

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

In the Matter of:

Complaint No: 343098

PROFITS RUN, INC
Unregistered

Respondent.

Issued and entered
This 31st day of August, 2021

ADMINISTRATIVE CONSENT AGREEMENT AND ORDER
(hereinafter “Consent Order”)

- A. Relevant information and statutory provisions, under the Michigan Uniform Securities Act (2002) (the “Securities Act”), 2008 PA 551, MCL 451.2101 *et seq.*:
1. On the 24th of March, 2021, 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 Administrator of the Securities Act (the “Administrator”), issued the following order (the “Disciplinary Order”):
 - A Notice and Order to Cease and Desist, under MCL 451.2604 to Profits Run, Inc. (“Respondent”), Complaint No. 343098, alleging that Respondent was acting as an unregistered investment adviser in violation of MCL 451.2403(1);
 2. Respondent is a Michigan Corporation which is not, and has never been, registered in any capacity under the Securities Act.
 3. Following issuance of the Disciplinary Order, the Bureau and Respondent (collectively, the “Parties”) engaged in ongoing discussions to resolve the

Disciplinary Order.

4. Respondent was represented by legal counsel during the process of resolving the Disciplinary Order through this Consent Order.

B. STIPULATION

The Parties agree to resolve the Disciplinary Order based on the following terms and conditions:

1. Respondent agrees to comply with the Securities Act in connection with its future conduct and activities governed by the Securities Act.
2. Respondent agrees that it will not offer and that no website within its control, including but not limited to www.prtradingresearch.com and profitsrun.com, will advertise that it offers services that come within the definition of “investment adviser” under the Securities Act without being registered or exempt from registration as investment advisers and/or investment adviser representatives, as applicable.
3. In an effort to resolve the Disciplinary Order, Respondent represents that, from the date of this Consent Order, Respondents intends to operate in a manner that excludes Respondent from the definition of “investment adviser” as that term is defined by MCL 451.2102a(e).
4. The Bureau provides no assurances of compliance with the exclusion from the definition of “investment adviser” referenced in Paragraph 3 above and notes that the burden to demonstrate compliance with such exclusion rests with the person claiming such exclusion.
5. Respondent will disclose in its advertisements in the future that Respondent is not registered as an investment adviser and that

Respondent does not provide individualized advice about investments of any kind, regardless of whether the discussion of investing involves an individual security, a class of securities, or a market in which investment securities are available for purchase or sale, and will not give advice or recommendations regarding specific securities unless the advice about specific securities complies with an exclusion from the definition of “investment adviser.” Notwithstanding the foregoing, nothing in this paragraph is intended to prohibit, and shall not be construed as prohibiting, Respondent from advertising such registration if Respondent does become and remain registered as an investment adviser under the Securities Act.

6. Respondent agrees to pay the Bureau a reduced civil fine in the settlement amount of Two Thousand and 00/100 dollars (\$2000.00) (the “Reduced Civil Fine”). Respondent agrees to pay the Reduced Civil Fine within sixty (60) calendar days after the mailing date of this Consent Order, once entered. The Reduced Civil Fine must be paid by check or money order made payable to the “State of Michigan,” contain identifying information (name and “Complaint No. 343098”), and mailed to the Bureau at the following address:

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

If any portion of the Reduced Civil Fine is overdue, the Administrator may refer it to the Michigan Department of Treasury for collection action

against Respondent. In addition, and consistent with Paragraph B.11.

below, the Administrator reserves the right to take other available legal action to enforce payment of and collect the Reduced Civil Fine.

7. Respondent agrees that effective upon entry of this Consent Order, the Requests for Hearing (the "Hearing Requests") submitted in response to the Disciplinary Orders are automatically revoked without further action by the Parties.
8. This Consent Order 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, MCL 15.241. The Bureau currently publishes copies of orders issued under the Securities 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.
9. Respondent neither admits nor denies any wrongdoing in connection with this matter and consents to entry of this Consent Order only for the purpose of resolving the Disciplinary Order in an expeditious fashion that avoids the time and expense associated with an administrative hearing and any related appeals.
10. Respondent agrees to comply with any reasonable investigative demands made by the Bureau in the future for purposes of ensuring compliance with this Consent Order or the Securities Act.
11. The Parties acknowledge and agree that the Administrator retains the right to pursue any action or proceeding permitted by law to enforce the

provisions of this Consent Order.

12. Respondent acknowledges and agrees that: (a) the Administrator has jurisdiction and authority to enter this Consent Order; (b) the Administrator may enter this Consent Order without any further notice to Respondent; and (c) upon entry of this Consent Order, it is final and binding, and Respondent waives any right to a hearing or appeal of this Consent Order and the Disciplinary Order under applicable law.
13. The Parties understand and agree that this Consent Order will be presented to the Administrator for her final approval as evidenced by its entry, and that the Administrator may, in her sole discretion, decide to accept or reject this Consent Order. If the Administrator enters this Consent Order, this Consent Order becomes fully effective and binding. If the Administrator does not enter this Consent Order, the Parties waive any objection to submitting the Hearing Requests for adjudication through a formal administrative proceeding in accordance with the Administrative Procedures Act of 1969 (the "Administrative Procedures Act"), 1969 PA 306, MCL 24.201 *et seq.*, and MCL 451.2604(3) and (4) with the Administrator remaining the final decisionmaker at the conclusion of that proceeding, subject, however, to Respondent's right to judicial review in accordance with the Administrative Procedures Act and MCL 451.2609.
14. The Parties agree that this Consent Order resolves only Respondent's activities, conduct, and alleged Securities Act violations contained in the

Disciplinary Order through the effective date of this Consent Order. The Bureau reserves the right to take further action as permitted by law to address activities, conduct, or potential Securities Act violations alleged in the Disciplinary Order if not abated, or that were not addressed in the Disciplinary Order itself. Without limiting the foregoing, the Bureau represents and confirms that as of the date of this Consent Order, the Bureau has no open or pending investigation regarding Respondent with respect to matters not addressed in or covered by the Disciplinary Order. Further, the Parties acknowledge that this Consent Order does not preclude any other individual or entity, including but not limited to other authorized state or federal agencies or officials, from initiating or pursuing civil or criminal action against Respondent, and does not preclude Bureau staff from referring this matter to any law enforcement agency. The Consent Order does not preclude the Bureau or its staff from fully cooperating with any state or federal agency or official that may investigate or pursue its own civil or criminal enforcement against Respondent.

15. The Parties acknowledge and agree that this Consent Order contains the entire understanding of the Parties and supersedes and forever terminates all prior and contemporaneous representations, promises, agreements, understandings, and negotiations, whether oral or written, with respect to its subject matter. The Parties further agree that this Consent Order may only be amended, modified, or supplemented by a

duly executed writing signed by each Party and approved by order of the Administrator.

16. The Parties acknowledge and represent that: (a) each Party has read this Consent Order in its entirety and fully understands all of its terms, conditions, ramifications, and consequences; (b) each Party unconditionally consents to the terms of this Consent Order; (c) each Party has consulted with or had ample opportunity to consult with legal counsel of his, her, or its choosing prior to executing this Consent Order; (d) each Party has freely and voluntarily signed this Consent Order; and (e) the consideration received by each Party as described in this Consent Order is adequate.
17. The Parties agree that facsimile or electronically transmitted signatures may be submitted in connection with this Consent Order and are binding on that party to the same extent as an original signature. This Consent Order is effective on the date signed by the Respondent if approved by the Administrator.

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

Signed:  _____

Dated: August 26, 2021

By: William G. Poulos
Profits Run, Inc

Acknowledged and reviewed by:

Signed:  _____

Dated: August 26, 2021

Douglas Arend
Attorney for Respondent

Approved on behalf of Bureau staff by:

Signed: _____

By: Lindsay DeRosia, Interim Securities & Audit Division Director
Corporations, Securities & Commercial Licensing Bureau

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

Signed: _____

Dated:

By: William G. Poulos

Profits Run, Inc

Acknowledged and reviewed by:

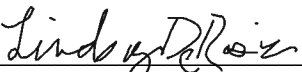
Signed: _____ 021

Dated:

Douglas Arend

Attorney for Respondent

Approved on behalf of Bureau staff by:

Signed: 

By: Lindsay DeRosia, Interim Securities & Audit Division Director
Corporations, Securities & Commercial Licensing Bureau

C. ORDER

The Administrator NOW, THEREFORE, ORDERS:

THE TERMS AND CONDITIONS IN THE ABOVE FULLY EXECUTED CONSENT AGREEMENT ARE INCORPORATED IN THIS ORDER.



By: _____

Linda Clegg
Administrator and Director
Corporations, Securities & Commercial Licensing Bureau

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

In the matter of:

Agency Nos. 343098

PROFITS RUN, INC.

Unregistered

Respondent.

_____ /

This 24th day of March, 2021

NOTICE AND ORDER TO CEASE AND DESIST

Linda Clegg, the Director (“Administrator”) of the Corporations, Securities & Commercial Licensing Bureau (“Bureau”), 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 Profits Run, Inc. (“Respondent”) to cease and desist from acting as an unregistered investment adviser, contrary to the Securities Act. Respondent is notified of the opportunity to request a hearing in this matter.

I. BACKGROUND

A. The Respondent

1. Profits Run, Inc. is a Michigan corporation which is not registered in any capacity under the Securities Act in Michigan.

B. Findings of Fact

1. Bureau staff began an investigation of Respondent’s activities under the Securities Act in Michigan after it received information that Respondent may be acting as an unregistered investment adviser.
2. Bureau staff’s investigation developed evidence that Respondent maintains a public-facing website advertising multiple services for investors. These services include, for a fee paid by investors to Respondent, general financial information, including information about investing in securities, through newsletters and

webinars about investments in securities markets. The services also include, for a fee, individualized advice through a selection of trade alert programs, one-on-one investment “coaching” programs, and individualized investing assistance offered through email and online chat functions.

3. Bureau staff found during the investigation that Respondent’s website advertised services beyond mere publication of general and regular circulation. These services included personal interactions with investors, and offered recommendations to investors based on the investors’ unique financial situations. Examples of these services include:
 - A. Respondent asks an investor to give it 15 seconds to discover the investor’s “#1 profit-killing mistake”; this statement is followed by a survey asking gender, age, short-term versus long-term investing preferences, among other individual investor characteristics. After an investor completes the survey, a specific product offered by Respondent is recommended based upon the investor’s answers to the questions.
 - B. Respondent’s “Premium Income Alert” program charges an \$1,997 and states in a promotional video that Respondent will “take [the investor] by the hand... and show you how to pocket AN EXTRA \$300 to \$3,600 that is likely hiding in your portfolio...”
 - C. Respondent maintains “an on-site team of Midwestern professional traders and support staff, all devoted to helping you succeed.” These members of Respondent’s staff “can answer any question that ... members may have...”
 - D. Respondent’s on-site team of Midwestern professional traders is available to investors on demand to hold an individual investor’s hand through the investing process: “If you ever have a question on how to place a trade or just need some additional hand-holding, my team is just an email or online chat away.”
4. Bureau staff’s review showed that Respondent’s investment publishing activities go beyond regular and general circulation, but rather are published from time to time in response to episodic market activity or events affecting the securities industry. For example, Respondent advertises that it “helps investors generate winning trades around the release of corporate earnings – transformative events that can often alter a stock’s destiny. Most trades... seek to capitalize on the major moves that often precede or follow earnings announcements from the market’s top companies.”
5. Respondent is not registered as an investment adviser. Respondent claimed to be excluded from the definition of “investment adviser” as a bona fide publisher of financial information under MCL 451.2102a(e)(iv). Bureau staff’s investigation of

Respondent's services identified multiple services described above indicating that Respondent's services are not impersonal¹ and are not of regular and general circulation², disqualifying it from reliance on that claimed³ exclusion.

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. The term does not include any of the following:

(iv) A publisher of a bona fide newspaper, news magazine, or business or financial publication of general and regular circulation...

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

(1) 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).

¹ *Lowe v SEC*, 472 US 181, 210 (1985) ("As long as the communications between petitioners and their subscribers remain entirely impersonal and do not develop into the kind of fiduciary, person-to-person relationships that were discussed at length in the legislative history of the Act and that are characteristic of investment adviser-client relationships, we believe the publications are, at least presumptively, within the exclusion, and thus not subject to registration under the Act.).

² *Id.* at 206 ("The exclusion itself uses extremely broad language that encompasses any newspaper, business publication, or financial publication provided that two conditions are met. The publication must be 'bona fide,' and it must be 'of regular and general circulation.' Neither of these conditions is defined, but the two qualifications precisely differentiate 'hit and run tipsters' and 'touts' from genuine publishers. Presumably a 'bona fide' publication would be genuine in the sense that it would contain disinterested commentary and analysis, as opposed to promotional material disseminated by a 'tout.' Moreover, publications with a 'general and regular' circulation would not include 'people who send out bulletins from time to time on the advisability of buying and selling stocks...").

³ Under MCL 451.2503, the person claiming an exclusion from a definition carries the burden of claiming and proving the applicability of the exclusion.

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 Profits Run, Inc. is an “investment adviser” as the term is defined by MCL 451.2102a(e). Respondent, for compensation, engages in the business of advising others about the advisability of investing in securities. Respondent claimed to be excluded from the definition of “investment adviser” as a publisher of a bona fide financial publication of regular and general circulation under MCL 451.2102a(e)(iv); however, the personal services offered to investors and the timing of publication being tied to market events disqualify Respondent from relying upon the claimed exclusion from the definition. Respondent carries the burden of proving the applicability of the definitional exclusion under MCL 451.2503, and has failed to do so here.
2. Respondent Profits Run, Inc. acted as an investment adviser in the State of Michigan without the benefit of registration or a properly-claimed exclusion from the definition or exemption from registration, contrary to 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 a 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. This Notice and Order to Cease and Desist may become final pursuant to Section VI, below.
- 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 – Profits Run, Inc., 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:

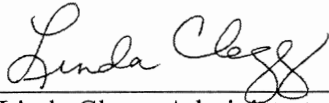
Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring
P.O. Box 30018
Lansing, MI 48909

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.

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



Linda Clegg, Administrator and Director
Corporations, Securities & Commercial
Licensing Bureau

3/24/2021

Date