



STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

GRETCHEN WHITMER  
GOVERNOR

ORLENE HAWKS  
DIRECTOR

In the matter of:

PRESTON TITUS  
CRD# 1330652

Docket No. 20-001754

Agency No. 341268

Respondent.

**FINAL ORDER**

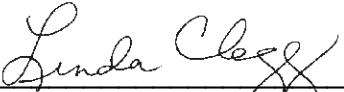
1. This matter came before the Department of Licensing and Regulatory Affairs under the Michigan Uniform Securities Act (2002), MCL 451.2101 *et seq.* (the "Act"), and associated administrative rules.
2. The Director of the Corporations, Securities & Commercial Licensing Bureau, who is the Administrator of the Act (the "Administrator"), received the Proposal for Decision (the "PFD") and the entire hearing record, in accordance with MCL 451.2412 and the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*
3. The Administrator considered the Findings of Fact and Conclusions of Law in the PFD of Thomas A. Halick, Administrative Law Judge, dated December 1, 2020, and the entire hearing record.
4. The PFD is incorporated by reference.
5. Respondent was found in violation of the Act and/or its associated administrative rules.
6. Respondent passed away after the contested case hearing was held in this matter on April 21, 2020, but before the ALJ issued the PFD.

**THEREFORE, IT IS ORDERED** that Respondent's investment adviser representative registration is immediately REVOKED, as authorized by section 412(2), (4)(b), & (4)(h) of the Act, MCL 451.2412(2), (4)(b), & (4)(h).

**This Final Order is effective immediately upon its mailing.**

Given under my hand this 10th day of March, 2021.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

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

Date mailed: March 10, 2021

Correspondence may be directed to:

Department of Licensing and Regulatory Affairs  
Corporations, Securities & Commercial Licensing Bureau  
Final Order Monitoring – Securities & Audit Division  
P.O. Box 30018  
Lansing, Michigan 48909  
Telephone: (517) 241-9180  
Email: [LARA-CSCL-Securities-Audit@michigan.gov](mailto:LARA-CSCL-Securities-Audit@michigan.gov)

This is the last and final page of the Final Order in the matter of Preston Titus, Complaint No. 341268.

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

In the matter of:

Agency No. 341268

PRESTON TITUS  
CRD# 1330652

Respondent.

\_\_\_\_\_  
This 17<sup>th</sup> day of October, 2019

Issued and entered

**NOTICE OF INTENT TO REVOKE**  
**INVESTMENT ADVISER REPRESENTATIVE REGISTRATION**

**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. Preston Titus (CRD#1625705) is an individual who resides in the State of Michigan. Respondent is presently registered in Michigan as an investment adviser representative through Instep Investments, LLC (CRD#151688). Respondent was previously registered as a securities agent through multiple broker-dealers under the Securities Act in Michigan.
2. The Corporations, Securities & Commercial Licensing Bureau ("the Bureau") within the Department of Licensing and Regulatory Affairs entered an Administrative Consent Order ("Consent Order", Exhibit 1) with Respondent on or around June 5, 2019. The Consent Order resolved a May 21, 2018 Notice and Order to Cease and Desist (Exhibit 2) for violations of sections 301 and 402 of the Securities Act, MCL 451.2301 and MCL 451.2402, and a Notice of Intent to Revoke, Suspend, Condition, or Limit Respondent's registration as an investment adviser representative (Exhibit 3), also issued on May 21, 2018.
3. The Consent Order required, among other things, that Respondent pay a fine of \$750 on or before August 5, 2019. Respondent has failed to pay the fine required by the Consent Order.
4. On or around July 24, 2019, Bureau examiners arrived at the office for Respondent's employing investment adviser Instep Investments, LLC to conduct an examination of Instep Investment, LLC's records. The examination was initiated on a special basis and without prior notice to Instep Investments, LLC or Respondent pursuant to MCL 451.2411(4). Respondent refused to provide access to Instep Investments, LLC's files

and records as required by the Securities Act, thereby impeding the Bureau's examination of those records.

5. The Director of the Bureau ("Administrator") has reviewed materials related to Respondent's actions as a registrant under the Securities Act. The Administrator has determined that it is authorized, appropriate, and in the public interest to revoke Respondent's investment adviser representative registration based upon Respondent's conduct discussed above and hereafter.
6. Section 412(2) of the Securities Act, MCL 451.2412(2), states in relevant part:

If the administrator finds that the order is in the public interest and subsection (4) authorizes the action, an order under this act may revoke, suspend, condition, or limit the registration of a registrant and if the registrant is a broker-dealer or investment adviser, of a partner, officer, director, or a person having a similar status or performing similar functions, or a 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:

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

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(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.

\*\*\*

(h) The person refuses to allow or otherwise impedes the administrator from conducting an audit or inspection under section 411(4) or refuses access to a registrant's office to conduct an audit or inspection under section 411(4)...

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

(6) 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. Section 412(7) of the Securities Act, MCL 451.2412(7), states:

(7) Except under subsection (6), an order shall not be issued under this section unless all of the following have occurred:

- (a) Appropriate notice has been given to the applicant or registrant.
- (b) Opportunity for hearing has been given to the applicant or registrant.
- (c) Findings of fact and conclusions of law have been made on the record pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

10. The Administrator may revoke Respondent's investment adviser representative registration pursuant to section 412(2) of the Securities Act, MCL 451.2412(2), because it is in the public interest, and because:

- A. Respondent violated the terms of an Administrative Consent Order issued by the Administrator when he failed to pay the fine required by that Administrative Consent Order, giving the Administrator cause to issue this Order under sections 412(2), 412(4)(b), 412(6), and 412(7) of the Securities Act, MCL 451.2412(2), MCL 451.2412(4)(b), MCL 451.2412(6), and MCL 451.2412(7); and
- B. Respondent impeded an examination of Instep Investments, LLC, a registered investment adviser, when he refused to provide access to the investment adviser's records to Corporations, Securities, and Commercial Licensing Bureau examiners, giving the Administrator cause to issue this Order under sections 412(2), 412(4)(h), 412(6), and 412(7) of the Securities Act, MCL 451.2412(2), MCL 451.2412(4)(h), MCL 451.2412(6), and MCL 451.2412(7).

## 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 REVOKE THE INVESTMENT ADVISER REPRESENTATIVE REGISTRATION OF PRESTON TITUS under section 412(2) of the Securities Act, MCL 451.2412(2), because he violated an order of the Administrator within the past 10 years, and because he impeded an examination of records under MCL 451.2411(4), both of which are grounds supporting the revocation of his investment adviser representative registration under the above-cited provisions of the Michigan Uniform Securities Act (2002), 2008 PA 551, MCL 451.2101 *et seq.*

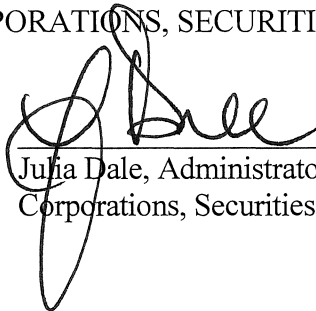
2. Respondent's investment adviser representative registration is summarily suspended pursuant to section 412(6) of the Securities Act, MCL 451.2412(6), pending the outcome of the administrative proceedings initiated by this Order.

3. In accordance with sections 412(2) and 412(7) of the Securities Act, MCL 451.2412(2) and MCL 451.2412(7): This is NOTICE that the Administrator intends to commence administrative proceedings to revoke Respondent's investment adviser representative registration, and that Respondent has thirty (30) days after the date that this Order is served on Respondent to respond in writing to the enclosed Notice of Opportunity to Show Compliance. If the Administrator timely receives a written request, depending upon the election, the Administrator shall either promptly schedule a compliance conference, or schedule a hearing within fifteen (15) days after receipt of the written request. If you fail to respond to this Notice and Order within the time frame specified, the Administrator shall schedule a hearing. If a hearing is requested or ordered, the Administrator, after notice of and an opportunity for hearing to Respondent, may modify or vacate this Order or extend the Order until final determination.

**If Respondent 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 & COMMERCIAL LICENSING BUREAU

By:



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

10/17/19  
\_\_\_\_\_  
Date

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

In the matter of:

PRESTON TITUS  
CRD# 1330652

Complaint No. 334827

Respondent.

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Issued and entered  
this 5<sup>th</sup> day of June, 2019

**ADMINISTRATIVE CONSENT AGREEMENT AND 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 May 21, 2018, 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 Act (the “Administrator”), issued the following two orders (the “Disciplinary Orders”) to Respondent Preston Titus (“Respondent”):
  - a. A Notice of Intent to Revoke, Suspend, Condition, or Limit Investment Adviser Representative Registration, under MCL 451.2412(2); and
  - b. A Notice and Order to Cease and Desist under MCL 451.2604, which was immediately effective under MCL 451.2604(2).
2. Respondent is a resident of the state of Michigan who is registered as an investment adviser representative in Michigan through Instep Investments, LLC (CRD# 151688) (“Instep”), a Michigan-registered investment adviser.
3. Following issuance of the Disciplinary Orders, the Bureau, Respondent, and Instep, as Respondent’s employing investment adviser (collectively, “the Parties”), engaged in ongoing discussions for their resolution through this Administrative Consent Agreement and Order (the “Consent Order”).

4. Respondent and Instep had the opportunity to seek the advice of legal counsel throughout the process of resolving the Disciplinary Orders.

## B. STIPULATION

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

1. Respondent and Instep agree to comply with the Securities Act in connection with all future conduct and activities, including but not limited to, ensuring that Respondent is registered or exempt from registration under section 402 of the Act, MCL 451.2402, before effecting any further securities transactions in Michigan, and ensuring that any securities Respondent offers or sells in Michigan are sold in compliance with section 301 of the Act, MCL 451.2301.
2. Respondent and Instep shall retain RIA in a Box (the "Independent Consultant"), who agrees to conduct a comprehensive review of the adequacy of Instep's policies, systems, procedures, and training and to provide the reporting required in Paragraphs B.5, B.6, and B.7.
3. Respondent and Instep must exclusively bear all costs, including compensation and expenses, associated with the retention of the Independent Consultant and will be responsible for enforcing the terms of its engagement with the Independent Consultant.
4. Respondent and Instep will cooperate with the Independent Consultant in all respects, including by providing staff support. Respondent and Instep will place no restrictions on the Independent Consultant's communications with any Bureau staff and, upon request, will make available to Bureau staff any and all communications between and among the Independent Consultant, Respondent, and Instep, and any and all documents reviewed by the Independent Consultant in connection with his or her engagement. Once retained, Respondent or Instep may not terminate the relationship with the Independent Consultant without Bureau staff's written approval. Respondent and Instep are not in and do not have an attorney-client relationship with the Independent Consultant and are prohibited from seeking to invoke the attorney-client privilege or other doctrine or privilege to prevent the Independent Consultant from transmitting any information, reports, or documents to the Bureau.



5. At the conclusion of the review, no more than 120 days after the mailing date of this Consent Order, the Independent Consultant agrees to submit to the Bureau, at the address identified in Paragraph 9 below, a written Initial Report. The Initial Report must address, at a minimum:
  - a) The adequacy of Respondent's and Instep's policies, systems, procedures, and training;
  - b) A description of the review performed and the conclusions reached;
  - c) The Independent Consultant's recommendations for modifications and additions to Respondent's and Instep's policies, systems, procedures, and training; and
  - d) The completeness and accuracy of Respondent's and Instep's Form ADV Parts 1 and 2.
6. Within 180 days after the mailing date of this Consent Order, Respondent and Instep must adopt and implement the recommendations of the Independent Consultant and Instep will provide the Bureau with a written Implementation Report, certified by Respondent and Instep, attesting to, containing documentation of, and setting forth the details of Respondent's and Instep's implementation of the Independent Consultant's recommendations. The implementation report must be submitted to the Bureau at the address identified in Paragraph 9 below.
7. Respondent and Instep must further retain the Independent Consultant to conduct a follow-up review and submit a written Final Report to the Parties, including the Bureau, one year from the mailing date of this Consent Order. In the Final Report, the Independent Consultant will address Respondent's and Instep's implementation of the systems, policies, procedures, and training. The Final Report must be submitted to the Bureau at the address identified in Paragraph 9 below.
8. Upon written request showing good cause, Bureau staff may extend any of the procedural dates set forth above.
9. Respondent agrees to pay the Bureau a civil fine in the amount of Seven Hundred Fifty Dollars (\$750.00) (the "Civil Fine"). Respondent agrees to pay the Civil Fine within sixty (60) calendar days after the mailing date of this Consent Order. The Civil Fine must be paid by cashier's check or money order made payable to the "State of Michigan," contain identifying information (name and "Complaint No. 334827"), and be mailed to:

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

10. If any portion of the Civil Fine is overdue, the Administrator may refer it to the Michigan Department of Treasury for collection action against Respondents or take other available legal action to collect the Civil Fine.
11. 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 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. Following entry of the attached Order, the Bureau will file a Form U6 with the Central Registration Depository reflecting the Parties' resolution of the Disciplinary Orders.
12. Respondent agrees that the Administrator may use any of the facts set out in the Disciplinary Orders if and when considering future applications for registration by Respondent, and Respondent agrees to waive any assertion or claim under MCL 451.2412(9) which would otherwise bar the Administrator from consideration of such facts in making her determination.
13. 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 Orders in an expeditious fashion that avoids the time and expense associated with an administrative hearing and any related appeals.
14. Respondent and Instep agree 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 Act.
15. 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.
16. Respondent and Instep acknowledge and agree 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 Orders under the Act, the rules promulgated under the Act or the predecessor Act, the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.201 *et seq.*, or other applicable law.

17. 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 accepts this Consent Order by entering it, this Consent Order becomes fully effective and binding in accordance with Paragraph B.10. above. If the Administrator rejects this Consent Order by refusing to enter it, the Parties waive any objection to submitting the Hearing Request for adjudication through a formal administrative proceeding and the Administrator remaining the final decisionmaker at the conclusion of that proceeding.
18. 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.

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

Signed: Preston N. Titus  
Preston Titus

Dated: 05/24/2019

Signed: Preston N. Titus  
Instep Investments, LLC  
By: Preston Titus, Member

Dated: 05/24/2019

Approved by:

Signed: \_\_\_\_\_  
Timothy L. Teague  
Securities & Audit Division Director  
Corporations, Securities & Commercial  
Licensing Bureau

Dated: \_\_\_\_\_

and Respondent waives any right to a hearing or appeal of this Consent Order and the Disciplinary Orders under the Act, the rules promulgated under the Act or the predecessor Act, the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.201 *et seq.*, or other applicable law.

17. 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 accepts this Consent Order by entering it, this Consent Order becomes fully effective and binding in accordance with Paragraph B.10. above. If the Administrator rejects this Consent Order by refusing to enter it, the Parties waive any objection to submitting the Hearing Request for adjudication through a formal administrative proceeding and the Administrator remaining the final decisionmaker at the conclusion of that proceeding.

18. 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.

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

Signed: \_\_\_\_\_  
Preston Titus

Dated: \_\_\_\_\_

Signed: \_\_\_\_\_  
Instep Investments, LLC  
By: Preston Titus, Member

Dated: \_\_\_\_\_

Approved by:

Signed: Timothy L. Yeague  
Timothy L. Yeague  
Securities & Audit Division Director  
Corporations, Securities & Commercial  
Licensing Bureau

Dated: 5.28.19

C. ORDER

The Administrator NOW, THEREFORE, ORDERS:

THE TERMS AND CONDITIONS IN THE FOREGOING FULLY EXECUTED  
CONSENT AGREEMENT ARE INCORPORATED BY REFERENCE AND MADE  
BINDING AND EFFECTIVE THROUGH THIS CONSENT ORDER.

By:



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Julia Dale  
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 No. 334827

PRESTON TITUS  
CRD# 1330652

Respondent.

\_\_\_\_\_ /

Issued and entered  
This 21<sup>st</sup> day of May, 2018

**NOTICE OF INTENT TO REVOKE, SUSPEND, CONDITION, OR LIMIT  
INVESTMENT ADVISER REPRESENTATIVE REGISTRATION**

**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. Preston Titus (CRD#1625705) is an individual who resides in the State of Michigan. Respondent is presently registered in Michigan as an investment adviser representative through Instep Investments, LLC (CRD#151688). Respondent was previously registered as a securities agent through multiple broker-dealers under the Securities Act in Michigan.
2. The Corporations, Securities & Commercial Licensing Bureau ("the Bureau") within the Department of Licensing and Regulatory Affairs began an investigation of Respondent's activities in the securities industry after an issuer involved in the offer and sale of unregistered securities identified Respondent as a seller of its product.
3. The Bureau's investigation led to the issuance of a Notice and Order to Cease and Desist being issued to Respondent for violations of sections 301 and 401 of the Securities Act, MCL 451.2301 and MCL 451.2401. (Exhibit 1).
4. The Director of the Bureau ("Administrator") has reviewed materials relating to Respondent's actions as a registrant under the Securities Act. The Administrator has determined that it is authorized, appropriate, and in the public interest to revoke, suspend, condition, or limit Respondent's securities agent registration based upon Respondent's conduct discussed above and hereafter.

5. Section 412(2) of the Securities Act, MCL 451.2412(2), states in relevant part:

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

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

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

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(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...

7. Section 412(7) of the Securities Act, MCL 451.2412(7), states:

(7) Except under subsection (6), an order shall not be issued under this section unless all of the following have occurred:

- (a) Appropriate notice has been given to the applicant or registrant.
- (b) Opportunity for hearing has been given to the applicant or registrant.
- (c) Findings of fact and conclusions of law have been made on the record pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

8. The Administrator may revoke Respondent's investment adviser representative registration pursuant to section 412(2) of the Securities Act, MCL 451.2412(2), because it is in the public interest, and because:

A. Respondent is subject of a cease and desist order issued by a state securities regulator, giving the Administrator cause to issue an order under sections 412(2) and 412(4)(l) of the Securities Act, MCL 451.2412(2) and MCL 451.2412(4)(l).

## 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:

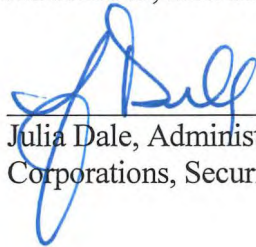
1. The Administrator intends TO REVOKE, SUSPEND, CONDITION, OR LIMIT THE INVESTMENT ADVISER REPRESENTATIVE REGISTRATION OF PRESTON TITUS under section 412(2) of the Securities Act, MCL 451.2412(2), because he is subject to a cease and desist order by a state securities regulator, which supports the revocation of his investment adviser representative registration 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(2) and 412(7) of the Securities Act, MCL 451.2412(2) and MCL 451.2412(7): This is NOTICE that the Administrator intends to commence administrative proceedings to revoke, suspend, condition, or limit Respondent's investment adviser representative registration, and that Respondent has thirty (30) days after the date that this Order is served on Respondent to respond in writing to the enclosed Notice of Opportunity to Show Compliance. If the Administrator timely receives a written request, depending upon the election, the Administrator shall either promptly schedule a compliance conference, or schedule a hearing within fifteen (15) days after receipt of the written request. If you fail to respond to this Notice and Order within the time frame specified, the Administrator shall schedule a hearing. If a hearing is requested or ordered, the Administrator, after notice of and an opportunity for hearing to Respondent, may modify or vacate this Order or extend the Order until final determination.

**If Respondent 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 & COMMERCIAL LICENSING BUREAU

By:



\_\_\_\_\_  
Julia Dale, 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:

Complaint No. 334827

PRESTON TITUS  
CRD#1330652

Respondent.

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Issued and entered  
This 21<sup>st</sup> day of May, 2018

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 Preston Titus (“Respondent”) to cease and desist from offering and selling unregistered securities and from acting as an unregistered agent for Woodbridge Mortgage Investment Fund 2, LLC, 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. Preston Titus is a Michigan resident. He is registered as an investment adviser representative through Instep Investments, LLC (CRD#151688), but he is not registered as an agent under the Securities Act in Michigan.

**B. Findings of Fact**

1. The Bureau conducted an investigation of Respondent’s activities under the Securities Act.

2. On or around August 8, 2017, the Bureau issued an order against Woodbridge Mortgage Investment Fund 2, LLC for offering and selling unregistered securities. (Exhibit 1). The securities were not registered or exempt from registration.
3. The investigation developed evidence that Respondent offered or sold a Woodbridge security in the form of a Woodbridge Mortgage Investment Fund 2, LLC note to Michigan investor JAG for \$25,000. Respondent received \$750 in commission compensation in connection with the offer and sale.
4. Respondent is not registered or exempt from registration as an agent pursuant to the Securities Act in Michigan.

## **II. RELEVANT STATUTORY PROVISIONS**

1. 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.

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

An individual shall not transact business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent 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 Preston Titus offered or sold one Woodbridge Mortgage Investment Fund 2, LLC note to a Michigan investor which was not federally covered, exempt from registration, or registered, in violation of section 301 of the Securities Act, MCL 451.2301. (Exhibit 1).

2. Respondent Preston Titus acted as an agent for Woodbridge Mortgage Investment Fund 4, LLC in the offer and sale of a security without the benefit of registration or a properly-claimed exemption, in violation of section 402(1) of the Securities Act, MCL 451.2402(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 offering and selling unregistered securities and from acting as an unregistered agent, 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 \$750.00 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:

\$750.00 – Preston Titus, 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:

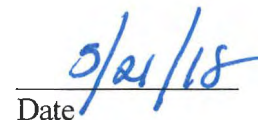
Corporations, Securities & Commercial Licensing Bureau  
Final Order Monitoring  
P.O. Box 30018  
Lansing, MI 48909

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 & REGULATORY AFFAIRS  
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

  
\_\_\_\_\_  
Julia Dale, Director, Corporations, Securities  
& Commercial Licensing Bureau p

  
\_\_\_\_\_  
Date