

BEFORE THE SECURITIES COMMISSIONER  
OF THE STATE OF KANSAS



In the Matter of:

Morton Capital LLC, and  
Joel D. Morton (CRD #: 2842780),

Docket No. 23 E 174  
KSC No. 2023-6887

Respondents.

\_\_\_\_\_  
Pursuant to K.S.A. 17-12a604(a)

**CONSENT CEASE AND DESIST ORDER**

1. The Staff of the Office of the Kansas Securities Commissioner ("KSC Staff") allege that Morton Capital LLC ("Morton Capital") and Joel D. Morton ("Morton"), together "the Respondents," have engaged and are engaging in conduct constituting violations of the Kansas Uniform Securities Act, K.S.A. 17-12a101 *et seq.* ("the KUSA").

2. On May 26, 2022, KSC Staff notified the Respondents that KSC Staff intended to file an application with the Kansas Securities Commissioner ("Commissioner") requesting the Commissioner to issue an order under K.S.A. 17-12a604(a) directing the Respondents to cease and desist from the conduct constituting violations of the KUSA.

3. After consulting with KSC Staff, the Respondents consent to the issuance of this order to cease and desist.

## CONSENTS AND WAIVERS

4. The Respondents and KSC Staff stipulate and agree that, under the KUSA, the Commissioner has jurisdiction over the Respondents and this matter.

5. The Respondents and KSC Staff stipulate and agree that the Commissioner has authority to enter this Order under K.S.A. 17-12a604(a).

6. The Respondents waive their right to a hearing with respect to these matters.

7. The Respondents waive any rights that they may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order.

8. The Respondents and KSC Staff agree to the issuance of this Order without further proceedings and agree to be fully bound by the terms and conditions specified herein.

9. Without admitting or denying the allegations made by the KSC Staff as reflected in the Findings of Fact and Conclusions of Law set forth below, the Respondents agree to the issuance of this Order on the basis of such Findings of Fact and Conclusions of Law solely and only for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this specific Order.

## FINDINGS OF FACT

### *Morton Capital's Investment Real Estate Venture*

10. Morton Capital LLC ("Morton Capital") is a Delaware limited liability company which has been registered with the Kansas Secretary of State to do business in Kansas since April 6, 2020. Morton Capital's principal place of business is located in Johnson County, Kansas.

11. Morton Capital is owned and operated by Joel D. Morton, CRD #: 2842780 ("Morton"), an individual residing in Johnson County, Kansas. Joel Morton is Morton Capital's President, Secretary, and Treasurer, and is the only member of the company.

12. From approximately 2016 to the end of 2019, Morton was registered under the KUSA as an agent of a registered broker-dealer and as a registered investment advisor representative. Those registrations were voluntarily terminated on December 18, 2019. At the times relevant hereto, Morton was not registered under the KUSA in any capacity.

13. Morton Capital purports to be in the business of investment real estate. Specifically, Morton Capital purchases and renovates primarily residential real estate. Once a property is renovated, Morton Capital either sells the property or leases it.

### *Morton Capital's Offer and Sale of Promissory Notes*

14. To raise capital for its investment real estate venture, Morton Capital offers and sells unsecured promissory notes ("*Promissory Notes*" or "*Notes*") to investors.

15. Generally, the *Promissory Notes* obligate Morton Capital to pay investors .67% interest per month (or roughly 8% per annum) for a term of five years. Upon maturity, the *Notes* require Morton Capital to return any unpaid principal to the investor.

16. While Morton Capital purports to use funds raised through the sale of *Promissory Notes* to purchase real estate, the *Notes* are not secured by any real estate or other assets of the company.

17. Other than providing investment capital, the *Promissory Note* investors have no other roles or responsibilities relating to Morton Capital's investment real estate venture. As described on one of Morton Capital's websites, the company will do "all the heavy lifting" while investors merely collect their "portion of the profits."

18. Between April 2020 and April 2023, Morton Capital sold at least 48 *Promissory Notes* to investors for a total of at least \$5,578,459.05. Of the 48 *Notes* sold, 32 were purchased by Kansas residents, while 16 were purchased by residents outside of Kansas.

19. At no time were the *Promissory Notes* registered as securities under the KUSA.

*Morton Capital's Offer of Promissory Notes on Websites and YouTube*

20. Morton Capital solicits investors on two websites, Mortoncap.com and Realestateretire.com (hereinafter "the Websites"), and through videos posted on YouTube. Both the Websites and the videos posted on YouTube are available to the general public.

21. The Websites describe Morton Capital's investment real estate venture and solicit investments in the company.

22. The Websites generally characterize investments in Morton Capital as low risk, particularly when compared to the stock market. For example, the Websites contain the following statements:

We guarantee an 8% return.

Historic long-term market returns of 8% through real estate investments with less risk than traditional stock investments.

Morton Capital takes the risk away from you.

23. The Websites do not contain any statements limiting Morton Capital's investment offering by territorial jurisdiction or the financial circumstances of potential investors.

24. On both the Websites and YouTube, Morton Capital has posted numerous YouTube videos describing Morton Capital's investment real estate venture and soliciting investments in the company. The videos describe Morton Capital's business model, how a person can become an investor through the purchase of the *Promissory Notes*, and contain investor testimonials.

25. The YouTube videos generally characterize investments in Morton Capital as guaranteed and low risk with no limitations for who can become an investor. For example, the YouTube videos contain the following statements:

We are excited to unveil our real estate retirement plan that outperforms the S&P 500. Our plan offers a guaranteed eight percent

return year after year, which is backed by a legally binding promissory note.

Morton Capital earns you more every year versus the S&P 500 even with a lower average return than the S&P 500 simply because there are no more dips.

What makes Morton Capital different than everyone else is that we are here to help the middle class succeed. There are no minimum requirements to get people started in investing with us.

*Morton Capital's Offer and Sale of Promissory Notes through Agents*

26. Since commencing its investment real estate venture, Morton Capital has employed or associated with at least six individuals (hereinafter "Agents") to solicit potential investors to purchase *Promissory Notes* from the company.

27. For each *Promissory Note* sold by an Agent, Morton Capital pays the Agent transaction-based compensation equal to 5% of the amount of the *Note*.

28. At no time were any of the Agents registered under the KUSA in any capacity.

*Morton Capital's Solicitation of Potential Agents via a Website*

29. On the website Mortonaffiliate.com, Morton Capital is promoting an "affiliate" program through which an individual can receive a 3% commission for each *Promissory Note* sold by Morton Capital through the individual's efforts.

30. The website states that "no license is required" and does not inform prospective "affiliates" that they may need to be registered under the KUSA to receive compensation for investments sold by Morton Capital.

## CONCLUSIONS OF LAW

31. The Commissioner has jurisdiction over the Respondents and this matter.

32. The *Promissory Notes* described herein are securities as that term is defined in K.S.A. 17-12a102(28).

33. Morton Capital is the issuer, as that term is defined in K.S.A. 17-12a102(17), of the *Promissory Notes*.

34. The *Promissory Notes* are not federal covered securities, as that term is defined in K.S.A. 17-12a102(7), and are not exempt from registration under K.S.A. 17-12a201 through 17-12a203.

35. The Respondents have violated and are violating K.S.A. 17-12a301 by offering and selling the *Promissory Notes*.

36. In effecting or attempting to effect the sale of *Promissory Notes*, the Agents are agents, as that term is defined in K.S.A. 17-12a102(2), of Morton Capital, and are not exempt from registration under K.S.A. 17-12a402(b).

37. By employing or associating with the Agents, the Respondents have violated and are violating K.S.A. 17-12a402(d) by employing or associating with agents who are neither registered under the KUSA nor exempt from registration under K.S.A. 17-12a402(b).

38. Any individual induced by the Mortonaffiliate.com website to become an “affiliate” or Morton Capital would be an agent, as that term is defined in K.S.A. 17-12a102(2), of Morton Capital, and would not be exempt from registration under K.S.A. 17-12a402(b).

39. By soliciting “affiliates” on the Mortonaffiliate.com website, the Respondents are about to violate K.S.A. 17-12a402(d) by employing or associating with agents who are neither registered under the KUSA nor exempt from registration under K.S.A. 17-12a402(b).

#### ORDERS

**IT IS THEREFORE ORDERED** that Joel D. Morton and Morton Capital LLC shall immediately **CEASE AND DESIST** from offering or selling a security in the State of Kansas unless the security is a federal covered security, is exempt from registration under K.S.A. 17-12a201 through 17-12a203, or is registered under the KUSA.

**IT IS FURTHER ORDERED** that Joel D. Morton and Morton Capital, LLC shall immediately **CEASE AND DESIST** from employing or associating with an agent transacting business in the State of Kansas unless the agent is registered under the KUSA or is exempt from registration under K.S.A. 17-12a402(b).

**IT IS FURTHER ORDERED** that, within seven days of the issuance of this Order, Joel D. Morton and Morton Capital, LLC shall modify the websites and YouTube videos described herein, as well as any other websites/social media sites controlled by Respondents, as necessary to comply with the KUSA.

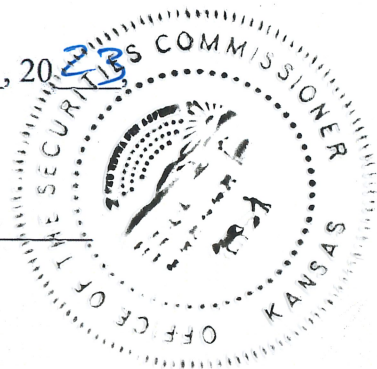


**IT IS SO ORDERED BY THE COMMISSIONER.**

Entered at Topeka, Kansas, this 12<sup>TH</sup> day of JUNE, 2023



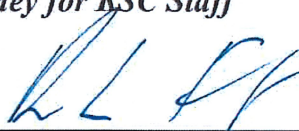
Daniel J. Klucas  
*Kansas Securities Commissioner*



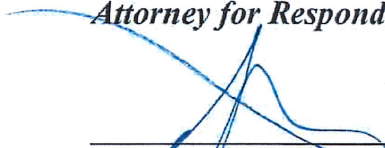
CONSENTED TO BY:



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Senior Attorney  
OFFICE OF THE KANSAS SECURITIES COMMISSIONER  
*Attorney for KSC Staff*



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Joel D. Morton, President  
Morton Capital, LLC  
*Respondents*

## NOTICE

- (1) A party to this action may petition the Commissioner for reconsideration within 15 days after service of a final order, following the procedures in K.S.A. 77-529. Under K.S.A. 77-528, a party may petition for a stay of effectiveness of this order until the time at which a petition for judicial review would no longer be timely.
- (2) This order may be subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Securities Commissioner is Jack Clayton Johnson, Assistant General Counsel, at 1300 SW Arrowhead Road, Topeka, Kansas 66604.
- (3) This order contains orders to cease and desist issued by the Kansas Securities Commissioner pursuant to K.S.A. 17-12a604(a). An intentional violation of any order to cease and desist contained herein is a severity level 5 nonperson felony.