STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF SECURITIES
COLUMBUS, OHIO 43215

Order No. 13-027

IN THE MATTER OF: **MICHAEL C. PERLMUTER**
CRD NO. 3243172

CEASE AND DESIST ORDER WITH CONSENT AGREEMENT

DIVISION ORDER

WHEREAS, the Ohio Division of Securities (hereinafter "the Division") is charged with the responsibility of protecting investors and finds that this Order is necessary or appropriate in the public interest or for the protection of investors, and is consistent with the purposes of the Ohio Securities Act, Chapter 1707 of the Ohio Revised Code ("R.C.");

WHEREAS, the Division has conducted an investigation into the activities of Michael C. Perlmuter (hereinafter "Respondent"), who currently resides in Pepper Pike, Ohio, with a prior principal business address of 5885 Landerbrook Dr., Suite 200, Cleveland, Ohio 44124;

WHEREAS, Respondent waives the issuance, lawful service and receipt of a Notice of Opportunity for Hearing in this matter, in accordance with R.C. Chapter 119, and stipulates to the jurisdiction of the Division, and has voluntarily entered into the signed Consent Agreement; and

WHEREAS, Respondent has agreed to waive his right to a hearing in accordance with R.C. Chapter 119, and has entered into a Consent Agreement attached hereto as Exhibit A ("Consent Agreement") with the Division, and as a result of the Division's investigation and the signed Consent Agreement executed by the Respondent, the Division finds as follows:

(1) Respondent was a licensed securities salesperson and investment adviser representative in Ohio, CRD No. 3243172 until May 26, 2011;

(2) Respondent was employed with Cedar Brook Financial Partners, LLC at 5885 Landerbrook Dr., Suite 200, Cleveland, Ohio 44124;

(3) As an Ohio-licensed securities salesperson and investment adviser representative, Respondent was required to comply with all relevant provisions of the Ohio Revised Code and the Ohio Administrative Code (hereinafter "O.A.C.");

(4) Respondent's record with the Central Registration Depository (hereinafter "CRD"), which is maintained by the Financial Industry Regulatory Authority

("FINRA"), discloses that Respondent was registered with Securities America, Inc., CRD No. 10205 ("SAI") as a licensed securities salesperson, and with Securities America Advisors, Inc., CRD No. 110518, as an investment adviser representative from September 2005 until May 26, 2011;

(5) Respondent's CRD discloses that on March 13, 2013, Respondent, without admitting or denying the findings, entered into an Acceptance, Waiver & Consent (hereinafter "AWC"), with FINRA which details FINRA's allegations of fact, conclusions, and sanctions;

(6) On the date the AWC was entered, Respondent was no longer employed and/or associated with the entities set forth in paragraphs (2) and (4) as a licensed securities salesperson and investment adviser representative;

(7) The findings in the AWC were based on Respondent's communications with six (6) customers regarding the sale of units in the IMH Secured Loan Fund, LLC ("IMH Fund"), a limited liability company organized under the laws of the State of Arizona;

(8) The IMH Fund, in a Form D filed with the U.S. Securities and Exchange Commission on June 15, 2006, stated a business purpose of "[l]ending of funds for short-term loans and mortgages secured by real property";

(9) The AWC stated that the IMH Fund Private Placement Memorandum ("PPM") indicates that IMH Fund's underwriting procedures may be more flexible than conventional lenders, there may be a risk that all material facts concerning a borrower and the collateral may not be entirely revealed to the IMH Fund, there is a greater risk of default by the IMH Fund's borrowers, and that the failure of a borrower to repay loans or pay interest on loans will impair investor distribution, the value of investor units, and the investor's interest in the IMH Fund as a whole;

(10) The AWC stated that the IMH Fund's PPM described "significant limitations" on liquidity including: a requirement to wait 60 days before submitting a written redemption request to the IMH Fund, that the IMH Fund made redemption payments just once a month on a first-come, first-served basis, redemption was contingent upon sufficient available cash, and that the redemption would not have an adverse effect on the IMH Fund;

(11) The AWC indicated that the PPM contained a heading labeled "Your units lack liquidity and marketability," which went on to warn investors that they "may not be able to sell [their] units in a timely manner or at all";

(12) The AWC stated that the PPM explicitly warned investors that they had "a limited ability to have [their] units redeemed by [the IMH Fund]. Because of the limitations on redemptions, [investors] may not be able to have [their] units redeemed when [investors] request a redemption, or at all";

(13) According to the AWC, Respondent emailed an SAI customer representing, among other things, that the IMH Fund "locks your money up for only 60 days. After that, you have complete liquidity and [the IMH Fund] will pay monthly interest to you on the basis of a 10-11% annualized return." On December 6, 2007, this customer purchased $50,000 of the IMH fund through Perlmuter;

(14) According to the AWC, on January 28, 2008, Perlmuter emailed an SAI customer representing, among other things, that the IMH fund was "a variable loan note, currently paying approximately 10.5% with a 60-day lock-in period. Very liquid." Later that same day, Perlmuter again e-mailed this SAI customer stating, among other things, that [t]his investment is illiquid for 60 days. After that, it is completely liquid." On February 12, 2008, this customer purchased $75,000 of the IMH Fund through Perlmuter;

(15) According to the AWC, on April 14, 2008, Perlmuter e-mailed an SAI customer, stating, among other things, with respect to the IMH fund that he "would like to shift another 2% or so from equities to alternate investments, where we can be assured of a positive return" and stating, among other things, that the IMH Fund "only requires a lock up period of 60-90 days." On May 2, 2008, this customer purchased $170,000 of the IMH Fund through Perlmuter;

(16) According to the AWC, Perlmuter gave an SAI customer a document entitled "IMH Secured Loan Fund, Executive Summary—Investment Opportunity" (the "IMH Executive Summary") that falsely stated that the IMH Fund was "[c]ompletely LIQUID after 60 days." On May 7, 2008, after receiving that IMH Executive Summary from Perlmuter, this customer purchased $250,000 of the IMH Fund through Perlmuter;

(17) According to the AWC, in June 2008 and August 2008, Perlmuter e-mailed the IMH Executive Summary to two SAI customers who did not purchase units in the IMH Fund. The IMH Executive Summary represented, in part, that the IMH Fund afforded investors "[c]omplete liquidity within 90 days of request." This statement was contrary to the disclosures contained in the IMH Fund PPM;

(18) The liquidity of the investment funds was a material and relevant fact;

(19) FINRA found that Respondent had failed to comply with NASD Rules 2110, 2210(d)(1)(A), 2210(d)(1)(B), 2211(d)(1), and 3110(a);

(20) Based on the findings in the AWC, FINRA suspended, and Respondent agreed to an 8-month suspension from associating with any FINRA member in any capacity and a $40,000 fine in the event that Respondent re-associates with a FINRA member firm;

(21) R.C. 1707.44 (B)(4) prohibits any person from making, or causing to be

made, any false representation concerning a material and relevant fact in any written statement with the purpose to sell a security in the state of Ohio; and

(22) Respondent violated R.C. 1707.44(B)(4) in each of his emails by misrepresenting the liquidity of the IMH Fund to the SAI customers as set forth in paragraphs (14) through (17) in order to effectuate the sale of securities.

WHEREAS, based on Paragraphs (1) through (22) above, the Division finds that the Respondent has violated R.C. 1707.44(B)(4);

WHEREAS, pursuant to discussions with the Division, by and through counsel, Respondent has voluntarily entered into a Consent Agreement, attached hereto as Exhibit A and incorporated by reference herein; and

THEREFORE, IT IS ORDERED THAT, pursuant to Revised Code Chapter 1707.23(G), Respondent MICHAEL C. PERLUMUTER is ordered to **CEASE AND DESIST** from the acts and practices described above which constitute a violation of Chapter 1707 of the Ohio Revised Code.

TIME AND METHOD TO PERFECT AN APPEAL

Any party desiring to appeal shall file a Notice of Appeal with the Ohio Division of Securities, 77 South High Street, 22nd Floor, Columbus, Ohio 43215, setting forth the order appealed from and stating that the agency's order is not supported by reliable, probative, and substantial evidence and is not in accordance with law. The notice of appeal may, but need not, set forth the specific grounds of the party's appeal beyond the statement that the agency's order is not supported by reliable, probative, and substantial evidence and is not in accordance with law. The Notice of Appeal shall also be filed by the appellant with the court of common pleas of the county in which the place of business of the licensee is located or the county in which the licensee is a resident. If any party appealing from the order is not a resident of and has no place of business in this state, the party may appeal to the court of common pleas of Franklin County. Such notices of appeal shall be filed within fifteen (15) days after the mailing of the notice of the Ohio Division of Securities' Order as provided in Section 119.12 of the Ohio Revised Code.

JLH/cn

WITNESS MY HAND AND THE OFFICIAL SEAL OF THIS DIVISION at
Columbus, Ohio July 10, 2013.

Andrea L. Seidt, Commissioner of Securities

EXHIBIT A

STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF SECURITIES
COLUMBUS, OHIO 43215-6131

IN THE MATTER OF: **MICHAEL C. PERLMUTER**
CRD NO. 2447823

CONSENT AGREEMENT

Based upon discussions between representatives of the Ohio Division of Securities (the "Division") and Michael C. Perlmuter (the "Respondent"), the Division and Respondent stipulate and agree to the following:

(1) Respondent waives the issuance, lawful service and receipt of a Notice of Opportunity for Hearing in this matter, in accordance with R.C. Chapter 119, and stipulates to the jurisdiction of the Division.

(2) Respondent, with full knowledge of his rights, voluntarily waives the right to an adjudicative hearing in accordance with R.C. Chapter 119, as well as any other appeal rights found therein.

(3) The Division and Respondent consent, stipulate, and agree to the findings, conclusions, and order set forth in the attached Suspension Order and Consent Agreement ("Order"), and to the issuance of the same.

(4) Respondent acknowledges being fully and adequately apprised of the right to appeal the attached Order, as set forth in R.C. 119.12, and hereby waives his appeal rights set forth therein.

(5) The undersigned have read this Consent Agreement, understand all of its terms, have authority to sign this Consent Agreement, and have executed this Consent Agreement voluntarily.

SO AGREED:

By: _____ 7.2.13
Michael C. Perlmuter Date
Respondent
3010 Kersdale Road
Pepper Pike, OH 44124

By: _____ 07/10/2013
Andrea L. Seidt Date
Commissioner of Securities
Ohio Division of Securities
77 S. High St., 22nd Floor
Columbus, OH 43215

By: _____ 7/8/13
Howard Groedel Date
Counsel for Respondent
Ulmer & Berne LLP
1660 West 2nd Street, Suite 1100
Cleveland, OH 44113