

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:	*	
SPENCER LUTGRING,	*	Securities Docket No. 2025-0248
JOSEPH MADDEN,	*	
JEREMY POWELL,	*	
JAROD WETZEL,	*	
and	*	
MIDDLE CLASS UNITED COOPERATIVE INCORPORATED	* *	
Respondents	*	
* * * * * * * * * * * *		

CONSENT ORDER

WHEREAS, the Securities Division of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2025 Repl. Vol.) (the “Act” or “Securities Act”), undertook an investigation into the activities of Spencer Lutgring (“Lutgring”), Joseph Madden (“Madden”), Jeremy Powell (“Powell”), Jarod Wetzel (“Wetzel”), and Middle Class United Cooperative Incorporated (“Middle Class United”) (collectively “Respondents”); and

WHEREAS, on the basis of that investigation the Maryland Securities Commissioner (the

“Commissioner”) has found grounds to conclude that Respondents have engaged in acts or practices constituting violations of the registration and anti-fraud provisions of the Securities Act; and

WHEREAS, before the holding of a hearing in this matter, without trial or final adjudication of any issue of fact or law, and without Respondents admitting or denying any Findings of Fact or Conclusions of Law, the Commissioner and Respondents have reached an agreement to enter into this Consent Order; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Consent Order

NOW THEREFORE, THE COMMISSIONER FINDS:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 and 11-801 of the Act.

II. RESPONDENTS

2. Middle Class United was formed as a Maryland Corporation in April 2024. Middle Class United’s business address was in Ocean Springs, Mississippi. Middle Class United has never been registered as a broker-dealer or investment adviser.

3. During the period of time covered by this order, Lutgring was the Director of Marketing for Middle Class United and a resident of Lehi, Utah. Lutgring has never been registered as a broker-dealer, investment adviser, agent, or investment adviser representative.

4. During the period of time covered by this order, Madden was the Executive Director of Middle Class United and a resident of Ocean Springs, Mississippi. Madden has never been registered as a broker-dealer, investment adviser, agent, or investment adviser representative.

5. During the period of time covered by this order, Powell was the Director of Operations for Middle Class United and a resident of Draper, Utah. Powell has never been registered as a broker-dealer, investment adviser, agent, or investment adviser representative.

6. During the period of time covered by this order, Wetzel was the Director of Investments for Middle Class United and a resident of Lehi, Utah. Wetzel has never been registered as a broker-dealer, investment adviser, agent, or investment adviser representative.

III. FINDINGS OF FACT

7. Between January and May 2024, Respondents marketed, offered and sold in Maryland and elsewhere securities in the form of memberships issued by Middle Class United to at least 6,500 investors. Investors invested at least \$3,000,000 in the securities offered and sold by Respondents.

8. In and around January 2024, Joseph Redden¹, the owner of a TikTok account called “The Older Millennial” and a YouTube channel of the same name, began pitching the idea of an investment vehicle for the middle class. Redden’s social media content was available not only to Redden’s followers, but to any member of the public. According to videos posted by Redden, middle class Americans were excluded from investing in hedge funds because of regulatory restrictions requiring investors be accredited. Redden claimed he wanted to develop a way to give middle class Americans the same access to the market as wealthy investors. As a solution, Redden proposed a “middle class hedge fund,” as a way for middle class Americans to build wealth through investing.

9. As the idea of a “middle class hedge fund” gained traction with Redden’s followers,

¹ The Division and Redden have been unable to reach a settlement and there is a separate proceeding against Redden.

Lutgring, Madden, Powell, Redden and Wetzel collaborated to form Middle Class United. The Respondents determined that SEC regulations would prevent them from implementing their hedge fund investment strategy, so they attempted to circumvent SEC regulations by calling their venture a “cooperative.” In one TikTok video posted in connection with the launch of Middle Class United, Redden said “[a] cooperative allowed us to create all of this way faster than a hedge fund. That’s because ...we didn’t need to file with the SEC and even better membership in a cooperative is not considered a security. This is going to allow us to invest in a wide array of businesses.”

10. While Respondents repeatedly referred to Middle Class United as a “cooperative,” in fact it was incorporated as a “Tax-Exempt Non-Stock Corporation,” in Maryland in April 2024. Respondents allege that they amended Middle Class United’s Articles of Incorporation in June 2024 to be a “Not-For-Profit Cooperative Corporation,” however, no such Articles of Incorporation were ever documented. Further, on their financial account application, Respondents identified Middle Class United as a “C-Corporation- privately owned.”

11. The Maryland Cooperative Housing Corporation Act allows for the formation of a “cooperative housing corporation,”² which is Middle Class United claimed to be. Respondents claimed that they were selling “cooperative interests”³ in the form of memberships to Middle Class United. Per Maryland Law, a “cooperative interest,” requires *both* ownership in a cooperative housing corporation *and* a possessory interest in property. In fact, Respondents were not selling cooperative interests, because investors who purchased memberships in Middle Class United did

2 Md. Corp. and Assoc. §5-6B-01 (g) defines “Cooperative housing corporation” as a “domestic or foreign corporation qualified in this State, either stock or nonstock, having only one class of stock or membership, in which each stockholder or member, by virtue of such ownership or membership has a cooperative interest in the corporation.

3 Md. Corp. and Assoc. §5-6B-01 (h) defines “Cooperative interest” as “the ownership interest in a cooperative housing corporation which is coupled with a possessory interest in real or personal property or both and evidenced by a membership certificate.

not also have the required possessory interest in real property. Indeed, Middle Class United did not own any real property, nor would their limited capital raise from investors have allowed them to purchase real property that would have in turn given investors a meaningful possessory interest in that property.

12. Between January 2024 and May 9, 2024, when Middle Class United began accepting investor payments, Redden, Powell and Wetzel utilized social media platforms, including TikTok and YouTube, to describe Middle Class United's securities offering to followers, including residents of Maryland. In their campaign to solicit investors, Powell, Redden and Wetzel claimed they were selling "memberships" in Middle Class United to individuals for \$500 each. In ongoing video calls with investors, Madden, Powell, Redden and Wetzel advised that the funds generated through "membership" would be utilized to invest, primarily in real estate. Marketing materials for membership in Middle Class United, developed and distributed by Respondents, provided that all its operations and spending would be "transparent" and "democratic."

13. Amongst the claims Madden, Powell, Redden and Wetzel made regarding the use of investor proceeds were that Respondents would: contribute a percentage of the funds to charitable causes, leverage the funds they raised to create more housing supply for the middle class, combat investment firms who were outbidding middle class citizens on homes, and offer the middle class affordable housing options.

14. On May 9, 2024, Respondents launched Middle Class United's investment program and began collecting funds from investors. Members who invested \$500 were directed to two explanatory documents: the Middle Class United Membership Agreement and the Middle Class United Bylaws. Neither of those documents, nor any of the Respondents' promotional efforts disclosed that investor proceeds would be used for compensation, travel, marketing or other

administrative expenses. Respondents ultimately transferred the proceeds collected from investors to two Wells Fargo accounts, a business checking account and a brokerage account. Madden, Powell and Wetzel were each a signatory on the accounts. Though Respondents continued to advise investors that they were a housing cooperative, and while Respondents did appear to at least research the potential purchase of multi-dwelling properties, Respondents utilized investor funds for administrative overhead, personal payments and for investing in the stock market.

15. Using \$2.5 million of the funds collected from investors, Madden, Powell and Wetzel opened a brokerage account with Wells Fargo (the “Brokerage Account”) where investor proceeds were placed into a mutual fund proposed by a Wells Fargo financial adviser. The Brokerage Account was a managed account, and Respondents paid platform, manager and advisory fees out of investor funds on a regular schedule. In addition to the investing activity in the Brokerage Account, Respondents developed, research and vetted additional investment opportunities adjacent to the real estate market. On several occasions, Madden, Powell and Wetzel either alluded to or presented those opportunities on monthly investors calls. For example, in April 2025, Respondents solicited a majority vote from investors to loan \$250,000 to a company called Open Door Lending, which would facilitate the purchase of a property in Los Angeles, California.

16. The balance of the funds collected from investors were placed into a Wells Fargo business checking account (the “Checking Account”). Despite ongoing claims that Middle Class United was a democratic, transparent organization, where every transaction would be approved by investors, no clear policy regarding use of the Checking Account was ever proposed to investors and investors were not asked to approve any of the use of the proceeds in the Checking Account. Investor funds held in the Checking Account were used for: lump sum compensation payments to Respondents Lutgring, Madden, Powell and Wetzel, Middle Class United-related business travel,

payments to an influencer for a marketing campaign, subsequent legal expenses when said influencer did not meet the conditions of the agreement and other administrative type expenses. Notably, some of the lump sum compensation payments were essentially back pay for “uncompensated” services rendered by the Respondents Lutgring, Madden, Powell and Wetzel prior to the investment launch and in the early days of Middle Class United’s operations.

17. At the time of this Consent Order, the balance in the Checking Account was \$5,181.80 and the balance in the Brokerage Account was \$2,724,498.93. There is an additional balance of \$9,129.88 of investor funds held with the Respondents’ payment processor Stripe (“Stripe Account”).

18. Respondents did not disclose to investors that the memberships purchased by investors were not registered as securities and that no exemption filings or claims that the securities were federal covered securities had been filed with respect to the offer and sale of Middle Class United’s securities in or from Maryland.

19. Respondents did not disclose to investors that Respondents were required to register as broker-dealer or agents to offer and sell the Middle Class United memberships but had not registered as a broker-dealer or agent.

20. Respondents misled investors by claiming that they were not required to register the memberships as securities.

21. Respondents misled investors by claiming that they were operating as a housing cooperative under Maryland law.

22. Respondents did not disclose to investors that investor funds would be used for payments to Lutgring, Madden, Powell and Wetzel nor to fund travel expenses.

IV. CONCLUSIONS OF LAW

THE COMMISSIONER, THEREFORE, CONCLUDES AS A MATTER OF LAW:

23. Respondents violated sections 11-401 and 11-402 of the Act by transacting business in Maryland as unregistered broker-dealers or agents.

24. Respondents violated section 11-501 of the Act by offering and selling unregistered securities in the form of the Respondents' memberships.

25. Respondent Middle Class United violated 11-402 of the Act by employing unregistered agents engaged in the business of offering and selling unregistered securities.

26. Respondents' violated section 11-301 of the Act by, among other things and as described in detail above, misleading investors about Respondents' use of the proceeds of their investments, failing to disclose that the securities they sold were not registered and that no exemption or notice filing had been made on behalf of the securities, and misrepresenting material facts in the offer and sale of the Respondent's memberships including that they were members in a housing cooperative pursuant to Maryland law.

V. SANCTIONS

NOW THEREFORE, IT IS HEREBY ORDERED, and Respondents expressly consent and agree:

27. Respondents shall permanently cease and desist from violating section 11-301, the anti-fraud provision of the Act and sections 11-401, 11-402, and 11-501, the registration provisions of the Act.

28. Respondents are permanently barred from the securities and investment advisory business in the State of Maryland, whether doing business from Maryland or from outside of Maryland with Maryland residents or otherwise engaging in activity within the scope of the Act as set forth in section 11-801 of the Act, for or on behalf of any others, or from acting as principal

or consultant in any entity so engaged, including engaging in the offer and sale of any securities whether registered, exempted or preempted from registration.

29. Respondents are, jointly and severally, assessed a civil monetary penalty pursuant to section 11-702 of the Act in the amount of \$2,938,810.61 for the violations set forth in this Order. This penalty shall be reduced dollar for dollar by any restitution paid to investors.

30. Using the balance of funds remaining in the Brokerage Account and the Checking Account, and in accordance with the below, Respondents shall utilize the funds in the Checking Account, Brokerage Accounts and the Stripe Account having a combined balance of \$2,738,810.61, to refund each of the 6,583 investors the partial sum investment totaling approximately \$416 each.

a. Respondents shall return the investor funds in the same method the funds were collected, via Stripe.

b. Respondents shall administer the refund process at their sole cost and expense. Respondents shall provide the Office of the Attorney General with quarterly transaction reports directly from Stripe documenting and certifying each refund until such time as each investor is refunded.

c. Respondents Lutgring, Madden, Powell and Wetzel are each liable for payment of the remaining civil monetary penalty of \$200,000. Respondents agree that the remaining \$200,000 penalty shall be allocated equally, with Respondents Lutgring, Madden, Powell and Wetzel each responsible for \$50,000. The balance of the \$50,000 owed by each Respondent will be paid over time, as described below. This fine is not joint and several.

d. Contemporaneous with the execution of this Consent Order, Respondents Lutgring, Madden, Powell and Wetzel each shall pay by certified check or wire transfer made payable to the

Office of the Attorney General initial amounts as follows:

- e. Respondent Spencer Lutgring will pay an initial amount of \$100
- f. Respondent Joseph Madden will pay an initial amount of \$12,000
- g. Respondent Jeremy Powell will pay an initial amount of \$2,500
- h. Respondent Jarod Wetzel will pay an initial amount of \$25,000
- i. Thereafter Respondents Lutgring, Madden, Powell and Wetzel shall make quarterly payments as follows. Quarterly payments will continue until the civil monetary fine is paid in full.
- j. Respondent Spencer Lutgring will make quarterly payments of \$300
- k. Respondent Joseph Madden will make quarterly payments of \$2,000
- l. Respondent Jeremy Powell will make quarterly payments of \$1,200
- m. Respondent Jarod Wetzel will make quarterly payments of \$300
- n. If Respondents fail to make timely payments to the Office of the Attorney General as required under this paragraph, and payments are delinquent for more than sixty (60) days, and the Office of the Attorney General refers this matter for collection to the Central Collections Department of Maryland, the 17% collection fee assessed by Central Collections shall be in addition to, and not offset, the balance of the civil monetary penalty owed to the Division.

31. Respondents shall comply fully with the Act and the regulations promulgated thereunder.

VI. RESPONDENTS' REPRESENTATIONS OF FINANCIAL CONDITION

32. Respondents have provided sworn financial affidavits to the Commissioner as a condition of this Consent Order, and the Commissioner has relied upon the financial affidavits in establishing the terms of, and agreeing to enter into, this Consent Order. If the Commissioner

receives information that an affidavit is false in any material respect, that misrepresentation shall be considered a violation of this Consent Order, and the Commissioner may reopen these proceedings and seek such further relief as is appropriate. For the purpose of determining the relief if proceedings are reopened under this paragraph, the Findings of Fact and violations of the Securities Act set forth in this Consent Order shall be deemed admitted and may be introduced into evidence against the Respondents.

33. Respondents acknowledge that the monetary penalty imposed under this Consent Order is not dischargeable in bankruptcy.

VII. JURISDICTION RETAINED

34. Jurisdiction shall be retained by the Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Consent Order.

35. If any Respondent fails to comply with any term of this Consent Order, the Division may bring administrative or judicial actions against Respondent to enforce this Consent Order or to sanction the Respondent for violating an order of the Commissioner and may take any other action authorized under the Act or any other applicable law, including the issuance of fines or penalties as provided by the Act. For the purpose of determining those sanctions in the event that the Division brings administrative or judicial actions under this paragraph, the Findings of Fact and Conclusions of Law set forth in this Consent Order shall be deemed admitted and may be introduced into evidence against the Respondent.

36. This Consent Order relates only to the Securities Commissioner and Respondents. This Consent Order does not waive or relinquish or otherwise affect the right of any other state or federal regulatory or criminal authority to take any action against Respondents. Nor does this

Consent Order prevent the Securities Commissioner from bringing any action against Respondents relating to any acts or omissions not specifically raised in this Consent Order.

37. In the event that judicial intervention in this matter is sought by the Commissioner or any Respondent, subject matter jurisdiction will lie in the Circuit Court for Baltimore City pursuant to section 11-702 of the Securities Act. The Circuit Court for Baltimore City will have personal jurisdiction over the Respondent pursuant to section 6-103(b) of the Courts and Judicial Proceedings 34 Article, Title 6, Annotated Code of Maryland (2013 Repl. Vol. and 2024 Supp.). Venue will be properly in that Court pursuant to section 6-201(a) and 6-202(11) of that article.

38. The terms of this Consent Order may only be modified by a subsequent order issued by the Commissioner.

SO ORDERED:

**Commissioner's Signature on File
w/Original Documents**

May 21, 2026

Melanie Senter Lubin
Maryland Securities Commissioner

BY CONSENT:

Spencer Lutgring

_____, 2026
Date

Subscribed and sworn to before me
this ___ day of _____, 2026

Notary Public

My Commission expires _____

Joseph Madden

_____, 2026

Date

Subscribed and sworn to before me
this ___ day of _____, 2026

Notary Public

My Commission expires _____

Jeremy Powell

_____, 2026

Date

Subscribed and sworn to before me
this ___ day of _____, 2026

Notary Public

My Commission expires _____

Jarod Wetzel

_____, 2026
Date

Subscribed and sworn to before me
this ___ day of _____, 2026

Notary Public
My Commission expires _____

Middle Class United Cooperative Incorporated
By: Joseph Madden
Title: Chief Executive Officer

_____, 2026
Date

Subscribed and sworn to before me
this ___ day of _____, 2026

Notary Public
My Commission expires _____