

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

In the matters of:

Complaint No. 343638

CROWD FREAK, LLC
Unregistered

and

Complaint No. 343640

CURTIS MCKINNON
Unregistered

Respondents.

Issued and entered
this 3rd day of January, 2022

STIPULATION AND CONSENT ORDER
RESOLVING NOTICES AND ORDERS TO CEASE AND DESIST

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 September 30, 2021, the State of Michigan, Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau (“Bureau”) and the Director of the Bureau, who serves as the Administrator of the Act (the “Administrator”), issued the following two orders (“Disciplinary Orders”):
 - a. A Notice and Order to Cease and Desist to Crowd Freak, LLC: and
 - b. A Notice and Order to Cease and Desist to Curtis McKinnon.
2. Respondents are not presently registered in any capacity under the

Act.

3. The Disciplinary Orders were immediately effective pursuant to MCL 451.2604(2); however, Respondents timely requested an administrative hearing on the Disciplinary Orders under MCL 451.2604(2) and (3) (the "Hearing Request").

4. Following issuance of the Disciplinary Orders, the Bureau and Respondents (collectively, "the Parties") engaged in settlement negotiations through this Stipulation and Consent Order Resolving Notices and Orders to Cease and Desist ("Consent Order").

5. Respondents consulted with or had an opportunity to consult with legal counsel of their choosing before executing the following Stipulation.

B. STIPULATION

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

1. Respondents neither admit nor deny any wrongdoing in connection with these matters and consent to the 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 proceeding and any appeals.

2. Respondents agree to comply with the Act in connection with all future conduct and activities, including but not limited to ensuring that they are registered or exempt before effecting any securities transactions in Michigan and ensuring that any securities they offer or sell in Michigan are registered or exempt.

3. Respondents must pay a civil fine in the amount of \$1,580 within 60 calendar days after the issued and entered date of this Consent Order. It must be

paid by check or money order made payable to the "State of Michigan," contain identifying information (name and "Complaint Nos. 343638 & 343640"), and be mailed to the following address:

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

4. If any portion of the 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 fine. Respondents are responsible for all costs and expenses incurred in complying with the terms of this Consent Order and must do so within the timeframe specified. The Administrator retains the right to pursue any action or proceeding permitted by law to enforce its provisions.

5. Respondents' Hearing Request is revoked without further action by the Parties.

6. This matter is a public record required to be published and made available to the public, under section 11 of the Michigan Freedom of Information Act, MCL 15.241. The Bureau publishes copies of orders issued under the Act to its website and includes a summary of order content in monthly disciplinary action reports separately published there.

7. The Administrator may use any of the facts set out in the Disciplinary Orders when considering future applications for registration by Respondents, and Respondents agree to waive any assertion or claim under MCL 451.2412(9)

which would otherwise bar the Administrator from consideration of those facts in making her determination.

8. Respondents must 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.

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

10. This Consent Order is fully effective and binding on its issued and entered date. The Administrator may accept or reject it. If the Administrator rejects it, the Bureau will submit the Hearing Requests for adjudication through a formal administrative proceeding.

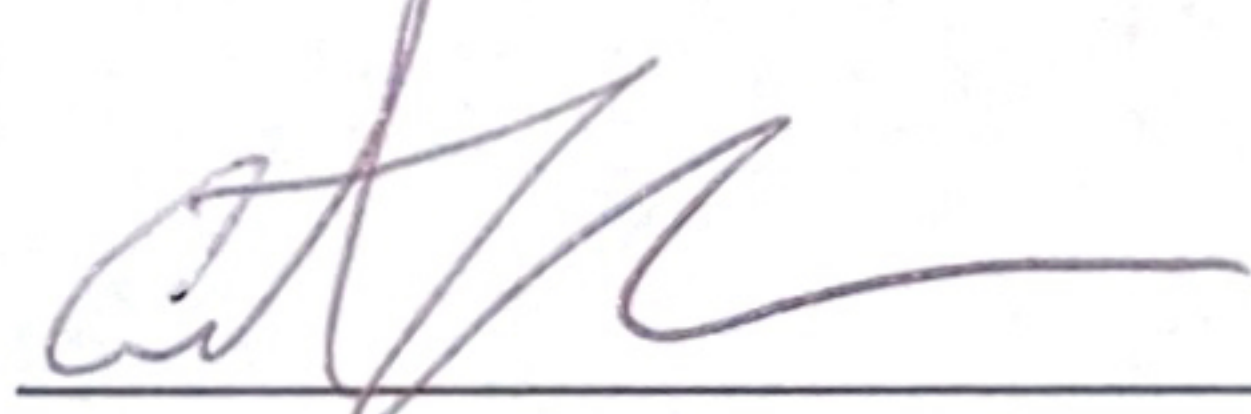
11. This Consent Order resolves only Respondents' activities, conduct, and statutory violations alleged in the Disciplinary Orders, but it does not address or resolve any other conduct or potential statutory violations engaged in by Respondents not expressly alleged in the Disciplinary Orders or occurring after the date this Consent Order is entered. Further, this Consent Order does not preclude any other individual or entity, including but not limited to authorized state or federal agencies or officials, from initiating or pursuing civil or criminal action against Respondents, 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

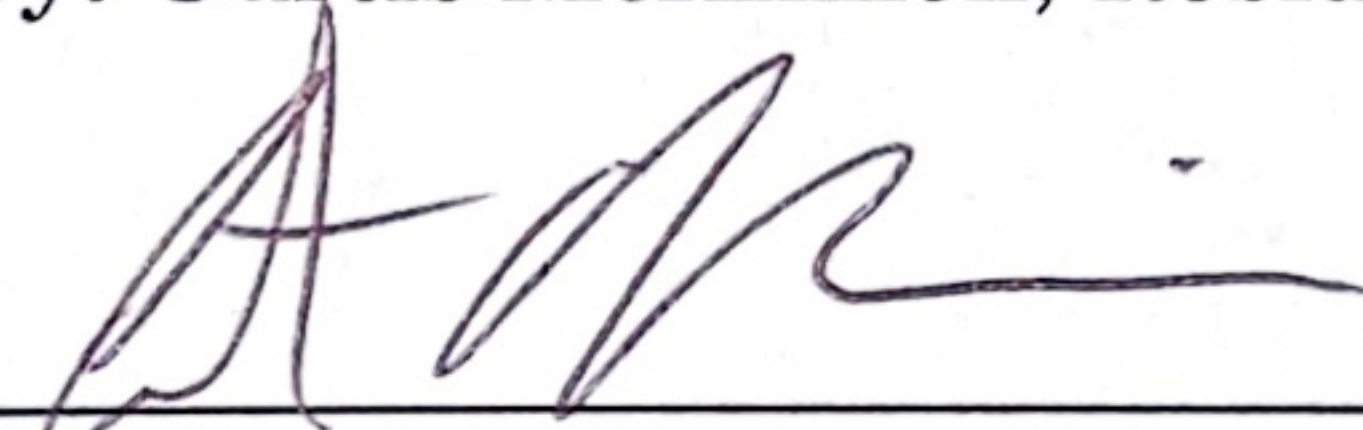
fully cooperating with any state or federal agency or official that may investigate or pursue its own civil or criminal enforcement against Respondents.

12. This Consent Order may only be modified in writing signed by each Party and approved by the Administrator's subsequent Order.


13. 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, Respondents confirm that they read, understand, and agree to the above terms.


Signed:  Dated: 12/20/2021
Crowd Freak, LLC
By: Curtis McKinnon, Resident Agent and Authorized Representative

Signed:  Dated: 12/20/2021
Curtis McKinnon

Approved by:

Signed:  Dated: 12/21/21
Lindsay DeRosia
Interim Securities & Audit Division Director
Corporations, Securities & Commercial Licensing Bureau

Reviewed and Drafted by:

Signed: 
Aaron Levin (P81310)
Assistant Attorney General
Attorney for the Bureau

Dated: 12/21/2021

C. ORDER

The Administrator NOW, THEREFORE, ORDERS:

THE TERMS AND CONDITIONS IN THE ABOVE FULLY EXECUTED
STIPULATION ARE INCORPORATED IN THIS CONSENT 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:

Complaint No. 343638

CROWD FREAK, LLC
Unregistered

Respondent.

This 30th day of September, 2021
Issued and entered

NOTICE AND ORDER TO CEASE AND DESIST

Linda Clegg, the Director (“Administrator”) of the Corporations, Securities, and 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 Crowd Freak, LLC (“Respondent”) to cease and desist from offering or selling unregistered 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. Crowd Freak, LLC is a Michigan-organized limited liability company. It 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 Bureau received a consumer complaint about Respondent and thereafter conducted an investigation of Respondent’s activities under the Securities Act in Michigan.
2. The investigation developed evidence that Respondent offered and sold investment contract securities to a Michigan investor. Respondent’s securities were not registered under the Securities Act and Respondent has not identified a relevant exemption from registration.

II. RELEVANT STATUTORY PROVISIONS

1. Section 102(c) of the Securities Act, MCL 451.2102(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...

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.

III. CONCLUSIONS OF LAW

1. Respondent Crowd Freak, LLC offered and sold investment contract securities to a Michigan investor. The securities were not federal covered, exempt from registration, or registered, contrary to 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 offering and selling unregistered securities in violation of 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 intends to impose civil fines of \$10,000.00 against Respondent under MCL 451.2604(4).
- 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

By email to CSCL-FOIA@michigan.gov

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:

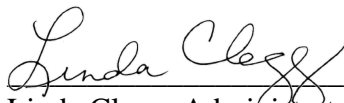
\$10,000.00 – Crowd Freak, LLC, under section 604 of the Securities Act, MCL 451.2604.

- 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 Respondent.

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



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

9/30/2021
Date