

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

In the Matter of:

Complaint No. 331344

WILLIAM ALLEN  
Unregistered

Respondent.

Issued and entered  
This 22<sup>nd</sup> 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 William Allen ("Respondent") to cease and desist from offering and selling unregistered securities, and to cease and desist from continuing to directly or indirectly make any untrue statements of material fact, or omit to state material facts necessary in order to make statements made, in the light of the circumstances under which they were made, not misleading, contrary to the Securities Act. Respondent is notified of the opportunity to request a hearing in this matter.

**I. BACKGROUND**

**A. The Respondent**

1. Respondent William Allen is an individual who resides in Michigan and is the managing member of Advantage Real Estate Consultants, LLC ("Advantage Real Estate"), a Michigan limited liability company with its last known business address being in Farmington Hills, Michigan. Neither Respondent nor Advantage Real Estate has ever held any registrations or registered any securities products pursuant to the Securities Act.

**B. Findings of Fact**

1. The Bureau conducted an investigation of Respondent's activities.
2. The investigation developed evidence that Respondent, on behalf of Advantage Real Estate, offered and sold multiple securities in the form of investment contracts to a Michigan investor, MT, in or around October 2013 and December 2013. MT invested approximately \$30,000 with Advantage Real Estate in or around October 2013, and then another \$30,000 in or around December 2013. MT was 60 years or older at the time of the sales.
3. The Advantage Real Estate investment contracts were not registered pursuant to the Securities Act, and Respondent has not identified any applicable exemptions, exceptions, preemptions, or exclusions from Securities Act registration requirements.
4. Respondent represented to MT that the Advantage Real Estate investment contracts would create a minimum return on investment of 25%; however, Respondent failed to disclose that the investments may fail entirely and become total losses. The omission of facts regarding the possibility that the Advantage Real Estate investment may fail might be important to a reasonable investor in making his or her investment decision.

**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 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.

4. 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:...

- (b) Make an untrue statement of a material<sup>[1]</sup> 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...

### **III. CONCLUSIONS OF LAW**

1. Respondent William Allen offered or sold unregistered Advantage Real Estate securities in the form of investment contracts to a Michigan investor, and has failed to claim any applicable exemption, exception, preemption, or exclusion, contrary to section 301 of the Securities Act, MCL 451.2301.
2. Respondent William Allen, in connection with the offer or sale of Advantage Real Estate securities, omitted to state material facts necessary to make other statements made not misleading in light of the circumstances under which they were made when he offered a 25% rate of return on the Advantage Real Estate investment

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<sup>1</sup> [“A material fact is one that a reasonable investor might have considered important to his investment decision.” *People v Cook*, 90 Mich App 72, 83 (1979) (citing *Mills v Electric Auto-Lite Co*, 396 US 375, 384 (1970)). The Case is attached as Exhibit 5.]

contracts without disclosing the risk that the investments may become valueless. A reasonable investor might have considered this fact important to his or her investment decision, so the fact was material. The material fact was omitted in connection with the offer and sale of a security, contrary to section 501 of the Securities Act, MCL 451.2501.

#### **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 sell unregistered securities and from directly or indirectly making any untrue statements of material fact 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, 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 civil fines of \$40,000.00 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.
- 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. 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:

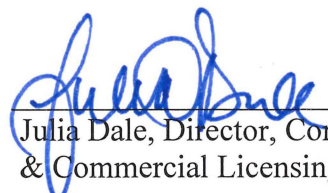
\$40,000.00 – William Allen, under section 604 of the Securities Act, MCL 451.2604.

- 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.

CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

  
Julia Dale, Director, Corporations, Securities  
& Commercial Licensing Bureau

4/22/17  
Date