

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 72868 / August 19, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15888

In the Matter of

DONALD R. FRENCH, JR.,

Respondent.

**ORDER MAKING FINDINGS AND IMPOSING
REMEDIAL SANCTIONS PURSUANT TO
SECTION 15(b) OF THE SECURITIES
EXCHANGE ACT OF 1934**

I.

The Securities and Exchange Commission (“Commission”) previously instituted proceedings in this matter on May 27, 2014. The Commission now deems it appropriate and in the public interest to enter this Order Making Findings And Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) (“Order”) against Donald R. French, Jr., (“French” or “Respondent”).

II.

French has submitted an Offer of Settlement (the “Offer”) 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, French admits the Commission’s jurisdiction over him and over the subject matter of the proceedings and admits the findings in Section III.2 below. French further consents to the entry of the Order, as set forth below.

III.

On the basis of this Order and French’s Offer, the Commission finds that:

1. At the time of the relevant conduct, French was the owner and principal of D3 Funds LP, a now defunct Delaware limited partnership located in Boca Raton, Florida. French was not registered as a broker-dealer or associated with a registered broker-dealer during the relevant time. French, 26, was a resident of Boca Raton, Florida; however, he is currently imprisoned in Oakdale, Louisiana. French solicited investors to buy securities, advised them on the merits of the investment, and received transaction based compensation.

2. On March 15, 2013, French pleaded guilty to one count of conspiracy to commit mail and wire fraud in violation of Title 18, United States Code, Section 1349, before the United States District Court for the Southern District of Florida, in *United States v. French Jr.*, Case No. 12-80212-CR-RYSKAMP/HOPKINS. On June 27, 2013, a judgment in the criminal case was entered against French. French was sentenced to 121 months in prison and 5 years of supervised release. French was ordered to pay restitution in the amount of \$9.1 million.

3. The count of the criminal Information to which French pleaded guilty alleged, among other things, that French and his co-conspirators unlawfully enriched themselves by seeking to obtain millions of dollars through operation of a Ponzi scheme in which victims were falsely and fraudulently promised quick and substantial returns on their investment. Pursuant to the plea agreement, French admitted that he created a false and fraudulent prospectus for investors, supplemented by his false and fraudulent oral representations, which led investors to believe their investments would be invested in legitimate investment vehicles, minus a small management fee. French's false representations included representing a high rate of return, and that investors would be protected or guaranteed against loss. French admitted to providing investors with fraudulent web based monthly account statements, which were also used to solicit further investments. Although French represented to investors that 98% of the monies given to D3 Funds LP were to be invested, French only used a small percentage of that money for actual investment. French admitted to defrauding victims out of more than \$10 million during the course of the scheme, the majority of which was spent on himself and his co-conspirators, including personal living expenses through use of check/debit cards, gambling debts, and cash withdrawals.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent French's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent French be, and hereby is: barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Jill M. Peterson
Assistant Secretary