



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

SHELLY EDGERTON
DIRECTOR

Complaint Nos. 323701, 323702

SAMI INVESTMENTS, LLC
Unregistered

and

HOUSTON PETERSON
Unregistered
CRD No. 2421280

FINE PAYMENT INSTRUCTIONS

The FINE must be received by the Department on or before APRIL 24, 2017. The FINE must be paid by cashier's check or money order, with the Complaint No. clearly indicated on the check or money order, made payable to the State of Michigan, and sent to the address indicated below.

Once the FINE has been overdue for at least six months, it will be referred to the Michigan Department of Treasury for collection. Questions may be directed to Final Order Monitoring staff at (517) 241-9180.

To ensure the proper posting of the payment to your account, please mail the Fine Payment Processing Stub with your payment to:

Michigan Department of Licensing and Regulatory Affairs
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU
Final Order Monitoring – Securities & Audit Division
P.O. Box 30018 – Lansing, MI 48909

FINE PAYMENT PROCESSING STUB

Please return this with your payment.

Make your check or money order drawn from a U.S. financial institution payable to the STATE OF MICHIGAN.
Do not send cash.

Agency C3 ACCOUNT Code 10117

Complaint Nos.: 323701, 323702 _____	Due: APRIL 24, 2017 Total Amount Due: \$2,500.00
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STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the matters of:

SAMI INVESTMENTS, LLC
Unregistered

Complaint No. 323701

and

HOUSTON PETERSON
Unregistered
CRD#2421280

Complaint No. 323702

Respondents.

_____ /

Issued and entered
This 23rd day of February, 2017

CONSENT ORDER RESOLVING
NOTICES AND ORDERS TO CEASE AND DESIST

A. Relevant information and statutory provisions, under the Michigan Uniform Securities Act (2002) (the "Act"), 2008 PA 551, MCL 451.2101 *et seq.*:

1. On April 18, 2016, the State of Michigan, Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau (the "Bureau") and the Director of the Bureau who serves as the Administrator of the Act (the "Administrator") issued notices and orders to cease and desist ("cease and desist orders") to SAMI Investments, LLC ("SAMI") and Houston Peterson ("Peterson").
2. The cease and desist orders accused SAMI of violating the Act, specifically MCL 451.2301, MCL 451.2402(4), and MCL 451.2501(b) and Peterson of materially aiding in SAMI's violation of MCL 451.2402(4).
3. SAMI and Peterson timely requested an administrative hearing, under MCL 451.2604(2) & (3), and subsequently cooperated with the Bureau in an attempt to resolve the matter by exchanging relevant documents and discussing outstanding issues, resulting in the Administrator ordering a settlement of this matter based on the terms and conditions set forth in the Stipulation below.
4. SAMI and Peterson were represented by, and had the advice of, legal counsel throughout the process of resolving the cease and desist orders.

5. Neither Peterson nor SAMI are registered under the Act in any capacity in Michigan.
6. SAMI and Peterson indicate that neither they nor any of their affiliates are engaging in general advertising or solicitation of investors of sole assignments in mortgage loans or membership interests in SAMI over the internet or otherwise and have terminated SAMI's contract with Jason Young, who is not registered under the Act as a securities agent.

B. STIPULATION

SAMI, Peterson, and the Administrator (collectively, "the Parties") agree that the cease and desist orders will be resolved with the following conditions:

1. SAMI and Peterson neither admit nor deny any allegations in the cease and desist orders, and agree that they and any entity under the direct control or supervision of either Respondent will comply with the Act at all times going forward, specifically MCL 451.2301, MCL 451.2402, and MCL 451.2501.
2. The Administrator agrees to reduce the fines in the cease and desist orders, and SAMI and Peterson agree to pay one Two Thousand Five Hundred Dollar (\$2,500.00) fine jointly imposed against SAMI and Peterson and to the Bureau within 60 days after the mailing date of this Consent Order. The fine must be paid by check or money order payable to the "State of Michigan," contain Respondents' identifying information (names and complaint nos. 323701 & 323701), and be mailed to:

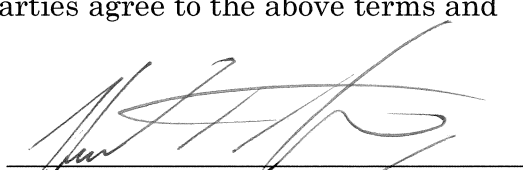
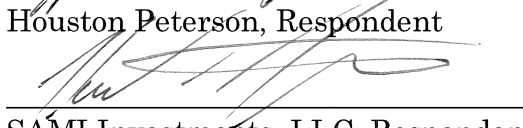
Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring – Securities & Audit Division
P.O. Box 30018
Lansing, MI 48909

3. If any portion of the fine is overdue for at least six months, the Administrator may refer it to the Michigan Department of Treasury for collection action against SAMI and Peterson. In addition, the Administrator reserves the right to pursue any other action or proceeding permitted by law to enforce payment of the fine.
4. The Parties acknowledge and agree that the Administrator retains the right to pursue any action or proceeding permitted by law to enforce compliance with the provisions of this Consent Order, and that failure to comply with this Consent Order may result in the reinstitution of the cease and desist

orders, pending any other action the Administrator chooses to take as a result of SAMI's or Peterson's failure to comply

5. The Parties further agree that this matter is a public record required to be published and made available to the public, consistent with section 11 of the Michigan Freedom of Information Act, 1976 PA 442, as amended, MCL 15.241. The Administrator currently publishes copies of orders issued under the Act to the Bureau's website and includes a summary of order content in monthly disciplinary action reports separately published on the Bureau's website. The Administrator will also update its Form U6 filed with the CRD, which update will include that the matter was settled by Consent Order wherein SAMI and Peterson neither admitted nor denied the violations alleged in the cease and desist orders.
6. SAMI and Peterson understand and intend that by signing this Stipulation, they are waiving the right, pursuant to the Act, the rules promulgated under that Act and the predecessor Act, and the Administrative Procedures Act, 1969 PA 306, MCL 24.201 *et seq.*, to prior notice and a hearing before an administrative law judge, at which the Bureau would be required to defend any disciplinary action taken under MCL 451.2604, by presentation of evidence and legal authority and at which SAMI and Peterson would be entitled to appear with or without an attorney to cross-examine all witnesses presented by the Bureau and to present such testimony or other evidence or legal authority deemed appropriate.

Through their signatures, the Parties agree to the above terms and conditions.

Dated: <u>2-6-2017</u>	Signed: 
	Houston Peterson, Respondent
Dated: <u>2-6-2017</u>	Signed: 
	SAMI Investments, LLC, Respondent
	By: SAMI Capital Management LLC,
	Its Managing Member
	By: Houston Peterson, its Member

Acknowledged by:

Dated: _____	Signed: _____
	Kimberly Baber, Attorney for SAMI and Peterson Varnum, LLP

LARA
FEB 15 2017
Sec & Audit Division
Investigation Section

orders, pending any other action the Administrator chooses to take as a result of SAMI's or Peterson's failure to comply

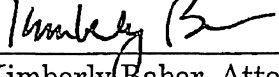
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Through their signatures, the Parties agree to the above terms and conditions.

Dated: _____ Signed: _____
Houston Peterson, Respondent

Dated: _____ Signed: _____
SAMI Investments, LLC, Respondent
By: SAMI Capital Management LLC,
Its Managing Member
By: Houston Peterson, its Member

Acknowledged by:

Dated: 2.6.17 Signed: 
Kimberly Baber, Attorney for SAMI
and Peterson
Varnum, LLP

Dated: 2-15-17

Signed:

Timothy L. Teague

Timothy L. Teague
Securities & Audit Division Director
Corporations, Securities & Commercial
Licensing Bureau

C. ORDER

The Administrator NOW, THEREFORE, ORDERS:

THE TERMS AND CONDITIONS IN THIS CONSENT ORDER ARE BINDING
AND EFFECTIVE, IN ACCORD WITH THE FULLY EXECUTED STIPULATION
CONTAINED HEREIN.

Julia Dale

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

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

In the Matter of:

Complaint No. 323701

SAMI INVESTMENTS, LLC
Unregistered

Respondent.

Issued and entered
This 18 day of April, 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 SAMI Investments, LLC ("Respondent") to cease and desist from offering or selling non-exempt, unregistered securities; from employing or associating with an unregistered agent; and, from making untrue statements of fact in the offer or sale of securities, contrary to the Securities Act. Respondent is also notified of the opportunity to request a hearing in this matter.

I. BACKGROUND

A. The Respondent

1. SAMI Investments, LLC is a Michigan limited liability company, organized in or around May of 2009 by Houston Peterson, the entity's president and resident agent.
2. SAMI Investments, LLC is not registered in any capacity pursuant to the Securities Act in Michigan, nor has it registered any securities offerings pursuant to the Securities Act in Michigan.

B. Findings of Fact

1. The Bureau conducted an investigation of Respondent's Activities.
2. The investigation developed evidence that Respondent offered or sold securities in the form of investment contracts in Michigan beginning in or around 2010. The securities were not registered pursuant to the Securities Act; however, Respondents claimed reliance on SEC Rule 506, 17 CFR 230.506 ("Rule 506"), a federal exemption from registration which preempts state securities registration laws to the extent an issuer complies with the Rule 506 requirements.
3. The investigation developed evidence that Respondents published an unrestricted website, available to the public, which generally advertised the securities offering and solicited the public to invest in Respondent's securities.
4. The investigation developed evidence that Respondent associated with and paid to Jason Young, a Michigan-registered investment adviser representative, a commission of one percent annually for each dollar of its securities sold as a result of Jason Young's efforts to refer purchasers of securities to Respondent.
5. Jason Young is not registered or exempt from registration as an agent pursuant to the Securities Act in Michigan. (See Exhibit 1, Notice & Order to Cease and Desist to Jason Young, CN 325647).
6. Respondent represented in its private placement memorandum ("PPM") that it may pay commissions of up to 5% of the price of the securities sold to FINRA-registered broker-dealers; however, Respondent did not disclose that it would pay commissions to non-FINRA-registered individuals. Thereafter, Respondent paid Jason Young commissions for referring investment advisory clients to Respondent for purchases of its securities.

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...

(v) The term includes an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor. As used in this subparagraph, a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors...

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 section 201 to 203.
- (c) The security is registered under this act.

3. SEC Rule 506, 17 CFR 230.506¹, requires an issuer to comply with the requirements of Rule 502, 17 CFR 230.502, which states in part:

...

(c) Except as provided in 230.504(b)(1), neither the issuer nor any person acting on its behalf shall offer or sell the securities by any form of general solicitation or general advertising...

¹ Rule 506 has been amended by the Securities & Exchange Commission since the relevant offers and sales of securities. A copy of the 2010 version of SEC Regulation D, 17 CFR 230.501 *et seq*, which is the relevant version for the offers and sales related to this order, is attached as Exhibit 2 to this Notice & Order to Cease and Desist.

4. Section 402(4) of the Securities Act, MCL 451.2402(1), states:

A broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this state, shall not employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered under subsection (1) or exempt from registration under subsection (2).

5. 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...

6. A "material" fact is a fact that a reasonable investor might have considered important in making an investment decision. *People v Cook*, 89 Mich App 72, 83; 279 NW2d 579, 585 (1979) (Citing *Mills v Electric Auto-Lite Co*, 396 US 375, 384 (1970)).

7. 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 exclusion.

III. CONCLUSIONS OF LAW

1. Respondent SAMI Investments, LLC offered or sold a security in the State of Michigan which was not federally covered, exempt from registration, or registered, in violation of section 301 of the Securities Act, MCL 451.2301. Respondents claimed federal coverage in reliance on the exemption available at SEC Rule 506 which preempts state law if an issuer complies with its requirements. However, Respondents engaged in general advertising and general solicitation, which disqualified the offering from relying on the federal Rule 506 exemption; therefore, the offering was not federally covered, and in the absence of a different exemption, was sold in violation of section 301 of the Securities Act, MCL 451.2301.

2. Respondent SAMI Investments, LLC associated with or employed an unregistered and non-exempt agent in the offer and sale of its securities, in violation of section 402(4) of the Securities Act, MCL 451.2402(4). Jason Young was paid a commission to refer investment advisory clients to Respondent to purchase Respondent's securities. Jason Young was not registered or exempt from registration as an agent under the Securities Act in Michigan (See Exhibit 1), and was associated with or employed by Respondent, in violation of section 402(4) of the Securities Act, MCL 451.2402(4).
3. Respondent SAMI Investments, LLC misstated a fact in connection with the offer or sale of securities when it represented to investors in its PPM that it would pay commissions to FINRA-registered broker-dealers to sell and distribute its securities; however, it paid commissions to Jason Young, an individual who was not registered or exempt from registration as a broker-dealer or an agent of a broker-dealer. The misstatement was material because reasonable investor might consider it important that an issuer is utilizing an unregistered and non-exempt agent to sell and distribute its securities, and therefore was in violation of section 501(b) of the Securities Act, MCL 451.2501(b).

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 offering or selling unregistered securities, associating with or employing an unregistered agent, and misstating material facts, 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 \$30,000.00 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 fine amounts set forth below will become due and payable to the Administrator within sixty (60) days after the date this order becomes final:

\$30,000.00 – SAMI Investments, 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:

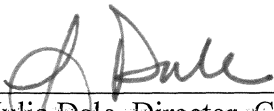
Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring
P.O. Box 30018
Lansing, MI 48909

- 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

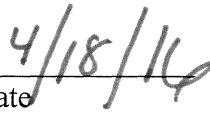
relevant registrations or any additional administrative proceedings if a violation of this Order or the Securities Act occurred.

- 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 Respondents.

CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU



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



Date