting violations of 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 “Securities Act” or the “Act”), alleges the following:

PARTIES

1. Pursuant to S.C. Code Ann. § 35-1-603, the Securities Commissioner is designated and authorized to maintain a civil action in the Richland County Court of Common Pleas to enforce compliance with the Securities Act.

2. At all times herein, McCrea was a resident of South Carolina.

JURISDICTION

3. McCrea is a person residing and doing business in South Carolina.

4. This Court has jurisdiction over the parties and the subject matter of this action.

5. This action is properly brought in the Richland County Court of Common Pleas pursuant to S.C. Code Ann. § 35-1-603(a), which authorizes the Securities Commissioner to bring

an action in the Richland County Court of Common Pleas to enjoin violations of and enforce compliance with the Act.

RELEVANT PERIOD

6. Except as otherwise expressly stated, the conduct described herein occurred between January 1, 2018, and the present (the “Relevant Period”).

ALLEGATIONS

A. Violation of the Securities Commissioner’s Cease and Desist Order

7. On July 21, 2014, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) issued an Order to Cease and Desist (the “2014 Cease and Desist Order”), which ordered McCrea (i) to cease and desist from violating the Securities Act; (ii) to pay a civil penalty of \$60,000.00; and (iii) to pay the actual cost of the investigation. A copy of the 2014 Cease and Desist Order is attached as Exhibit 1 and available online.¹

8. The 2014 Cease and Desist Order became final as a matter of law as to McCrea on August 20, 2014, pursuant to S.C. Code Ann. § 35-1-604(b).

9. As found in the 2014 Cease and Desist Order, McCrea misappropriated \$25,000.00 from a Nevada investor (“Investor A”) and \$25,000.00 from a Washington investor (“Investor B”). Both Investor A and Investor B believed they were investing in a collateralized mortgage obligation (the “Alleged CMO”).

10. The Division has determined that during the Relevant Period, McCrea violated the 2014 Cease and Desist Order by participating, through conduct described in this Complaint, in the securities industry in the State of South Carolina in violation of the Act.

¹ In the Matter of Franklin Delano McCrea, Jr. – Order to Cease and Desist (7/21/2014), <https://www.scag.gov/wp-content/uploads/2011/03/Franklin-D-McCrea-C-D-signed-7-21-14-00384971xD2C78.pdf>

B. Violation of the Securities Act by McCrea

11. Specifically, during the Relevant Period, McCrea violated the 2014 Cease and Desist Order and further violated the Securities Act by soliciting individuals through social media by promising to educate them on real estate note investments and provide an opportunity to earn commissions by investing in notes with McCrea and by referring deals to McCrea.

12. Additionally, during the Relevant Period, McCrea made numerous material representations and misrepresentations about his experience and connections in the real estate industry to induce individuals to participate in his scheme. These representations include, but are not limited to the following:

- i. that McCrea has been in the real estate industry for over 10 years;
- ii. that McCrea and his assistant and attorney, Daniel (“Daniel”),² have over \$3 billion of “off market inventory” for immediate sale;
- iii. that McCrea worked at one of the largest civil law firms in the country for eight (8) years;
- iv. that McCrea will teach participants to become well-versed in the note industry;
- v. that participants will have access to McCrea and his “trade desk” 24/7;
- vi. that McCrea is affiliated with JP Morgan Chase, Bank of America, and Wells Fargo;
- vii. that McCrea is on three (3) Fortune 200 buyers lists to receive off market notes;
- viii. that McCrea disburses monthly bonus commissions to all participants based on monthly sales quotas;

² Upon information and belief, Daniel is an alter ego McCrea has created, rather than a human person. The Division asserts McCrea invokes Daniel in order to portray his relationship with an attorney, but documents suggest communications from Daniel originate at the same source as those known to be from McCrea.

- ix. that McCrea creates notes he then sells to Credit Suisse and Deutsche Bank for 130% of the value of the notes; and
- x. that participants could receive a 900% return on their investment in notes based on a structure where each deposit amount is promised a “commissions” payout that is ten (10) times the initial deposit (e.g. a \$3,000.00 deposit yields a \$30,000.00 commission payout).

13. McCrea, by the above-described conduct, (i) acted as an issuer of securities in South Carolina; (ii) offered to sell securities in South Carolina by soliciting investments in real estate notes; and (iii) in connection with the offer of securities, employed a device, scheme, or artifice to defraud, made untrue statements of material fact or omitted to state material facts necessary to make statements made not misleading, and engaged in a course of business that operated as a fraud or deceit upon another person.

14. As an issuer of securities and a person offering to sell securities, McCrea participated in the securities industry in South Carolina.

C. Fraudulent Misappropriation of Funds

15. During McCrea’s securities-related activities, McCrea misappropriated money that participants sent to him, allegedly for investment in real estate notes, private real estate mentoring, and/or payment of accounting fees.

16. McCrea charged participants a “blocking fee,” typically paid through an electronic payments network, to maintain an account with his accounting department (“Accounting”), of up to \$295.50 per day.³

³ Participants were sometimes charged \$297.50 per day for blocking fees. Other times, participants were charged \$297.50 for one week of blocking fees.

17. McCrea or Daniel would inform participants that, until they cleared their owed accounting fees, they could no longer earn commissions and that McCrea would not do business with them.

18. Often, McCrea or Daniel would settle with the participant on a much lower fee amount, allowing the participant to continue in the scheme.

19. Participants never communicated directly with Accounting, as all emails, whether from McCrea, Daniel, or Accounting, came from the same email address associated with McCrea.

20. Participants sent the money for their accounting fees via electronic payment networks. From the networks, the funds were withdrawn to a bank account held in McCrea's name. From this account, McCrea paid his personal expenses, including but not limited to:

- i. Payments to various grocery stores and restaurants;
- ii. Payments to food and grocery delivery services;
- iii. Payments for multiple hotel rooms;
- iv. Payments for ride share services;
- v. Payments for sports bets; and
- vi. Payments to a wireless cell phone service provider.

21. Upon information and belief, none of the fees collected or investments received by McCrea were used to invest in real estate notes or to pay accounting fees.

22. For example, from May 2018 through July 2019, one participant ("Participant A") transferred over \$17,000.00 to McCrea's personal bank account. During this period, McCrea lived almost solely off the money being sent to him by Participant A, which was primarily spent on hotel rooms and groceries.

23. Similarly, from February 2022 through February 2024, another participant (“Participant B”) transferred over \$35,000.00 for what they believed was real estate note investments and accounting fees to McCrea’s personal bank account. From there, the money was often transferred to a second bank account, also held by McCrea, then transferred back to the original account. Ultimately, the funds were spent on McCrea’s personal expenses, including groceries, hotel rooms, rideshares, and sports betting.

24. Since 2018, McCrea has received more than \$94,000.00 from at least 18 participants who believed they were investing in real estate notes, paying for personal real estate coaching, and/or paying accounting fees.

FOR A FIRST CAUSE OF ACTION
VIOLATION OF S.C. CODE ANN. § 35-1-301
(Violation of the Securities Act)

25. Paragraphs 1 through 24 are incorporated by reference as though fully set forth herein.

26. 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 registered, exempt from registration, or is a federal covered security.

27. The notes that the Defendant solicited to investors are securities as defined in S.C. Code Ann. § 35-1-102(29).

28. The securities offered by the Defendant have never been registered with the Division, are not federal covered securities, and have not been asserted to be exempt from registration with the Division.

29. By offering to sell unregistered securities without an applicable exemption, the Defendant violated S.C. Code Ann. § 35-1-301.

FOR A SECOND CAUSE OF ACTION
VIOLATION OF S.C. CODE ANN. § 35-1-501
(General Fraud)

30. Paragraphs 1 through 29 are incorporated by reference as though fully set forth herein.

31. 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 untrue statements 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.

32. McCrea's conduct, as outlined above, constitutes violations of S.C. Code Ann. § 35-1-501.

FOR A THIRD CAUSE OF ACTION
INJUNCTIVE RELIEF

33. Paragraphs 1 through 32 are incorporated by reference as though fully set forth herein.

34. The Securities Commissioner issued and properly served the 2014 Cease and Desist Order on McCrea on July 21, 2014.

35. Pursuant to S.C. Code Ann. § 35-1-604(b), the 2014 Cease and Desist Order became final by operation of law thirty days after service of the Order, as McCrea waived his right to a hearing when he failed to request a hearing during the allotted period allowed by statute.

36. Pursuant to the 2014 Cease and Desist Order, the Defendant was ordered to cease and desist from transacting business in South Carolina in violation of the Securities Act.

Additionally, any exemptions that the Defendant may have been permitted to rely on under the Securities Act were permanently revoked by the 2014 Cease and Desist Order.

37. McCrea's conduct, as outlined above, constitutes violations of the 2014 Cease and Desist Order.

PRAYER FOR RELIEF

WHEREFORE, the Securities Commissioner prays the Court issue an Order granting the following relief:

- A. Finding McCrea has violated the 2014 Cease and Desist Order;
- B. Finding McCrea in civil contempt of the 2014 Cease and Desist Order pursuant to S.C. Code Ann. § 35-1-604(g);
- C. Imposing a civil penalty on McCrea for contempt for an amount not less than five hundred dollars (\$500.00) but not greater than five thousand dollars (\$5,000.00) for each violation of the 2014 Cease and Desist Order pursuant to S.C. Code Ann. § 35-1-604(g);
- D. Ordering McCrea to comply with the terms of the 2014 Cease and Desist Order;
- E. Ordering McCrea to cease and desist from violating the Securities Act;
- F. Enjoining McCrea, permanently, from participating in any aspect of the securities industry in or from the State of South Carolina;
- G. Ordering McCrea to disgorge ill-gotten gains obtained in connection with the offer and sale of notes and accounting fees collected;
- H. Ordering McCrea to pay restitution to the participants;
- I. Imposing civil penalties on McCrea in the amount of ten thousand dollars (\$10,000.00) per violation for each violation of the Securities Act; and

- J. Providing for such other and further relief as may be just and proper, including but not limited to, enjoining McCrea from liquidating, moving, or otherwise disposing of any and all assets, wherever such assets may be situated, and/or permanent injunctive relief as may be directed by the Court.

Respectfully submitted,

ALAN WILSON
Securities Commissioner

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December 17, 2025
Columbia, South Carolina