

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

In the Matter of:

Complaint No. 342134

UNITY INVESTMENT GROUP I, LTD.
Unregistered

Respondent.

_____/

This 31st day of March, 2020

AMENDED NOTICE AND ORDER TO CEASE AND DESIST

The Corporations, Securities & Commercial Licensing Bureau (“Administrator”), pursuant to its 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 rescinds a Notice and Order to Cease and Desist issued on or around January 22, 2020 (Exhibit 1) and orders Unity Investment Group I, Ltd. (“Respondent”) to cease and desist from offering and selling unregistered securities and from misstating or omitting to state material facts necessary in order to make other statements made, in the light of the circumstances under which they were made, not misleading in connection with the offer and sale of securities, contrary to the Securities Act. Respondent is notified of the opportunity to request a hearing in this matter.

I. BACKGROUND

A. The Respondent

1. Unity Investment Group I, Ltd. is an Illinois business entity which has not filed a certificate of authority to do business in Michigan. Respondent is operated by Glenn Mueller, an Illinois resident. Respondent is owned by or otherwise associated with multiple business entities which were used to offer and sell various unregistered investments to people across the country, including in Michigan. Respondent is not registered in any capacity under the Securities Act and has not registered any securities offerings under the Securities Act.

B. Findings of Fact

1. The Administrator's staff conducted an investigation of Respondent's activities under the Securities Act in Michigan.
2. The investigation developed evidence that Respondent, through Glenn Mueller and various affiliated entities including Northridge Holdings Ltd. and Eastridge Holdings, Ltd., offered and sold promissory note securities which were not federal covered, exempt from registration, or registered under the Securities Act.
3. The investigation developed evidence that Respondent, through Glenn Mueller and various affiliated entities, misstated and omitted to state material facts necessary to make other statements made not misleading in connection with the offer or sale of securities:

A. Respondent described investments it offered and sold as "CD alternatives" when, in fact, the investments were not certificates of deposit insured by the FDIC or even remotely equivalent, but were speculative promissory notes dependent upon the success of underlying real property business investment performance.

B. Respondent described the investments as "safe" but failed to state that the investment was speculative and carried a significant risk of loss.

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

3. 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:

- (a) Employ a device, scheme, or artifice to defraud.
- (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.
- (c) Engage in an act, practice, or course of business that operates or would operate as a fraud or deceit on another person.

4. 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, Unity Investment Group I, Ltd., through Glenn Mueller and various affiliated entities including Northridge Holdings Ltd. and Eastridge Holdings, Ltd., offered and sold promissory note securities in Michigan, and has not identified a relevant exemption, exception, preemption, or exclusion from Securities Act registration requirements, contrary to section 301 of the Securities Act, MCL 451.2301.
2. Respondent, Unity Investment Group I, Ltd., through Glenn Mueller and various affiliated entities including Northridge Holdings Ltd. and Eastridge Holdings, Ltd., misstated a material fact when it identified speculative promissory note securities as “CD alternatives” when in fact the promissory notes bore no resemblance to FDIC-insured certificates of deposit. The statement made comparing the notes to CDs was material and untrue in connection with the offer or sale of a security, contrary to section 501(b) of the Securities Act, MCL 451.2501(b).
3. Respondent, Unity Investment Group I, Ltd., through Glenn Mueller and various affiliated entities including Northridge Holdings Ltd. and Eastridge Holdings, Ltd., omitted to state a material fact necessary to make other statements made not misleading when it described the promissory note investments as “safe” but failed to state that the investments carried a significant risk of loss for investors. The statement made describing the notes as “safe” was made in connection with the offer or sale of a security, was material, and became misleading when Respondent omitted to state that the note carried a significant risk of loss, contrary to 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 continuing to offer or sell unregistered securities and from misstating and omitting to state material facts necessary to make other statements made not misleading in connection with the offer or sale of 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 a Final Order, the Administrator, under section 604(4) of the Securities Act, MCL 451.2604(4), intends to impose NO CIVIL FINE 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.
- E. The Administrator retains the right to pursue further administrative action against Respondent under the Securities Act if the Administrator determines that such action is necessary and appropriate in the public interest, for the protection of investors and is authorized by the Securities Act.

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.
- B. 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.

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



Stephen Brey, Administrative Law Specialist
On behalf of the Corporations, Securities
& Commercial Licensing Bureau

3/31/2020
Date