



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
IPRACTICE GROUP, INC.; TING N. CHANG;)
MICHAEL JASON MORGAN;) Case No.: AP-17-20
AND COLIN P. PURCELL,)
)
Respondents.)

CONSENT ORDER AS TO RESPONDENTS
TING N. CHANG AND MICHAEL JASON MORGAN

SUMMARY OF ENFORCEMENT SECTION’S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Director of Enforcement Saundra J. McDowell, has alleged that Ting N. Chang (“Chang”) and Michael Jason Morgan (“Morgan”) collectively known as “Respondents,” transacted business as unregistered agents in the state of Missouri in violation of Section 409.4-402(a), RSMo. (2016)¹ and this constitutes grounds to issue an order pursuant to Section 409.6-604.
2. Respondents and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondents’ alleged violations of Section 409.4-402.

CONSENT TO JURISDICTION

3. Respondents and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over the Respondents and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondents and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

¹ Unless otherwise noted, all statutory references are to the 2016 Revised Statutes of Missouri.

WAIVER AND EXCEPTION

5. Respondents waive Respondents' right to a hearing with respect to this matter.
6. Respondents waive any right that Respondents may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondents stipulate and agree with the Enforcement Section that, should the facts contained herein prove to be false or incomplete in a material way, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER'S ORDER

8. Respondents and the Enforcement Section stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondents agree not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondents' (a) testimonial obligations; (b) right to take legal or factual positions in connection with litigation, arbitration, or other legal proceeding in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondents agree that Respondents are not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondents neither admit nor deny the allegations made by the Enforcement Section, but consent to the Commissioner's Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

COMMISSIONER'S FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

A. Respondents and Related Parties

12. iPractice Group Inc. ("iPractice") is a Tennessee corporation that was incorporated on March 18, 2010. iPractice's registered agent was Morgan until January 28, 2013, when iPractice filed for bankruptcy and a bankruptcy trustee was appointed for the company. iPractice has a mailing address of 51 Century Boulevard, Suite 125, Nashville, Tennessee

37214. iPractice was in the business of providing information technology and medical billing services to independent physician offices.

13. Chang was an incorporator of iPractice and was Chief Executive Officer of iPractice until January 28, 2013, when iPractice filed for bankruptcy and a bankruptcy trustee was appointed for the company. iPractice has an address of 704 Boscobel Street, Nashville, Tennessee 37206. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter Respondent Chang was not registered as a securities agent with the state of Missouri.
14. Morgan was an incorporator of iPractice and Chief Operating Officer of iPractice until January 28, 2013, when iPractice filed for bankruptcy and a bankruptcy trustee was appointed for the company. iPractice has an address of 704 Boscobel Street, Nashville, Tennessee 37206. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter Respondent Morgan was not registered as a securities agent with the state of Missouri.
15. Vision 2 Records, LLC, (“V2R”) is a Tennessee limited liability company formed June 4, 2010, but was administratively dissolved/revoked on August 8, 2015. V2R is purported to be owned by Colin P. Purcell (“Purcell”), also known as “Colme Purcell.” Purcell was a sales representative who did business through V2R with iPractice. Purcell has an address of 1355 Bardstown Road, Apartment 156, Louisville, Kentucky 40204. V2R has a last known address of 533 Church Street, Suite 229, Nashville, Tennessee 37219. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter Purcell was not registered as a securities agent with the state of Missouri.

B. Enforcement Section Investigation

16. iPractice offered securities in the form of various classes of stock by private placement memorandums limited only to accredited investors between March of 2010, and November of 2012 (the “iPractice Securities”).
17. Sixteen Missouri residents invested in the iPractice Securities (the “Missouri Investors”). The Missouri Investors were all accredited investors.
18. Representatives of iPractice, including Chang, offered and/or sold iPractice Securities to Missouri Investors.
19. From October 2010, through September 2012, at least 16 Missouri residents invested over \$905,000 with Respondent iPractice and incurred more than \$600,000 in losses.
20. Of the 16 Missouri investors, six or more were over 60 years-old at the time of their investments.

21. All Missouri Investors received Private Placement Memorandums (“PPM”) prior to investing. The PPMs provided among other things, the following:
 - a. the offerings were for accredited investors only; and
 - b. the securities offered would be sold in compliance with an exemption from registration under Rule 506 of Regulation D.
22. All Missouri Investors signed subscription agreements for their investments.
23. Although they qualify as accredited investors, at least five of the 16 investors with iPractice were not told the offering was only for accredited investors.

II. CONCLUSIONS OF LAW

24. The Commissioner finds Respondents Chang and Morgan transacted business as unregistered agents in the state of Missouri in violation of Section 409.4-402(a), and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604.
25. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondents and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondents and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409.

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

26. Respondents Chang and Morgan, their agents, employees and servants, and all other persons participating in the above-described violations with knowledge of this order are permanently enjoined and restrained from transacting business as unregistered agents in the state of Missouri in violation of Sections 409.4-402(a).
27. Respondents shall each pay \$35,000 in restitution. This amount shall be paid within 10 days of the effective date of this Consent Order. The payment shall be sent to the Securities Division at 600 West Main Street, Jefferson City, Missouri 65101 and shall be payable to the Missouri Secretary of State’s Investor Restitution Fund. The Commissioner will take reasonable and necessary actions to distribute such funds to the investor.
28. Respondents shall pay, jointly and severally, \$20,000 to the Investor Education and Protection Fund. This amount shall be suspended provided Respondents comply with the terms of this Consent Order and do not violate the Missouri Securities Act for a period of two years from the date of execution of this Consent Order. This suspended amount shall become due immediately upon the sooner of (1) Respondents’ noncompliance with the

terms of this Consent Order, or (2) a finding, after notice and opportunity for a hearing, by the Commissioner or a court of competent jurisdiction, that Respondents have violated the Missouri Securities Act. Such immediately due payments shall be in addition to all other penalties then available under the law. The payment shall be made payable to the Missouri Investor Education and Protection Fund and sent to the Missouri Securities Division at 600 West Main Street, Jefferson City, Missouri 65101.


29. After two years from the effective date of this Consent Order, provided Respondents have complied with all terms of this Consent Order, all suspended payments referenced in paragraph 28 above shall be waived.
30. Respondents shall each pay \$2,500 as the cost of this investigation. This amount shall be paid within 10 days of the effective date of this Consent Order. The payment shall be sent to the Securities Division at 600 West Main Street, Jefferson City, Missouri 65101 and shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund.
31. All charges relating to violations of Sections 409.4-402(d) and 409.5-501 against Respondents Chang and Morgan, set out in the Order issued by the Commissioner on August 8, 2017, are explicitly vacated and will not be pursued by the Commissioner. Any allegations related to violations of Section 409.3-301 during the relevant period relating to this matter will not be pursued by the Enforcement Section against Respondents Chang and Morgan.
32. Respondents shall pay their own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 24th DAY OF JANUARY, 2018.



JOHN R. ASHCROFT
SECRETARY OF STATE


DAVID M. MINNICK
COMMISSIONER OF SECURITIES

Consented to by:

THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION



Sandra J. McDowell
Director of Enforcement
Counsel for Petitioner

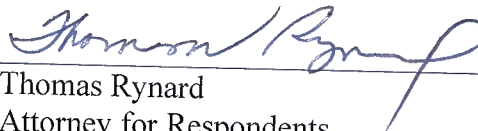


RESPONDENT
TING N. CHANG



RESPONDENT
MICHAEL JASON MORGAN

Approved as to Form:



Thomas Rynard
Attorney for Respondents