

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

IN THE MATTER OF:)	ORDER TO CEASE AND DESIST
)	
Michael A. Dozier,)	Matter No. 20156162
Respondent.)	
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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 (the “Act”) and delegated to the Securities Division of the Office of the Attorney General (the “Division”) by the Securities Commissioner, the Division conducted an investigation into the securities-related activities of Michael A. Dozier (“Dozier” or the “Respondent”) and in connection with its investigation has determined that evidence exists to support the following findings of fact and conclusions of law:

II. JURISDICTION

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

III. RESPONDENTS

2. Respondent Dozier is a resident of the State of South Carolina with a last known address of 3737 Garner Road, Timmons ville, South Carolina 29161.

IV. FINDINGS OF FACT

Background

3. In August of 2009, the Respondent formed Dozier Financial, Incorporated (“DFI”) as the parent company of three used car dealerships, which he owned and operated: Craig’s Used Cars, Florence Motor Mart, and Marion Motor Mart (the “Dealerships”).

4. Prior to the formation of DFI, the Respondent operated the Dealerships as a sole proprietorship.

5. The Dealerships’ business model was based on the so-called “buy here, pay here” business model, meaning that the cars each dealership sold were financed in-house at that dealership.

The Respondent Seeks Professional Advice

6. In the spring of 2009, prior to the formation of DFI, the Respondent began to face certain cash flow and tax issues.

7. In an attempt to address these issues, the Respondent employed a Florence, South Carolina-area certified public accounting firm (the "CPA Firm").

8. In addition to the CPA Firm, the Respondent also engaged the CPA Firm's affiliated broker-dealer (the "BD Firm").

9. At the alleged recommendation of the CPA Firm, the Respondent employed a Florence, South Carolina-area law firm (the "Law Firm") to provide advice related to the CPA Firm's various recommendations.

10. Among the alleged recommendations of the CPA Firm and the BD Firm was the incorporation of DFI and the offer and sale of promissory notes (the "Notes") to investors.

Promissory Note Offering

11. Following these alleged recommendations, the Respondent offered and sold at least \$3,906,116 worth of Notes to 33 residents in South Carolina and North Carolina (the "Investors") between 2009 and 2012.

12. The Notes were offered through a prospectus (the "Prospectus") drafted by the Law Firm.

13. The Notes were not registered with the Division or offered under a valid claim of exemption from registration.

14. Among the various internal controls outlined by the Prospectus was an escrow account, intended to hold the Investors' money until the proceeds of the offering reached \$250,000.

15. The Respondent ignored the escrow account and failed to utilize it as an internal control.

16. The Respondent never informed the Investors that the escrow account was not being used properly.

17. The BD Firm aided the Respondent in his offer and sale of the Notes by providing him with a sales script.

DFI Encounters Financial Difficulties

18. The Prospectus falsely claimed any potential conflicts of interest related to the Respondent's position as control person of DFI were:

“ameliorated in part by the fact that, given the level of control that Mike Dozier enjoys, he has fiduciary relationships with his co-members of the limited liability companies described above which should preclude him from acting in a manner inimical to such members reasonable commercial interests.”

19. In fact, there were no co-members of any of the related limited liability companies; the Respondent was the sole control person of each entity.

20. As a result of these deficient internal controls, the Respondent was able to misappropriate large sums of money raised in the offering for personal use.

21. The Notes were originally issued with a three-year maturity; however, due to DFI's deteriorating financial condition, the Respondent was unable to redeem the total number of Notes outstanding and instead attempted to induce the Investors to renew their Notes for an additional term.

22. The Respondent solicited the Investors to renew their investments by way of a letter (the “Renewal Letters”) littered with falsehoods and omissions.

23. The Renewal Letters alleged that the “growth and success of the company, and the collective sales from the dealerships continue to increase.”

24. At the time of its making, this statement was demonstrably false.

25. The Respondent did not disclose the worsening financial condition of DFI in the Renewal Letters, nor did he disclose DFI's inability to repay the balance of the notes outstanding without selling more notes.

26. Additionally, despite the fact that the Renewal Letters constituted an offer to sell securities, no prospectus or financial information were included.

27. Despite the nearly \$4,000,000 raised from the Investors, DFI faced increasing financial difficulty and the Respondent again sought the advice of the CPA Firm and the BD Firm.

28. Analyzing DFI and the Respondent's financial position, the CPA Firm and BD Firm, on December 17, 2012, offered various suggestions, including the sale of much of the Respondent's property. Alternatively, the CPA Firm and the BD Firm suggested the offer and sale of additional Notes.

29. DFI eventually collapsed and was forced into an involuntary Chapter 7 Bankruptcy filing on July 29, 2014.

30. In connection with the offer and sale of the Notes to the Investors, the Respondent made numerous false and misleading material misstatements and omissions, including, but not limited to the following:

- a. Omitting to disclose that the Notes could not legally be offered for sale in the State of South Carolina;
- b. Omitting to disclose the contingent liability faced by DFI in light of its failure to register the Notes with the Division and the lack of applicability of any exemption from registration;
- c. Falsely touting DFI's financial health in the Renewal Letters; and
- d. Omitting to disclose the Respondent's misappropriation of the Investors' funds from DFI.

V. CONCLUSIONS OF LAW

31. The Respondent offered and sold the Notes in South Carolina.

32. Pursuant to S.C. Code Ann. § 35-1-102(29), the Notes constitute securities.

33. The Notes were not registered with the Division or exempt from registration, in violation of S.C. Code Ann. § 35-1-301.

34. The Respondent sold securities in this State: (1) while employing a scheme, device, or artifice to defraud; (2) through the making of untrue statements of material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading; and (3) by engaging in an act, practice, or course of business that operated as a fraud or deceit upon another person in violation of S.C. Code Ann. §35-1-501.

35. The Respondent's violations of the Act set forth above provide the basis for this Order, pursuant to S.C. Code Ann. §35-1-604(a)(1).

36. This Order is in the public interest.

VI. ORDER

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

- a. Respondent Michael A. Dozier and every agent, servant, and employee of Respondent Dozier, and every entity owned, operated, or indirectly or directly controlled by or on behalf of Respondent Dozier **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301 and 35-1-501 thereof; and
- b. Respondent Dozier pay a civil penalty in the amount of three hundred thirty thousand dollars (\$330,000.00) if this Order becomes effective by operation of law, or, if the Respondent seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000.00 for each violation of the Act by the Respondent and the actual cost of the investigation or proceeding.

IT IS FURTHER ORDERED that, pursuant to S.C. Code Ann. § 35-1-604(a)(2) and (3), any exemption from registration with the Division that the Respondent may claim to rely upon under S.C. Code Ann. §§ 35-1-201(3)(C), (7), or (8); 35-1-202; 35-1-401(b)(1)(D) or (F); or 35-1-403(b)(1)(C), has been and is **PERMANENTLY REVOKED**.

VII. NOTICE OF OPPORTUNITY FOR HEARING

The Respondent is hereby notified that he has 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: Wanda Ealy, within thirty (30) days after the date of service of this Order, 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 that Respondent, will schedule a hearing for that Respondent.

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 request 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 agency, including, without limitation, civil and criminal law enforcement agencies, from seeking additional civil or criminal remedies that are available under the Act, including remedies related to the offers and sales of securities by the Respondent set forth above.

ENTERED, this the 27th day of August, 2018.

ALAN WILSON
SECURITIES COMMISSIONER

By: Tracy Meyers
TRACY A. MEYERS
Deputy Securities Commissioner

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE
File Number 20156162

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated August 27, 2018, 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:

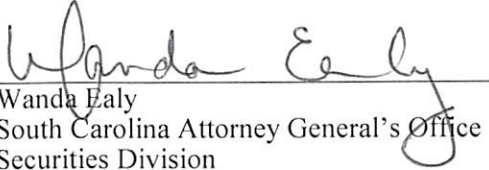
Michael A. Dozier
3737 Garner Rd.
Timmons ville, SC 29161

Document(s): Order to Cease and Desist

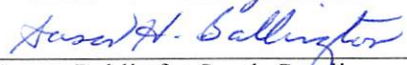
Mailed August 27, 2018 from Columbia, South Carolina.

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:


Wanda Ealy
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 27th day of August, 2018.


Notary Public for South Carolina

My commission expires: 6/29/21

