

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

In the Matter of:

Complaint No. 330893

FULTON SHEEN
Unregistered
CRD#1823828

Respondent.

Issued and entered
This 22nd day of June, 2017

NOTICE AND ORDER TO CEASE AND DESIST

Julia Dale, the Director of the Corporations, Securities & Commercial Licensing Bureau (the "Administrator"), pursuant to her statutory authority and responsibility to administer and enforce the Michigan Uniform Securities Act (2002), 2008 PA 551, as amended, MCL 451.2101 *et seq.* ("Securities Act"), hereby orders Fulton Sheen ("Respondent") to cease and desist from materially aiding in violations of section 301 of the Securities Act, MCL 451.2301, by Shaar 2, LLC. Respondent is also notified of the opportunity to request a hearing in this matter.

I. BACKGROUND

A. The Respondent

1. Fulton Sheen is an individual who resides in the State of Michigan. Fulton Sheen was previously registered as a securities agent pursuant to the Securities Act, but has not held any registrations since on or around July 30, 2009.

B. Findings of Fact

1. The Bureau conducted an investigation of Respondent's Activities.
2. The investigation developed evidence that Shaar 2, LLC offered and sold unregistered securities to a Michigan resident, JQL. (See Exhibit 1, Notice & Order to Cease and Desist to Shaar 2, LLC, CN 331276). JQL was sixty years of age or older at the time of the securities sales.

3. Respondent introduced JQL to the Shaar 3, LLC investment opportunity, provided JQL with documents related to the Shaar 3 LLC investment opportunity, assisted JQL in completing the subscription agreement and other documents associated with the Shaar 3, LLC investment opportunity, and completed an “Advisor Representative Certificate” on behalf of JQL, indicating that Respondent assisted JQL in a professional capacity to help JQL evaluate the risks and merits of the investment opportunity (Exhibit 2 – Advisor Representative Certificate). Respondent’s multiple steps through the course of the transaction resulted in Respondent materially aiding Shaar 3, LLC in accomplishing the offer and sale of the investment contract to JQL.

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 604(1) of the Securities Act, MCL 451.2604(1), states in part:

If the administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act, *or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this act, or a rule adopted or order issued under this act*, the administrator may do 1 or more of the following:

- (a) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act... (*Emphasis added*).

III. CONCLUSIONS OF LAW

1. Respondent Fulton Sheen materially aided Shaar 2, LLC to offer and sell unregistered, non-exempt securities (See Exhibit 1), in violation of section 301 of the Securities Act, MCL 451.2301, and thereby materially aided in Shaar 2, LLC's violation of section 301 of the Securities Act, MCL 451.2301.

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 materially aiding an issuer in offering and selling unregistered, non-exempt securities, 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 \$20,000.00 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

Notice & Order to Cease & Desist
Fulton Sheen (CN 330893)

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:

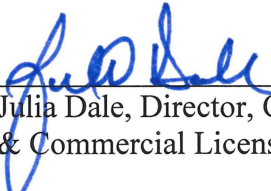
\$20,000.00 – Fulton Sheen, under section 604 of the Securities Act, MCL 451.2604.

- 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

4/22/17
Date