

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

In the matter of:

SCOTT CHANLYNN
Unregistered

Complaint Nos. 341704 &
341705

And

SLB CREATIONS, INC.
Unregistered

Respondent.

Issued and entered
this 17th day of September, 2020

ADMINISTRATIVE CONSENT AGREEMENT
AND ORDER

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 April 23, 2020, the Director of the Corporations, Securities & Commercial Licensing Bureau of the Michigan Department of Licensing and Regulatory Affairs (the “Bureau”), as the Administrator of the Act (the “Administrator”), issued a Notice and Order to Cease and Desist (“C&D Order”) to Scott Chanlynn, Complaint No. 341704, and SLB Creations, Inc., Complaint No. 341705 (collectively, “Respondents”). Respondents are not registered in any capacity under the Securities Act. For purposes of this Administrative Consent Agreement

and Order (“Consent Order”), Respondents and Bureau staff are referred to individually as a “Party” and collectively as the “Parties.”

2. The C&D Orders ordered Respondents to immediately cease and desist from violating the Act, specifically section 501 of the Act, MCL 451.2501, and further notified Respondents that the Administrator intended to impose a civil fine against each Respondent in the amount of \$10,000 under MCL 451.2604(4)(a).

3. The C&D Orders were immediately effective pursuant to MCL 451.2604(2); however, Respondents, through counsel, timely requested an administrative hearing on the C&D Order under MCL 451.2604(2) and (3) (the “Hearing Request”).

4. As a result of negotiations, the Parties agree to and recommend that the Administrator order a settlement of this matter under the terms and conditions set forth in this Consent Order. Respondents were represented by legal counsel throughout the process of resolving the C&D Orders through this Consent Order.

B. AGREEMENT

The Parties agree to resolve the C&D Orders under the following terms and conditions:

1. Respondents agree that they will not conduct any business in Michigan regulated under the Securities Act and will not act as a principal or consultant on behalf of any entity so engaged in that business.

2. Respondents agree to pay the Bureau a reduced civil fine in the settlement amount of one thousand and 00/100 Dollars (\$1,000.00) (the “Reduced

Civil Fine”). Respondents agree to pay the Reduced Civil Fine within sixty (60) calendar days after the mailing date of this Consent Order, once entered. The Reduced Civil Fine must be paid by cashier’s check or money order made payable to the “State of Michigan,” contain identifying information (name and “Complaint Nos. 341704 & 341705”), and be mailed to the Bureau at the following address:

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

If any portion of the Reduced Civil Fine is overdue, the Administrator may refer it to the Michigan Department of Treasury for collection action against Respondents. In addition, and consistent with Paragraph B.13. below, the Administrator reserves the right to take other available legal action to enforce payment of and collect the Reduced Civil Fine.

3. The Bureau will report and publish this Consent Order according to its current policy, as follows:

- This Consent Order is a public record required to be published and made available to the public, consistent with section 11 of the Michigan Freedom of Information Act, MCL 15.241. The Bureau will publish this Consent Order consistent with its current policy, whereby copies of orders issued under the Act are posted to the Bureau’s website and a summary of order content is included in monthly disciplinary action reports separately published on the Bureau’s website.

4. Notwithstanding the potential application of MCL 451.2412(9), this Consent Order expressly preserves the Bureau’s and Administrator’s ability to rely

on and assert, in any future proceeding under the Act, all activities, conduct, and alleged Act violations by Respondents contained in or relating to the C&D Orders.

5. Respondents neither admit nor deny the allegations in the C&D Orders or any wrongdoing in connection with this matter, and consent to entry of this 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 proceeding on the Hearing Request and any appeals therefrom.

6. The Parties agree that this Consent Order resolves only Respondents' activities, conduct, and alleged Act violations contained in the C&D Orders, but it does not address or resolve any other activities, conduct, or potential Act violations engaged in by Respondents not expressly contained in the C&D Orders or occurring after the date this Consent Order is entered.

7. Respondents agree that, effective upon entry of this Consent Order, their Hearing Requests are automatically revoked without further action by the Parties.

8. Respondents agree to cooperate with the Bureau and 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 acknowledge and agree that: (a) the Administrator has jurisdiction and authority to enter this Consent Order; (b) the Administrator may enter this Consent Order without any further notice to Respondents; and (c) upon entry of this Consent Order, it is final and binding, and Respondents waives any right

to a hearing or appeal of this Consent Order and the C&D Orders under the Act, the rules promulgated under the Act or the predecessor Act, the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.201 *et seq.*, or other applicable law.

10. The Parties understand and agree that this Consent Order will be presented to the Administrator for her final approval as evidenced by its entry, and that the Administrator may, in her sole discretion, decide to accept or reject this Consent Order. If the Administrator accepts this Consent Order by entering it, this Consent Order becomes fully effective and binding in accordance with Paragraph B.9. above. If the Administrator rejects this Consent Order by refusing to enter it, the Parties waive any objection to submitting the Hearing Requests for adjudication through a formal administrative proceeding and the Administrator remaining the final decisionmaker at the conclusion of that proceeding.

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

12. The Parties acknowledge and agree that this Consent Order contains the entire understanding of the Parties and supersedes and forever terminates all prior and contemporaneous representations, promises, agreements, understandings, and negotiations, whether oral or written, with respect to its subject matter. The Parties further agree that this Consent Order may only be amended, modified, or supplemented by a duly executed writing signed by each Party and approved by Order of the Administrator.

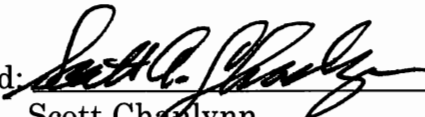
13. The Parties acknowledge and represent that: (a) each Party has read this Consent Order in its entirety and fully understands all of its terms, conditions, ramifications, and consequences; (b) each Party unconditionally consents to the terms of this Consent Order; (c) each Party has consulted with or had ample opportunity to consult with legal counsel of his, her, or its choosing prior to executing this Consent Order; (d) each Party has freely and voluntarily signed this Consent Order; and (e) the consideration received by each Party as described in this Consent Order is adequate.

14. 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 Consent Order.

15. 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.

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Through their signatures, the Parties agree to the above terms and conditions.

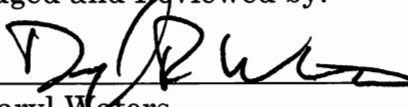
Signed: 
Scott Chanlynn

Dated: 9-1-20

Signed: 
SLB Creations, Inc.
By: Scott Chanlynn, Member

Dated: 9-1-20

Acknowledged and Reviewed by:

Signed: 
Daryl Waters
Attorney for Respondents

Dated: 9/1/2020

Approved by:

Signed: _____
Timothy L. Teague
Securities & Audit Division Director
Corporations, Securities & Commercial Licensing Bureau

Dated: _____

Through their signatures, the Parties agree to the above terms and conditions.

Signed: _____
Scott Chanlynn

Dated: _____

Signed: _____
SLB Creations, Inc.
By: Scott Chanlynn, Member

Dated: _____

Acknowledged and Reviewed by:

Signed: _____
Daryl Waters
Attorney for Respondents

Dated: _____

Approved by:

Signed: Timothy L. Teague
Timothy L. Teague
Securities & Audit Division Director
Corporations, Securities & Commercial Licensing Bureau

Dated: 9/10/20

C. ORDER

The Administrator NOW, THEREFORE, ORDERS:

THE TERMS AND CONDITIONS IN THE FOREGOING FULLY EXECUTED
CONSENT AGREEMENT ARE INCORPORATED BY REFERENCE AND MADE
BINDING AND EFFECTIVE THROUGH 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. 341704

SCOTT CHANLYNN
Unregistered

Respondent.

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Issued and entered
This 23rd day of April, 2020

NOTICE AND ORDER TO CEASE AND DESIST

Linda Clegg, the Director (“Administrator”) of the Corporations, Securities & 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 Scott Chanlynn (“Respondent”) to cease and desist from 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. Scott Chanlynn is an individual with last known address in Iron Mountain, Michigan or Florence, Wisconsin. Respondent was an owner of and promotor for SLB Creations, Inc., a Michigan-incorporated entity that conducted a securities offering in Michigan and Wisconsin. He 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 conducted an investigation of Respondent's activities under the Securities Act in Michigan.
2. The investigation developed evidence that Respondent omitted to state material facts necessary to make other statements made not misleading in connection with the offer or sale of securities. Respondent stated that investors would have the right to receive audited financial statements for SLB Creations, Inc., but failed to state that investors would need to request the audited financial statements or that Respondent would not have any audited financial statements prepared for the company to provide to investors. A reasonable investor might consider these omitted facts important when making an 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...

2. 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.

III. CONCLUSIONS OF LAW

1. Respondent Scott Chanlynn omitted to state material facts necessary to make other statements made not misleading in connection with the offer or sale of securities when Respondent stated that investors would have the right to receive audited financial statements for SLB Creations, Inc., but failed to state that investors would need to request the audited financial statements or that Respondent would not have any audited financial statements prepared for the company to provide to investors. The statements regarding audited financial statements were material and were omitted in connection with the offer or sale of a security, 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 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 her Final Order, the Administrator, under section 604(4) of the Securities Act, MCL 451.2604(4), intends to impose civil fines 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.

- 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:

\$10,000.00 – Scott Chanlynn, 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:

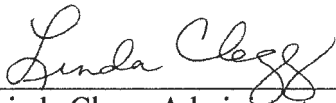
Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring
P.O. Box 30018
Lansing, MI 48909

- 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 & REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU



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

4/23/2020
Date