

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

In the matters of:

SIGMA ADVANTAGE INVESTMENTS, LLC
Unregistered

Complaint No. 332020

and

ROBERT J. SLOMA
Unregistered

Complaint No. 332019

Respondents.

_____ /

Issued and entered
This 5th day of October, 2017

**CONSENT ORDER WITHDRAWING HEARING REQUEST AND ALLOWING
FINAL ORDERS TO ENTER**

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

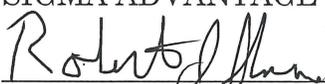
1. On July 10, 2017, the State of Michigan, Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau (the "Bureau") and the Director of the Bureau who serves as the Administrator of the Act (the Administrator) issued a Notice and Order to Cease and Desist to Robert J. Sloma, and also issued a Notice of Intent to Deny Investment Adviser Registration Application to Sigma Advantage Investments, LLC.
2. Neither Sigma nor Sloma are currently registered under the Act.
3. Sigma and Sloma neither admit nor deny any of the allegations July 10, 2017 Orders, and agree to entry of this Consent Order only for the purpose of resolving those orders.

B. AGREEMENT PROVISIONS

Sigma, Sloma, and the Administrator (collectively, "the Parties") agree that the two July 10, 2017 Orders will be resolved with the following conditions:

1. Sigma and Sloma agree that they will withdraw their requests for administrative hearings regarding the two July 10, 2017 orders, and allow those orders to become Final Orders under the Act.
2. The Administrator agrees to waive all fines in the two July 10, 2017 orders, and there will be no fines in the Final Order.
3. Sigma and Sloma understand and intend that by signing this Consent Order, they are waiving the right, pursuant to the Act, the rules promulgated under that Act and the Uniform Securities Act (Predecessor Act), 1964 PA 265, MCL 451.501 *et seq.*, 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 Section 604 (6) of the Act, MCL 451.2604, by presentation of evidence and legal authority and at which Sigma and Sloma 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>9/26/2017</u>	Signed: <u></u> SIGMA ADVANTAGE INVESTMENTS
Dated: <u>9/26/2017</u>	Signed: <u></u> ROBERT J. SLOMA

Approved by:

Dated: _____	Signed: _____ Timothy L. Teague Securities & Audit Division Director Corporations, Securities & Commercial Licensing Bureau
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Through their signatures, the Parties agree to the above terms and conditions.

Dated: _____

Signed: _____

SIGMA ADVANTAGE INVESTMENTS

Dated: _____

Signed: _____

ROBERT J. SLOMA

Approved by:

Dated: 9.26.17

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, 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. 332019

SIGMA ADVANTAGE INVESTMENTS, LLC
IARD# 153346

Respondent.

Issued and entered
This 10th day of July, 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 Sigma Advantage Investments, LLC ("Respondent") to cease and desist from operating as an unregistered investment adviser, contrary to the Securities Act. Respondent is also notified of the opportunity to request a hearing in this matter.

I. BACKGROUND

A. Respondent

1. Respondent Sigma Advantage Investments, LLC is a Michigan limited liability company that was registered as an investment adviser in Michigan pursuant to the Securities Act from in or around October 2010 until on or around December 31, 2017; the firm's registration lapsed on January 1, 2017 lapsed due to its failure to renew. Robert J. Sloma is the sole member of the limited liability company, the firm's principal, and was a registered investment adviser representative of the firm until his registration lapsed along with Respondent's on January 1, 2017.

B. Findings of Fact

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

2. The investigation developed evidence that Respondent was registered as an investment adviser prior to January 1, 2017, and that it allowed its registration to lapse as of that date when it failed to renew at the close of 2016.
3. Respondent continued to advise clients as to their investment portfolios for compensation in the first quarter of 2017, despite the fact that Respondent was not properly registered to engage in those advising activities.

II. RELEVANT STATUTORY PROVISIONS

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

"Investment adviser" means a person that, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or the advisability of investing in, purchasing, or selling securities or that, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. The term includes a financial planner or other person that, as an integral component of other financially related services, provides investment advice to others for compensation as part of a business or that holds itself out as providing investment advice to others for compensation...

2. Section 403(1) of the Securities Act, MCL 451.2403(1), states:

A person shall not transact business in this state as an investment adviser unless the person is registered under this act as an investment adviser or is exempt from registration as an investment adviser 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 exclusion.

III. CONCLUSIONS OF LAW

1. Respondent Sigma Advantage Investment, LLC acted as an investment adviser in Michigan without the benefit of registration or a properly claimed exemption from registration, in violation of section 403(1) of the Securities Act, MCL 451.2403(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, 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 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:

\$10,000.00 – Sigma Advantage 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


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

7/10/17
Date

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

In the matter of:

Agency No. 332019

SIGMA ADVANTAGE INVESTMENTS, LLC
IARD# 153346

Applicant.
_____ /

Issued and entered
This 10th day of July, 2017

**NOTICE OF INTENT TO DENY
INVESTMENT ADVISER REGISTRATION APPLICATION**

I. RELEVANT FACTS AND APPLICABLE LAW.

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

1. Sigma Advantage Investments, LLC ("Applicant") was registered as an investment adviser in the State of Michigan from on or around October 20, 2010 through on or around December 31, 2016. Applicant's registration became ineffective on January 1, 2017 because the firm failed to renew it. Robert J. Sloma (CRD# 5561298) is Applicant's sole member and its principal responsible for compliance with the Securities Act.
2. On or around January 4, 2017, Applicant submitted a Form ADV application for registration as an investment adviser ("January 4, 2017 Application"). Applicant's application became complete on or around June 14, 2017.
3. The Corporations, Securities & Commercial Licensing Bureau ("the Bureau") within the Department of Licensing and Regulatory Affairs initiated an examination to determine whether Applicant continued operating as an investment adviser after its registration lapsed. Evidence collected during the examination, including emails from Applicant's principal Robert Sloma (Exhibit 1 – Email from Robert Sloma), and client statements produced to the Bureau by Applicant (Exhibit 2 – Summary of Fees Paid), showed that Applicant continued to provide investment advice for compensation after its registration lapsed on January 1, 2017. The Bureau, concurrent with this Notice of Intent to Deny Investment Adviser Registration is issuing Notices and Order to Cease and Desist against Applicant (Exhibit 3 – Sigma Cease and Desist Order) and its principal, Robert Sloma (Exhibit 4 – Sloma Cease and Desist Order).

4. A review of existing client contracts showed that Applicant had been charging a 1.00% assets under management fee to a client, when the client contract only authorized Applicant to deduct 0.75%. (Exhibit 5 – Client Contract; Exhibit 6 – Client Statement Showing Fee Deduction).
5. The Director (“Administrator”) of the Bureau has reviewed materials relating to Applicant’s activities under the Securities Act. The Administrator has determined that the denial of Applicant’s registration as an investment adviser is authorized, appropriate, and in the public interest based upon Applicant’s conduct discussed above and hereafter.
6. Section 412(1) of the Securities Act, MCL 451.2412(1), states:

If the administrator finds that the order is in the public interest and subsection (4) authorizes the action, an order under this act may deny an application or condition or limit registration of an applicant to be a broker-dealer, agent, investment adviser, or investment adviser representative and, if the applicant is a broker-dealer or investment adviser, of a partner, officer, or director, or a person having a similar status or performing similar functions, or any person directly or indirectly in control of the broker-dealer or investment adviser.

7. Section 412(4) of the Securities Act, MCL 451.2412(4) states in relevant part:

A person may be disciplined under subsections (1) to (3) if any of the following apply to the person:

(b) The person willfully violated or willfully failed to comply with this act or the predecessor act or a rule adopted or order issued under this act or the predecessor act within the previous 10 years.

(l) The person is the subject of a cease and desist order issued by the securities and exchange commission or issued under the securities, commodities, investment, franchise, banking, finance, or insurance laws of a state.

(m) The person has engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous 10 years...

8. Section 412(6) of the Act, MCL 451.2412(6), states:

The administrator may suspend or deny an application summarily, restrict, condition, limit, or suspend a registration, or censure, bar, or impose a civil fine on a registrant pending final determination of an administrative proceeding. On the issuance of the order, the administrator shall promptly notify each person subject to the order that the order has been issued, the reasons for the action, and that, within

15 days after the receipt of a request in a record from the person, the matter will be scheduled for a hearing. If a hearing is not requested by a person subject to the order or is not ordered by the administrator within 30 days after the date of service of the order, the order is final. If a hearing is requested or ordered, the administrator, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend the order until final determination.

9. The Administrator may deny Applicant's investment adviser registration pursuant to section 412(1) of the Securities Act, MCL 451.2412(1), because it is in the public interest, and because:
 - A. Applicant willfully violated or willfully failed to comply with the Securities Act by acting as an investment adviser when its principal, Robert Sloma, knew that it was not properly registered to do so, causing the applicability of section 412(4)(b), MCL 451.2412(4)(b), and authorizing the Administrator to deny the January 4, 2017 Application pursuant to section 412(1), MCL 451.2412(1).
 - B. Applicant is the subject of a cease and desist order issued by a state securities regulator, causing the applicability section 412(4)(l), MCL 451.2412(4)(l), and authorizing the administrator to deny the January 4, 2017 Application pursuant to section 412(1), MCL 451.2412(1).
 - C. Applicant engaged in dishonest or unethical practices in the securities industry within the previous 10 years by charging clients annual asset management fees that exceeded fees authorized by the client's contract with Applicant, causing the applicability of section 412(4)(m), MCL 451.2412(4)(m), and authorizing the Administrator to deny the January 4, 2017 Application pursuant to section 412(1), MCL 451.2412(1).

II. ORDER.

The Administrator finds that this order is authorized, appropriate, and in the public interest based on the above-cited facts and law.

IT IS ORDERED as follows:

1. The Administrator intends to deny the investment adviser registration application of Sigma Advantage Investments, LLC, under sections 412(1) and 412(4) of the Securities Act, MCL 451.2412(1) and MCL 451.2412(4), because Applicant willfully violated or willfully failed to comply with the Securities Act; Applicant is subject to a cease and desist order issued by a state securities regulator; and, Applicant has engaged in dishonest or unethical practices in the securities industry within the previous 10 years, all of which support the denial of Applicant's investment adviser registration application under the above-cited provisions of the Michigan Uniform Securities Act (2002), 2008 PA 551, MCL 451.2101 *et seq.*

2. In accordance with sections 412(1) and (6) of the Act, MCL 451.2412(1) and (6): This is NOTICE that the Administrator intends to deny Applicant's investment adviser registration application, and that Applicant has thirty (30) calendar days after the date that this Order is served on Applicant to submit a written request to the Administrator that this matter be scheduled for a hearing. If the Administrator timely receives a written request, the Administrator shall schedule a hearing within 15 days after receipt of the written request. If a hearing is not requested by Applicant or is not ordered by the Administrator within 30 days after the date of service of this Order, Applicant's application for investment adviser registration will be denied. If a hearing is requested or ordered, the Administrator, after notice of and an opportunity for hearing to Applicant, may modify or vacate this Order or extend the Order until final determination.

If Applicant requests a hearing, the request must be in writing and filed with the Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau, Regulatory Compliance Division, P.O. Box 30018, Lansing, MI 48909.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES, AND COMMERCIAL LICENSING BUREAU

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