STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the Matter of: Complaint No. 328456

LARRY HOLLEY
Unregistered

Respondent.
_____/

Issued and entered
This 11th day of August, 2016

NOTICE AND ORDER TO CEASE AND DESIST

Julia Dale, the Director of the Corporations, Securities & Commercial Licensing Bureau (the "Administrator"), pursuant to her statutory authority and responsibility to administer and enforce the Michigan Uniform Securities Act (2002), 2008 PA 551, as amended, MCL 451.2101 *et seq.* ("Securities Act"), hereby orders Larry Holley ("Respondent") to cease and desist from offering and selling unregistered securities, and to cease and desist from continuing to directly or indirectly make any untrue statements of material fact, or omit to state material facts necessary in order to make statements made, in the light of the circumstances under which they were made, not misleading, contrary to the Securities Act. Respondent is notified of the opportunity to request a hearing in this matter.

I. BACKGROUND

A. The Respondent

1. Larry Holley is an individual who resides in Grand Blanc, Michigan. He is an owner of Treasure Enterprise, LLC, and is active in the management of the business done by the entity. Larry Holley is not registered in any capacity under the Securities Act.

B. Findings of Fact

1. The Bureau conducted an investigation of Respondent's activities.

2. The investigation developed evidence that Respondent sold a security in the form of a note (Exhibit 1 – Promissory Note) to an investor; the security was issued by Treasure Enterprise, LLC. The investor was sixty years of age or older at the time of the transaction.

3. The note was not registered pursuant to the Securities Act, nor has Respondent identified any applicable exemption, exception, preemption, or exclusion from the Securities Act. (Exhibit 2 – Treasure Enterprise, LLC Cease and Desist Order).

4. The note issued by Treasure Enterprise, LLC, and sold by Respondent to the investor stated that it would pay an annual investment return of 15% to the investor; however, Respondent omitted to state to the investor that the issuer might not be able to pay the note if the business did not generate sufficient income. A reasonable investor might consider it important to her investment decision to know that the issuer of the security might not have the financial ability to pay the return as promised.

5. The note issued by Treasure Enterprise, LLC, and sold by Respondent to the investor stated that it would be paid by a date certain; however, Respondent omitted to state that the issuer might not be able to pay the note as promised on the date certain due to the entity's liquidity. Principal due under the note was not paid on the date promised. A reasonable investor might consider it important to her investment decision to know that the investment may be illiquid, and that the issuer might not be able to pay the return on the note as promised.

6. Respondent, in offering and selling the note to the investor, stated that Treasure Enterprise, LLC was a "real estate investment company"; however, Respondent failed to disclose any risks associated with the real estate business that might affect the investor's return. Instead, Respondent portrayed the real estate investment as risk-free. A reasonable investor might consider it important to her investment decision to know that the real estate market is not risk-free, and that risks in the market might affect return on the investment.

II. RELEVANT STATUTORY PROVISIONS

1. Section 102c(c) of the Securities Act, MCL 451.2102c(c), defines "Security", in part, as:

a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest in or based on the value of that put, call, straddle, option, or privilege on that security, certificate of deposit, or group or index of securities, put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, an investment in a viatical or life settlement agreement; or, in general, an interest or instrument commonly known as a "security"; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing…

2. Section 301 of the Securities Act, MCL 451.2301, states:

   A person shall not offer or sell a security in this state unless 1 or more of the following are met:

   (a) The security is a federal covered security.
   (b) The security, transaction, or offer is exempted from registration under sections 201 to 203.
   (c) The security is registered under this act.

3. Section 503(1) of the Securities Act, MCL 451.2503(1), states:

   In a civil action or administrative proceeding under this act, a person claiming an exemption, exception, preemption, or exclusion has the burden to prove the applicability of the exemption, exception, preemption, or exclusions.

4. Section 501 of the Securities Act, MCL 451.2501, states:

   It is unlawful for a person, in connection with the offer, sale, or purchase of a security or the organization or operation of a Michigan investment market under article 4A, to directly or indirectly do any of the following:…

   (b) Make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading…

III. CONCLUSIONS OF LAW

1. Respondent, Larry Holley, offered and sold an unregistered security in the form of a note issued by Treasure Enterprise, LLC, and has not identified a relevant exemption, exception, preemption, or exclusion from Securities Act registration requirements, contrary to section 301 of the Securities Act, MCL 451.2301.

2. Respondent, Larry Holley, in connection with the offer and sale of securities, omitted to state material facts necessary to make other statements made not misleading in light of the circumstances under which they were made in the following ways:

    a. The note sold by Respondent and issued by Treasure Enterprise, LLC stated that it would pay an annual investment return of 15% to the investor; however, Respondent omitted to identify to the investor the risk that Treasure Enterprise, LLC might not be able to pay the note if the business did not generate sufficient income. A reasonable investor might consider it important to her investment decision to know that the issuer of the security might not have the financial ability to pay the return as promised.

    b. The note sold by Respondent and issued by Treasure Enterprise, LLC stated that all principal and interest would be paid by a date certain; however, Respondent omitted to state that it might not be able to pay the note as promised on the date certain due to liquidity of the issuer. The principal of the note was not paid at maturity as promised. A reasonable investor might consider it important to her investment decision to know that the investment will be illiquid, and that the issuer might not be able to pay on the note as promised.

    c. Respondent, in offering and selling the Treasure Enterprise, LLC note to the investor, stated that Treasure Enterprise, LLC was a "real estate investment company"; however, Respondent failed to disclose any risks associated with the real estate business that could affect the investor's return. A reasonable investor might consider it important to her investment decision to know that the real estate market is not risk-free, and that risks in the market might affect return on the investment.

IV. ORDER

IT IS THEREFORE ORDERED, pursuant to section 604 of the Securities Act, MCL 451.2604, that:

A. Respondent shall immediately CEASE AND DESIST from continuing sell unregistered securities and from directly or indirectly making any untrue statements of material fact or omitting to state material facts necessary in order to make other statement made, in the light of the circumstances under which they were made, not misleading, contrary to the Securities Act.

B. Pursuant to section 604(2) of the Securities Act, this Notice and Order to Cease and Desist is IMMEDIATELY EFFECTIVE.

C. In her Final Order, the Administrator, under section 604(4) of the Securities Act, MCL 451.2604(4), intends to impose civil fines of $80,000.00 against Respondent.

D. Pursuant to section 508 of the Securities Act, MCL 451.2508, a person that willfully violates the Securities Act, or an order issued under the Securities Act, is guilty of a felony punishable by imprisonment for not more than 10 years or a fine of not more than $500,000.00 for each violation, or both. An individual convicted of violating a rule or order under this act may be fined, but shall not be imprisoned, if the individual did not have knowledge of the rule or order.

E. The Administrator retains the right to pursue further administrative action against Respondent under the Securities Act if the Administrator determines that such action is necessary and appropriate in the public interest, for the protection of investors and is authorized by the Securities Act.

V. NOTICE OF OPPORTUNITY FOR HEARING

Section 604 of the Securities Act, MCL 451.2604, provides that Respondent has 30 days beginning with the first day after the date of service of this Notice and Order to Cease and Desist to submit a written request to the Administrator asking that this matter be scheduled for a hearing. If the Administrator receives a written request in a timely manner, the Administrator shall schedule a hearing within 15 days after receipt of the request. The written request for a hearing must be addressed to:

Corporations, Securities & Commercial Licensing Bureau
Regulatory Compliance Division
P.O. Box 30018
Lansing, MI 48909

VI. ORDER FINAL ABSENT HEARING REQUEST

A. Under section 604 of the Securities Act, MCL 451.2604, the Respondent's failure to submit a written request for a hearing to the Administrator within 30 days after the service date of this **NOTICE AND ORDER TO CEASE AND DESIST** shall result in this order becoming a **FINAL ORDER** by operation of law. The **FINAL**

ORDER includes the imposition of the fines cited described in section IV.C., and the fine amounts set forth below will become due and payable to the Administrator within sixty (60) days after the date this order becomes final:

$80,000.00 – Treasure Enterprise LLC, under section 604 of the Securities Act, MCL 451.2604.

B. CIVIL FINE payments should be payable to the STATE OF MICHIGAN and contain identifying information (e.g., names and complaint numbers) and mailed to the following address:

Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring
P.O. Box 30018
Lansing, MI 48909

C. Failure to comply with the terms of this Order within the time frames specified may result in additional administrative penalties, including the summary suspension or continued suspension of all registrations held by Respondent under the Securities Act, the denial of any registration renewal, and/or the denial of any future applications for registration, until full compliance is made. Respondent may voluntarily surrender or withdraw a registration under the Securities Act; however, the surrender or withdrawal will not negate the summary suspension or continued suspension of the relevant registrations or any additional administrative proceedings if a violation of this Order or the Securities Act occurred.

D. Failure to pay the civil fines within six (6) months after this Order becomes final may result in the referral of the civil fines to the Michigan Department of Treasury for collection action against Respondent.

CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

Julia Dale
Director, Corporations, Securities & Commercial Licensing Bureau

Date 8/11/16