

**ADMINISTRATIVE PROCEEDING**

**BEFORE THE**

**SECURITIES COMMISSIONER OF SOUTH CAROLINA**

**IN THE MATTER OF:**

**Gregory Dale McClelland, Frederick  
Dale Miller, and MFI of Georgia, Inc.,**

**Respondents.**

**ORDER TO CEASE AND DESIST**

**File No. 12018**

**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 MFI of Georgia, Inc. ("MFI"), Gregory Dale McClelland ("McClelland"), and Frederick Dale Miller II ("Miller") (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**

**II. RESPONDENTS**

2. Respondent McClelland is a South Carolina resident with a last known address of 309 Kings Drive, Myrtle Beach, South Carolina 29588.

3. Respondent Miller is a South Carolina resident with a last known address of 4271

Hibiscus Drive, Apartment 101, Little River, South Carolina 29566. At all times relevant to this Order, Miller was the chairman and registered agent of MFI.

4. Respondent MFI was a South Carolina corporation with a last known address of 4601 Greenbriar Drive, Little River, South Carolina 29566.

5. MFI was administratively dissolved as a South Carolina corporation on or about

11 The Respondents represented that they urgently needed funding from the Investor so that

a real estate contract for the Golf Course could be secured for the benefit of the Respondents.

12. On or about June 7, 2007, the Respondents and the Investor executed a Purchase and Sale Agreement (the "Agreement").
13. The Agreement stated that the Respondents would sell the Investor 138,706 carats of rubies and sapphires (the "Gemstones") in exchange for \$200,000 from the Investor.
14. Ostensibly the Gemstones were to serve as collateral to secure the Investor's investment

in the Golf Course.

15. The Agreement further stated that the Respondents would purchase the Gemstones back

c. A "Certificate of Appraisal" signed by the Appraiser describing 1,040,325 carats

of rough, uncut, mine run ruby and sapphire corundum and appraising them at

\$30,024,068;

d. A "Certificate of Appraisal" signed by the Appraiser, describing 721,885 carats of rough, uncut, mine run ruby and sapphire corundum and appraising them at \$20,833,601; and

e. A sworn statement from a notary stating that he personally witnessed the appraisal and secure storage of the Gemstones.

18. On or about June 13, 2007, pursuant to the Agreement, the Investor wired \$200,000 to an account controlled by the Respondents (the "MFI Account").

19. Contrary to the representations made by the Respondents in connection with the offer and sale of the securities, the Respondents did not use the Investor's investment to facilitate

The Investor's Letter stated that the Respondents had until October 1, 2007 to either

tender payment for the Gemstones or deliver the Gemstones to the Investor's home.

with the Division as an agent, and no exemption from registration has been claimed by Respondent McClelland.

32 At no time relevant to the events stated herein were the securities at issue registered with

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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.

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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.

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Pursuant to S.C. Code Ann. § 35-1-102(17) "issuer" includes an individual that issues or

proposes to issue a security.

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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

43. The interest in the Gemstones as offered and sold by the Respondents constitutes an investment contract and is therefore a security as defined by the Act.
44. The February Contract as offered by the Respondents constitutes an investment contract and is therefore a security as defined by the Act.
45. 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.

46. Respondent McLelland, on at least one occasion, transacted business in this State as an

unregistered agent.

47. Respondent Miller, on at least one occasion, transacted business in this State as an unregistered agent.



enumerated practices which constitute violations of the Act and any appropriate civil

penalties 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 MFI of Georgia, Inc., and every successor, affiliate, control person, agent, servant, and employee of MFI, and every entity owned, operated, or indirectly

or, if McClelland 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) for each

violation of the Act by McClelland, and the actual cost of investigation or proceeding:

and

f. Respondent Frederick Dale Miller pay a civil penalty in the amount of twenty-five

Failure by a Respondent to comply with a written request for a hearing is deemed to be a failure to appear at the hearing.

18.

(b)(1)

SECURITIES AND EXCHANGE COMMISSION

Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder prohibit, among other things, the use of manipulative, deceptive, or fraudulent devices in connection with the purchase or sale of securities.

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ent agency from

This Order does not prevent the Division or any other regulatory agency from

act, including any remedies

seeking additional civil or criminal remedies as are available under the Act.

related to the offers and sales of securities by the Respondent.

ATTEST

1997-10-10

ATTEST

DEPARTMENT OF JUSTICE  
SECURITIES AND EXCHANGE COMMISSION

1997-10-10

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IN SENATE  
January 17, 2016

REPORT OF THE  
COMMISSIONERS OF THE GENERAL LAND OFFICE  
ON THE  
PROGRESS OF THE BUSINESS OF THE OFFICE  
DURING THE YEAR ENDING DECEMBER 31, 2015

Wm. Gregory Mitchell  
Commissioner

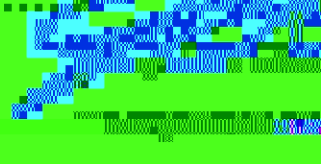
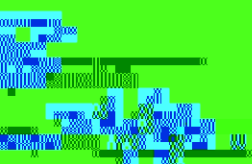
Wm. Gregory Mitchell  
Commissioner

*Theresa P. Navarro*  
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Solicitor General's Office  
Legal Services Division

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Theresa P. Navarro  
Solicitor General's Office  
Legal Services Division

(803) 734-4751

Subscribed and sworn to before me on  
this 17 day of March, 2016.



STATE OF SOUTH CAROLINA  
OFFICE OF THE ATTORNEY GENERAL  
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND  
AFFIDAVIT OF COMPLIANCE  
File Number: 2013

I hereby certify that the person or persons named herein are the individuals who are the owners of the document indicated.

Wade Dale Miller, II  
4271 Hibiscus Drive, Apt. 101  
Columbia, SC 29206

Made and Subscribed March 13, 2013 from Columbia, South Carolina.

I further hereby certify, swear and affirm that, service of the above-named entity is in compliance with Section 35-1-614 of the Code of South Carolina.

Notary Public for South Carolina

My commission expires: 7/2/18

STATE OF SOUTH CAROLINA

DEPARTMENT OF REVENUE

COMPTROLLER GENERAL

File Number 127

receipt requested. Furnish class postage prepaid and addressed to:

MFI of Georgia, Inc.

4601 Georgia

Atlanta, Georgia

Certified Article Number

7575 4444 0001 0001 00

SENDERS IN CURR

Document(s):  Letter Case and District

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Columbia, SC 29215-1947  
(803) 734-4731

Subscribed and sworn to before me on  
this 12 day of November 2015.

*[Signature]*

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