

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

In the matter of:

Complaint Nos. 320709 & 326571

NANCY BARTOLAMEOLLI  
CRD #4924149

Respondent,

-and-

In the matter of:

Complaint Nos. 320708 & 326570

WOODCREST INVESTMENTS, LLC  
IARD #150986

Respondent.

\_\_\_\_\_ /

Issued and entered  
this 22nd day of November, 2016

**ADMINISTRATIVE CONSENT ORDER**

**I. RECITALS**

WHEREAS, on June 7, 2016, the Director of the Corporations, Securities & Commercial Licensing Bureau ("Bureau") of the Michigan Department of Licensing and Regulatory Affairs ("LARA"), as the Administrator ("Administrator") of the Michigan Uniform Securities Act (2002), 2008 PA 551, MCL 451.2101, *et seq.* ("Act"), issued a Notice and Order to Cease and Desist against Nancy Bartolameolli, CRD #4924149, Complaint Nos. 320709 & 326571 ("Respondent Bartolameolli"), and a separate Notice and Order to Cease and Desist against Woodcrest Investments, LLC, a Michigan limited liability company organized and owned by Respondent Bartolameolli, IARD #150986, Complaint Nos. 320708 & 326570

(“Respondent Woodcrest Investments”). Respondent Bartolameolli and Respondent Woodcrest Investments are referred to collectively herein as “Respondents”; Respondents and Bureau staff are referred to collectively herein as “the Parties”; and the two Notices and Orders to Cease and Desist issued against Respondents on June 7, 2016 are referred to collectively herein as the “C&D Orders.”

WHEREAS, the C&D Orders ordered Respondents to immediately cease and desist from violating the Act, specifically sections 401(1) and 402(1) & (4) of the Act, MCL 451.2401(1) and 451.2402(1) & (4), and further notified Respondents that the Administrator intended to impose a civil fine against Respondents in the amount of \$10,000 each under MCL 451.2604(4)(a). The conduct at issue in the C&D Orders relates to Respondents’ sale of securities in the form of Diversified Energy Group, Inc. bonds (“DEG Bonds”) from December 2009 through May 2012. The Bureau learned about this conduct through a regulatory referral and received no complaints from Respondents’ customers. Respondents stopped selling the DEG Bonds when they became aware the issuer was under investigation by the Bureau’s predecessor and fully cooperated with that investigation.

WHEREAS, the C&D Orders were immediately effective pursuant to MCL 451.2604(2); however, Respondents timely requested an administrative hearing on the C&D Orders under MCL 451.2604(2) & (3). Thereafter, Respondents waived the 15-day statutory requirement to schedule a hearing, and the Parties agreed to hold Respondents’ hearing requests in abeyance and preserve Respondents’ hearing rights while they discussed the possible resolution of this matter. Accordingly,

Respondents' hearing requests remain outstanding and no administrative hearing has been scheduled to date (the "Outstanding Hearing Requests").

WHEREAS, the Parties have cooperated and negotiated in good faith to resolve this matter.

WHEREAS, as a result of their negotiations, the Parties have agreed to and recommend that the Administrator order a settlement of this matter pursuant to the terms and conditions set forth below, through the entry of an Administrative Consent Order.

## II. ORDER

Based on the foregoing recitals and Respondents' consent to the entry of this Administrative Consent Order, the ADMINISTRATOR HEREBY ORDERS that:

1. Respondents shall pay to the Bureau a reduced civil fine in the amount of One Thousand and 00/100 Dollars (\$1,000.00) each, for a total fine of Two Thousand and 00/100 Dollars (\$2,000.00) (the "Civil Fine"), within sixty (60) days after the date of entry of this Administrative Consent Order. The Civil Fine payment shall be made via cashier's check or money order payable to the "State of Michigan," contain Respondents' identifying information (name and Complaint Nos. 320709 & 326571 [Respondent Bartolameolli] and Complaint Nos. 320708 & 326570 [Respondent Woodcrest Investments]), and be mailed to:

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

Respondents may pay the Civil Fine in installments, provided that the total amount due of \$2,000 is paid in full on or before the 60-day deadline.

2. If any portion of the Civil Fine is overdue for at least six (6) months, the Administrator may refer it to the Michigan Department of Treasury for collection action against Respondents. In addition, and consistent with Paragraph 9 below, the Administrator reserves the right to pursue any other action or proceeding permitted by law to enforce payment of the Civil Fine.

3. Respondents agree to comply with the Act in connection with all future conduct and activities, including but not limited to by 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.

4. Respondents agree to comply with any reasonable investigative demands made by the Bureau in the future for purposes of ensuring compliance with this Administrative Consent Order and/or Michigan securities laws.

5. Respondents acknowledge and agree that they hereby withdraw their Outstanding Hearing Requests, and this Administrative Consent Order fully and finally resolves those requests.

6. The Bureau will report this Administrative Consent Order according to its standard procedures, namely: (a) through appropriate CRD/IARD regulator updates providing, *inter alia*, that this Administrative Consent Order fully resolved the C&D Orders and those Orders did not become final; and (b) by posting a copy of this Administrative Consent Order on the LARA/Bureau's website.

7. For purposes only of the matters resolved by this Administrative Consent Order, and pursuant to Securities and Exchange Commission ("SEC") Rule 506(d)(2)(iii) of Regulation D, 17 CFR 230.506(d)(2)(iii), disqualification under SEC Rule 506(d)(1) of Regulation D, 17 CFR 230.506(d)(1), should not arise as a consequence of this Administrative Consent Order. However, this does not limit the potential application of SEC Rule 506(d)(1), 17 CFR 230.506(d)(1), in any other respect.

8. The Parties and Administrator acknowledge and agree that Respondents neither admit nor deny any wrongdoing in connection with this matter and consent to entry of this Administrative Consent Order only for the purpose of resolving the C&D Orders in an expeditious fashion that avoids the time and expense associated with an administrative hearing and any appeals therefrom. This Administrative Consent Order is admissible only in a proceeding to enforce its provisions or an administrative proceeding under the Act, but it is not admissible for any purpose in any other administrative, civil, or criminal proceeding.

9. 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 Administrative Consent Order.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

By: \_\_\_\_\_

  
Julia Dale, Administrator and  
Director of the Corporations, Securities & Commercial Licensing Bureau

### III. CONSENT

We, Respondents Nancy Bartolameolli and Woodcrest Investments, LLC, have read and understand the terms of this Administrative Consent Order, agree that the Administrator has jurisdiction and authority to enter this Order, and agree that this Order may be entered without any further notice to us. Upon entry of this Administrative Consent Order, we agree that it is final and binding and waive any right to a hearing and/or appeal of this Order and the C&D Orders under the Michigan Uniform Securities Act (2002), MCL 451.2101 *et seq.*, the rules promulgated under that Act or the predecessor Act, the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.201 *et seq.*, or other applicable law. We acknowledge and agree that we have consulted with or had ample opportunity to consult with legal counsel of our choosing prior to consenting to this Administrative Consent Order, and that facsimile or electronically-transmitted signatures may be submitted in connection with this Order and shall be binding on such party to the same extent as an original signature. Our consent to the entry of this Administrative Consent Order is for purposes of resolving the C&D Orders only, and we neither admit nor deny any wrongdoing in connection with this matter.

Dated: 11/15/16

Signed:   
Nancy Bartolameolli, Respondent

Dated: 11/15/16

Woodcrest Investments, LLC, Respondent

By:   
Nancy Bartolameolli  
Its: Owner & Sole Member

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

In the Matters of:

Complaint Nos. 320708 & 326570

WOODCREST INVESTMENTS, LLC  
IARD# 150986

Respondent.

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Issued and entered  
This 7 day of June, 2016

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 Woodcrest Investments, LLC ("Respondent") to cease and desist from acting as an unregistered broker-dealer and from employing or associating with an unregistered agent, 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. Woodcrest Investments, LLC is a Michigan limited liability company, organized in or around July of 2009 by Nancy Bartolameolli, the entity's owner, president, and resident agent.
2. Woodcrest Investments, LLC is registered as an investment adviser (IARD# 150986) pursuant to the Securities Act in Michigan. Woodcrest Investments, LLC is not registered as a broker-dealer pursuant to the Securities Act in Michigan.

**B. Findings of Fact**

1. The Bureau conducted an investigation of Respondent's Activities.

2. The investigation developed evidence that Respondent effected transactions in securities in the form of bonds on behalf of Diversified Energy Group, Inc., a Delaware corporation (“DEG Bonds”), from in or around December 2009 until in or around May of 2012.<sup>1</sup>
3. The investigation developed evidence that Respondent has never been registered as a broker-dealer in Michigan.
4. The investigation developed evidence that Respondent associated with Nancy Bartolameolli in the offer and sale of DEG bonds.
5. Nancy Bartolameolli is not registered or exempt from registration as an agent pursuant to the Securities Act in Michigan. (See Exhibit 1, Notice & Order to Cease and Desist to Nancy Bartolameolli, CNs 320709 & 326571).

## **II. RELEVANT STATUTORY PROVISIONS**

1. Section 102(d) of the Securities Act, MCL 451.2102(d), defines “Broker-dealer” as follows:

"Broker-dealer" means a person engaged in the business of effecting transactions in securities for the account of others or for the person's own account. The term does not include any of the following:

- (i) An agent.
- (ii) An issuer.
- (iii) A bank or savings institution if its activities as a broker-dealer are limited to those specified in section 3(a)(4) and 3(a)(5) of the securities exchange act of 1934, 15 USC 78c, or a bank that satisfies the conditions described in section 3(a)(4)(E) of the securities exchange act of 1934, 15 USC 78c.
- (iv) An international banking institution.
- (v) A person excluded by rule or order under this act.

2. 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

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<sup>1</sup> The DEG Bonds were not registered pursuant to the Securities Act; however, they were sold in reliance on SEC Rule 506, 17 CFR 230.506 (“Rule 506”), a federal exemption from registration which preempts state securities registration laws to the extent an issuer complies with the Rule 506 requirements.

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...

3. Section 401(1) of the Securities Act, MCL 451.2401, states:

A person shall not transact business in this state as a broker-dealer unless the person is registered under this act as a broker-dealer or is exempt from registration as a broker-dealer under subsection (2) or (4)...

4. Section 402(4) of the Securities Act, MCL 451.2402(1), states:

A broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this state, shall not employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered under subsection (1) or exempt from registration under subsection (2).

5. 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 Woodcrest Investments, LLC effected transactions in securities in the State of Michigan without the benefit of registration or a valid exemption from registration as a broker-dealer, contrary to section 401 of the Securities Act, MCL 451.2401.
2. Respondent Woodcrest Investments, LLC associated with or employed an unregistered and non-exempt agent in effecting transactions in securities, in

violation of section 402(4) of the Securities Act, MCL 451.2402(4) (See Exhibit 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 acting as an unregistered broker-dealer and associating with or employing 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 \$10,000.00 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

**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:

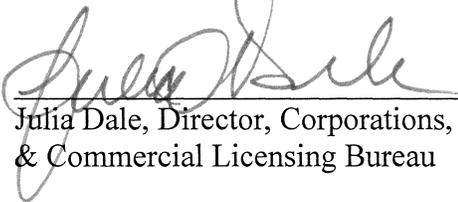
\$10,000.00 – Woodcrest Investments, LLC, under section 604 of the Securities Act, MCL 451.2604.

- 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 Respondents.

CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

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

  
\_\_\_\_\_  
Date