



STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

RICK SNYDER
GOVERNOR

SHELLY EDGERTON
DIRECTOR

In the Matter of:

Complaint No. 321506
Docket No. 13-000014-BCS

MICHAEL A. KAZEE
CRD No. 5600975
Unregistered

Respondent.

_____ /

FINAL ORDER

1. This matter came before the Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau (the "Bureau"), under the Michigan Uniform Securities Act (2002), 2008 PA 551, as amended, MCL 451.2101 *et seq.* (the "Act"), and associated administrative rules.
2. On November 16, 2012, the Director of the Bureau, who is the Administrator of the Act (the "Administrator"), issued an Order to Cease and Desist against Respondent Michael A. Kazee, CRD No. 5600975 ("Respondent"), and other individual and entity respondents (the "C&D Order," attached as Exhibit A). The C&D Order, in part:
 - Required Respondent to immediately cease and desist from violating the Act; and
 - Notified Respondent of the Administrator's intention to impose a civil fine against him under MCL 451.2604(4)(a) in the amount of \$500,000 based on multiple violations of the Act, along with a separate civil fine against him under MCL 451.2604(4)(b) in the amount of \$500,000, because the violations involved vulnerable individuals, resulting in a total civil fine in the amount of \$1,000,000.00.
3. Under MCL 451.2604(2), Respondent timely requested a hearing on the C&D Order, which was assigned to the Michigan Administrative Hearing System

("MAHS") and entitled *Bureau of Commercial Services¹ v Michael Kazee*, MAHS Docket No. 13-000014-BCS, Administrative Law Judge ("ALJ") Lauren G. Van Steel (the "Contested Case Hearing").

4. The Bureau and Respondent subsequently stipulated to dismiss the Contested Case Hearing without prejudice due to an ongoing criminal investigation involving Respondent, which the ALJ granted by Order for Dismissal dated September 9, 2013 (the "Stipulation and Order," attached as Exhibit B.) The Stipulation and Order entitled either party to re-institute the Contested Case Hearing at any time following the conclusion of the criminal investigation and/or action, with all hearing rights under MCL 451.2604(2) preserved with respect to the C&D Order in the meantime.
5. Nearly five years later, on June 26, 2018, the Bureau sent Respondent a certified letter indicating that no criminal charges were filed against him, that criminal proceedings against the other individuals named in the C&D Order were completed, and that the Bureau was therefore exercising its right to re-institute proceedings to finalize the C&D Order against him (the "6/26/18 Letter" and "Certified Mailing and Receipt," attached as Exhibit C).
6. The 6/26/18 Letter further advised Respondent, consistent with MCL 451.2604(2), that he must re-exercise his hearing rights relative to the C&D Order by submitting to the Bureau a written request for hearing within 30 days, barring which the C&D Order would become final against him by operation of law, under MCL 451.2604(2).
7. Respondent signed for the letter on June 28 2018, evidencing that he personally received it.
8. Although the Certified Mailing & Receipt confirms service on Respondent and his actual receipt of the 6/26/18 Letter, Respondent failed to re-exercise his hearing rights as to the C&D Order against him. Accordingly, under MCL 451.2604(2), the C&D Order—including any civil fine imposed by that order—becomes final as to Respondent by operation of law.

THEREFORE, IT IS ORDERED, that the following penalties authorized by Section 604(4) of the Act, MCL 451.2604(4), are imposed:

- A. Under the C&D Order and MCL 451.2604(4)(a) and (b), Respondent Kazee must pay a civil fine in the total amount of One Million and 00/100 Dollars (\$1,000,000.00) (the "Civil Fine") within sixty (60) days from the mailing date of this Final Order. The Civil Fine must be paid by cashier's check or money order made payable to the "State of Michigan," contain Respondent Kazee's identifying information (i.e., "Michael A. Kazee, Complaint No. 321506"), and

¹ The Bureau of Commercial Services is now known as the "Corporations, Securities & Commercial Licensing Bureau."

be mailed or delivered to the Bureau at the following address: **Corporations, Securities & Commercial Licensing Bureau, Final Order Monitoring – Securities & Audit Division, P.O. Box 30018, Lansing, Michigan 48909.**

- B. Respondent must continue to cease and desist from violating the Act, including but not limited to MCL 451.2301 and MCL 451.2501, according to the C&D Order issued and entered against him in this matter on November 16, 2012.
- C. Failure to comply with this Order may subject Respondent to additional administrative or criminal sanctions, fines, and penalties. Under MCL 451.2508(1), a person that willfully violates the Act, or an order issued under the 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 the Act may be fined, but shall not be imprisoned, if the individual did not have knowledge of the rule or order.
- E. No application for a permit, registration, licensure, relicensure, reinstatement, or renewal submitted by Respondent under the Act will be considered or granted by the Bureau until all final orders of the Bureau are fully complied with.
- F. If applicable, Respondent must submit in writing to the Bureau proof of compliance with each and every requirement of this Final Order in a form acceptable to the Bureau.
- G. Failure to pay the Civil Fine within six months after it is due may result in referral of the Civil Fine to the Michigan Department of Treasury for collection action against Respondent.

This Final Order is effective immediately upon its mailing.

Given under my hand at Okemos, Michigan, this 28th day of August, 2018.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

By: J. Dale
Julia Dale, Administrator and
Corporations, Securities & Commercial Licensing Bureau Director

Date mailed: August 31, 2018

(If applicable) Proof of Compliance Should be Filed With:

Department of Licensing and Regulatory Affairs
Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring – Securities & Audit Division
P.O. Box 30018
Lansing, Michigan 48909
Telephone: (517) 241-9180
Fax: (517) 241-6356