

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 11053 / April 19, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-20825

In the Matter of

**THE LEGAL FUNDING
GROUP OF GEORGIA, LLC
and
BENJAMIN S. EICHHOLZ,**

Respondents.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 8A OF THE SECURITIES ACT
OF 1933, MAKING FINDINGS, AND
IMPOSING A CEASE-AND-DESIST
ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), against The Legal Funding Group of Georgia, LLC (“Legal Funding”) and Benjamin S. Eichholz (“Eichholz”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V as to Respondent Eichholz, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act Of 1933, Making Findings, and Imposing a Cease-And-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds that:

Respondents

1. **The Legal Funding Group of Georgia, LLC** is a Georgia-registered limited liability company with its principal place of business in Savannah, Georgia. At all relevant times, Legal Funding has been owned and controlled by Eichholz.

2. **Benjamin S. Eichholz**, age 70, resides in Savannah, Georgia. Eichholz founded Legal Funding in 2017 and, at all relevant times, has been Legal Funding's managing member, president, and chief executive officer.

Facts

3. Legal Funding, which was founded by Eichholz in mid-2017, issues small short-term funding advances to plaintiffs in personal injury cases who seek cash while their cases are pending. In addition to principal and interest, Legal Funding charges an up-front processing fee of between 30% and 36% of each advance.

4. Since 2017, Legal Funding and Eichholz have raised approximately \$2.35 million from the continuous sale of "investment contracts" to approximately 20 investors from at least 3 states.¹ Legal Funding uses the offering proceeds to fund its pre-settlement advance business. Each investor's money is used to fund specific advances chosen, underwritten, and made by Legal Funding, with the investor entitled to 50% of the profits generated by each advance funded by their investment—i.e., 50% of money repaid in excess of the principal amount plus the processing fee.

5. Eichholz bore sole responsibility for soliciting investors and offering and selling Legal Funding's investment contracts, and Eichholz participated in each investment contract sale.

6. During the relevant period, Legal Funding and Eichholz offered and sold investment contracts to investors who they knew or should have known were not accredited investors, including investors who previously obtained litigation funding advances from Legal Funding and/or other entities with which Eichholz was affiliated.

7. During the relevant period, Legal Funding and Eichholz also engaged in activities that constituted general solicitation, including offering and selling investment contracts to investors who were referred to them by others and with whom neither Legal Funding nor

¹ Legal Funding began operations and soliciting investors in or around June 1, 2017. The \$2.35 million raised includes approximately \$260,000 in investment contracts that Eichholz sold to investors in other entities, which have since been administratively dissolved. These investments were transferred to Legal Funding when it was formed.

Eichholz had any pre-existing relationship. Legal Funding and Eichholz did not take reasonable steps to verify that these investors were accredited investors.

8. Prior to October 2020, Legal Funding and Eichholz did not provide investors with any written disclosures other than the investment contract itself. Beginning in October 2020, Legal Funding and Eichholz sent existing and prospective investors a newly drafted private placement memorandum (“PPM”). The PPM did not include the majority of the non-financial statement information or any of the financial statement information described in Rule 502 of Regulation D.

9. Legal Funding and Eichholz did not file or cause to be filed a registration statement with the Commission in connection with their offer and sale of investment contracts, and no exemption from registration was available.

Violations

10. As a result of the conduct described above, Legal Funding and Eichholz violated Section 5(a) of the Securities Act, which prohibits the sale of securities through interstate commerce or the mails unless a registration statement is in effect, and Section 5(c) of the Securities Act, which prohibits the offer to sell any security through interstate commerce or the mails, unless a registration statement has been filed as to such security with the Commission.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents’ Offers.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondents Legal Funding and Eichholz cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act.

B. Legal Funding shall, within 15 days of the entry of this Order, pay a civil money penalty in the amount of \$37,500 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

C. Eichholz shall, within 15 days of the entry of this Order, pay a civil money penalty in the amount of \$12,500 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Respondent's name as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Justin C. Jeffries, Division of Enforcement, Securities and Exchange Commission, 950 E. Paces Ferry Road, Suite 900, Atlanta, GA 30326.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent Eichholz, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Eichholz under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent Eichholz of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary