

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

In the matter of:

Agency Nos. 331988

JEFFERY CORTRIGHT  
CRD# 4595165

Respondent.

\_\_\_\_\_ /

Issued and entered  
This 13<sup>th</sup> day of June, 2017

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 Jeffery Cortright (“Respondent”) to cease and desist from acting as an unregistered investment adviser representative, contrary to the Securities Act. Respondent is notified of the opportunity to request a hearing in this matter.

**I. BACKGROUND**

**A. The Respondent**

1. Jeffery Cortright (CRD#4595165) is an individual that was registered as an investment adviser representative through Phase 2 Investment Advisers, LLC (“Phase 2”) until on or around December 31, 2015 when the firm’s registration lapsed, and Respondent’s registration lapsed along with it. Respondent has not identified any exemptions from registration.

**C. Findings of Fact**

1. The Corporations, Securities and Commercial Licensing Bureau (“the Bureau”) within the Department of Licensing and Regulatory began an investigation into Respondent’s activities in the securities industry after being contacted by a securities custodian that had concerns regarding Respondent and Phase 2 engaging in unregistered activities that fall within the scope of the Securities Act.

2. The Bureau's investigation developed evidence that Respondent is employed by or associated with Phase 2, an investment adviser that held itself out to the public as an investment adviser (Exhibit 1 – Website Screen Captures), and that Phase 2, through Respondent, requested and collected advisory fees from at least 53 separate accounts since Respondent's or Phase 2's registration was last effective on December 31, 2015 (Exhibit 2 – List of Accounts from Custodian).

## **II. RELEVANT STATUTORY PROVISIONS**

1. Section 102(e) of the Securities Act, MCL 451.2102(e) defines "investment adviser representative", in part, as:

"Investment adviser representative" means an individual employed by or associated with an investment adviser or federal covered investment adviser and who makes any recommendations or otherwise gives investment advice regarding securities, manages accounts or portfolios of clients, determines which recommendation or advice regarding securities should be given, provides investment advice or holds himself or herself out as providing investment advice, receives compensation to solicit, offer, or negotiate for the sale of or for selling investment advice, or supervises employees who perform any of the foregoing...

2. Section 404(1) of the Securities Act, MCL 451.2404(1), states:

(1) An individual shall not transact business in this state as an investment adviser representative unless the individual is registered under this act as an investment adviser representative or is exempt from registration as an investment adviser representative under subsection (2).

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.

## **III. CONCLUSIONS OF LAW**

1. Respondent was employed by or associated with an investment adviser, and therefore acted as an investment adviser representative without the benefit of registration or a properly claimed exemption from registration, contrary to section 404(1) of the Securities Act, MCL 451.2404(1).

#### 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 acting as an unregistered investment adviser representative, 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 a civil fine of \$10,000.00 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.

#### 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

Notice & Order to Cease & Desist  
Jeffery Cortright (CN 331988)  
CRD#4595165

fine amounts set forth below will become due and payable to the Administrator within sixty (60) days after the date this order becomes final:

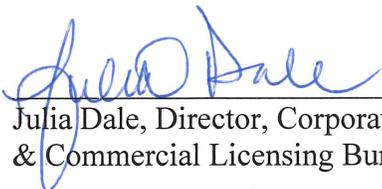
\$10,000.00 – Jeffery Cortright, under section 604 of the Securities Act, MCL 451.2604.

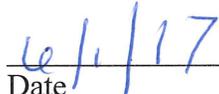
- B. CIVIL FINE payments should be payable to the STATE OF MICHIGAN and contain identifying information (e.g., names and complaint numbers) and mailed to the following address:

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 Respondents.

CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

  
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Julia Dale, Director, Corporations, Securities  
& Commercial Licensing Bureau

  
\_\_\_\_\_  
Date