

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

In the matter of:

ENF-22-020095

I-WIZE GROUP INVESTMENT LLC
Unregistered

Respondent.

_____ /

Issued and entered
This 31st day of August, 2022

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 I-Wize Group Investment LLC (“Respondent”) to cease and desist from offering or selling unregistered securities, from acting as an unregistered investment adviser, and from making untrue statements of material facts in connection with the offer or sale of securities, contrary to the Securities Act. Respondent is notified of the opportunity to request a hearing in this matter.

I. BACKGROUND

A. Respondent

1. Respondent I-Wize Group Investment LLC is a Michigan-organized limited liability company that holds no registrations under the Securities Act and has not registered any securities offerings under the Securities Act.

B. Findings of Fact

1. The Bureau received a complaint about Respondent and opened an investigation of Respondent’s activities under the Securities Act.

2. The investigation developed evidence that Respondent maintained a public-facing website where it offered various investment products including the I-Wize Premium Cap, I-Wize BTC Cap, and I-Wize Basic Savings which were collectively referred to as the IW Core Portfolio. The offerings on the website were solicitations of investor funds to be pooled and invested at Respondent's direction with profits to be shared with investors. None of these offerings were registered under the Securities Act, and Respondent has not identified a relevant exemption, exception, preemption, or exclusion justifying the failure to register.
3. Respondent advertised on its website that it would, for a fee, advise investors about what investments would best suit their specific investment needs. Respondent is not registered as an investment adviser under the Securities Act and has not identified a relevant exemption, exception, preemption, or exclusion justifying the failure to register.
4. Respondent represented that it was a member of the Financial Industry Regulatory Authority ("FINRA") and that its investment products were insured by the Securities Investor Protection Corporation ("SIPC"). Respondent is not and never was a FINRA member, and does not offer any securities products insured by SIPC. A reasonable investor might consider it important to know that a company lies about its associations with FINRA and SIPC when marketing its products.

II. RELEVANT STATUTORY PROVISIONS

1. Section 102a(e) of the Securities Act defines "Investment adviser", in part, as:

a person that, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or the advisability of investing in, purchasing, or selling securities or that, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities...
2. Section 102c(c) of the Securities Act 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.

3. 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.

4. Section 403(1) of the Securities Act, MCL 451.2403(1), states in relevant part:

(1) A person shall not transact business in this state as an investment adviser unless the person is registered under this act as an investment adviser or is exempt from registration as an investment adviser under subsection (2).

5. 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.

6. 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 exclusions.

III. CONCLUSIONS OF LAW

1. Respondent I-Wize Group Investment LLC offered and sold investment contract securities that were not federal covered, exempt from registration, or registered, in violation of section 301 of the Securities Act, MCL 451.2301.
2. Respondent I-Wize Group Investment LLC acted as an investment adviser without being registered or exempt from registration, in violation of section 403(1) of the Securities Act, MCL 451.2403(1).
3. Respondent I-Wize Group Investment LLC stated material facts that were untrue in connection with the offer or sale of securities by stating that the firm was FINRA-registered when that was not the case. A reasonable investor might consider the untrue statement of fact important to an investment decision, and it was made in connection with the offer or sale of securities, in violation of MCL 451.2501(b).
4. Respondent I-Wize Group Investment LLC stated material facts that were untrue in connection with the offer or sale of securities by stating that its investment contract offerings were insured through SIPC when that was not the case. A reasonable investor might consider the untrue statement of fact important to an investment decision, and it was made in connection with the offer or sale of securities, in violation of 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 offering or selling unregistered securities, from acting as an unregistered investment adviser, and from misstating material facts 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 a Final Order, the Administrator intends to impose civil fines of \$40,000.00 against Respondent under MCL 451.2604(4). This Notice and Order to Cease and Desist may become final pursuant to Section VI, below.
- 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

Or 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.
- B. 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.

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

/s/ Linda Clegg

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

8/31/2022

Date

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I-Wize Group Investment LLC
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