



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
MACKENZIE REALTY CAPITAL, INC.,) Case No. AP-15-45
)
Respondent.)

CONSENT ORDER

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 Assistant Commissioner Mary S. Hosmer, has alleged that MacKenzie Realty Capital, Inc. (“Respondent”), offered and sold unregistered, non-exempt securities in violation of Section 409.3-301, RSMo. (Cum. Supp. 2013), and that this constitutes grounds to issue an order pursuant to Section 409.6-604, RSMo. (Cum. Supp. 2013).
2. Respondent and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondent’s alleged violations of Section 409.3-301, RSMo. (Cum. Supp. 2013).

CONSENT TO JURISDICTION

3. Respondent and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over the Respondent and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondent and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), RSMo. (Cum. Supp. 2013), which provides:

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

WAIVER AND EXCEPTION

5. Respondent waives Respondent's right to a hearing with respect to this matter.
6. Respondent waives any right that Respondent may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever releases and holds 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. Respondent stipulates and agrees 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. Respondent 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. Respondent agrees 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 Respondent's (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. Respondent agrees that Respondent is not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondent neither admits nor denies the allegations made by the Enforcement Section, but consents 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

12. MacKenzie Realty Capital, Inc. ("MRC") is a Maryland corporation organized on January 27, 2012, with a principal office address at 351 West Camden Street, Baltimore, Maryland, 21201. MRC's registered agent is National Registered Agents, Inc. of Maryland with the same address. A check of the records maintained by the Missouri

Commissioner of Securities (“the Commissioner”) indicates that MRC was registered with the Missouri Securities Division for securities issued by MRC, but this registration was terminated on August 3, 2015 for failing to renew its registration by August 2, 2015.

Registration of Securities

13. On or about September 2, 2015, the Securities Division received a letter from an attorney for MRC who was handling all of MRC’s state registrations on its behalf. In the letter, the attorney requested a renewal of MRC’s registration in Missouri.
14. During the registration process, it was discovered that MRC’s registration to offer and/or sell securities in Missouri had been terminated on August 3, 2015 for failing to renew the registration by August 2, 2015.
15. On September 22, 2015, the Enforcement Section sent a letter to the attorney for MRC requesting, among other things:
 - a. a list of all Missouri investors who invested in securities offered by MRC from August 3, 2015 to the present;
 - b. the name, address, and telephone number of each investor;
 - c. dates and amounts invested; and
 - d. commissions and/or fees paid to MRC representatives or brokers as a result of each investment.
16. On October 9, 2015, the attorney for MRC stated that 14 Missouri investors invested in securities offered by MRC during the period MRC was not registered. In addition, the attorney stated the following:
 - a. MRC sold securities during the period MRC was not registered; and
 - b. MRC paid commissions in excess of \$30,000 to selling representatives and broker-dealers.

II. CONCLUSIONS OF LAW

17. The Commissioner finds Respondent offered and sold unregistered, non-exempt securities, and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604 RSMo. (Cum. Supp. 2013).
18. 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, RSMo. (Cum. Supp. 2013).

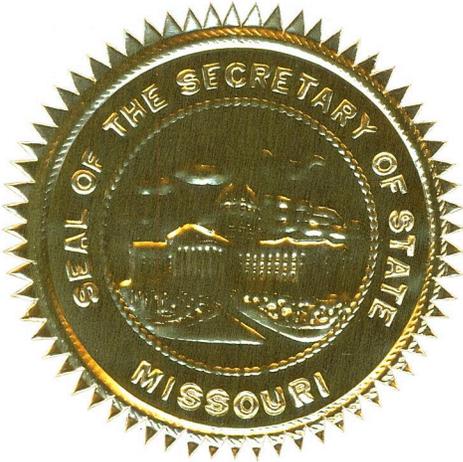
III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

1. Respondent, its agents, employees and servants, and all other persons participating in the above-described violations with knowledge of this order acknowledge that they are permanently prohibited from offering and selling unregistered, non-exempt securities in violation of Section 409.3-301, RSMo. (Cum. Supp. 2013) and undertake not to make any such offers or sales in the future.
2. Respondent shall pay to the Missouri Secretary of State's Investor Education and Protection Fund the sum of \$30,000. This payment shall be sent within 10 days of the effective date of this Consent Order to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund. The Division will send the money to the Missouri Secretary of State's Investor Education and Protection Fund.
3. Respondent is ordered to pay \$1,000 as the cost of this investigation. This amount shall be sent within 10 days of the effective date of this Consent Order to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund. The Division will send the money to the Missouri Secretary of State's Investor Education and Protection Fund.
4. Respondent shall pay its own costs and attorney's fees with respect to this matter.
5. This Consent Order shall not disqualify MRC, or any of its affiliates from any business that they otherwise are qualified or licensed to perform under any applicable state securities law. Further, this Consent Order is not intended to subject MRC or any of its affiliates to any disqualifications contained in the federal securities law, the rules and regulations thereunder, the rules and regulations of self-regulatory organizations, various states' or U.S. Territories' securities laws including, but not limited to, any disqualifications from relying upon the registration exemptions or safe harbor provisions, or from engaging in the business of securities, insurance, or banking.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 23RD DAY OF NOVEMBER, 2015.



JASON KANDER
SECRETARY OF STATE

Andrew M. Hartnett

ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES

Consented to by:

THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION

Mary S. Hosmer
Assistant Commissioner of Securities

MACKENZIE REALTY CAPITAL, INC.

BY: Chip Patterson

NAME: Chip Patterson

TITLE: Secretary

Approved as to Form:

Eric Gervais
Eric Gervais
Attorney for MacKenzie Realty Capital, Inc.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS ____ DAY OF _____, 20__.

JASON KANDER
SECRETARY OF STATE

ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES

Consented to by:

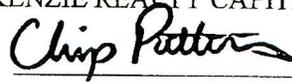
THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION



Mary S. Hosmer
Assistant Commissioner of Securities

MACKENZIE REALTY CAPITAL, INC.

BY:



NAME: Chip Patterson

TITLE: Secretary

Approved as to Form:



Eric Gervais
Attorney for MacKenzie Realty Capital, Inc.