

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

IN THE MATTER OF: *

JOSEPH REDDEN * Securities Docket No. 2025-0248

Respondent *

* * * * *

ORDER TO SHOW CAUSE

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 Joseph Redden (“Redden”) (“Respondent”); and

WHEREAS, on the basis of that investigation, the Securities Commissioner has determined that Respondent may have violated the registration and anti-fraud provisions of the Securities Act; and

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

NOW THEREFORE, pursuant to sections, 11-301, 11-302, 11-401, 11-402, 11-501, 11-701.1 and 11-801 of the Act, it is hereby:

ORDERED, that Respondent show cause why he should not be barred permanently from engaging in the securities and investment advisory business in Maryland for or on behalf of others, or from acting as principal or consultant for any such business, why he should not be ordered to

permanently cease and desist from further violations of the Act, why a monetary penalty of \$5,000 per violation should not be entered against Respondent, and why any other sanction or combination of sanctions against Respondent as permitted under section 11-701.1 should not be entered.

The Commissioner alleges the following as a basis for this Order to Show Cause:

I. JURISDICTION

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

II. RESPONDENT

2. During the period of time covered by this order, Redden, along with others, founded and formed an entity by the name of Middle Class United. Redden was the Treasurer for Middle Class United and a resident of Pinellas County, Florida. Redden has never been registered as a broker-dealer, investment adviser, agent, or investment adviser representative.

III. STATEMENT OF FACTS

3. Middle Class United was formed as a Maryland Corporation in April 2024. Between January and May 2024, Redden, acting in his capacity as a founder of Middle Class United and, ultimately, the Treasurer for Middle Class United, 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 Redden and others.

4. Pursuant to a Consent Order executed by the Commissioner, Middle Class United and several corporate officers of Middle Class United (the “Officers”) who also offered and sold the above-described securities, agreed that Middle Class United would be dissolved, that investors would be returned a pro rata share of their investment based on the remaining funds held by Middle

Class United, and that each individual Officer would pay a fine to the Division. Redden declined to sign the Consent Order.

5. In and around January 2024, Redden, 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.

6. As the idea of a “middle class hedge fund” gained traction with Redden’s followers, the Officers collaborated to form Middle Class United. Redden and the Officers 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.”

7. While Redden 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.

8. The Maryland Cooperative Housing Corporation Act allows for the formation of a

“cooperative housing corporation,”¹ which is Middle Class United claimed to be. Redden claimed that he was selling “cooperative interests”² 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, Redden was not selling cooperative interests, because investors who purchased memberships in Middle Class United did 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.

9. Between January 2024 and May 9, 2024, when Middle Class United began accepting investor payments, Redden 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, Redden claimed he was selling “memberships” in Middle Class United to individuals for \$500 each. In ongoing video calls with investors, Redden 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 Respondent, provided that all its operations and spending would be “transparent” and “democratic.”

10. Amongst the claims Redden and the Officers made regarding the use of investor proceeds were that they would: contribute a percentage of the funds to charitable causes, leverage

¹ 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.”

² 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.”

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.

11. On May 9, 2024, Middle Class United's investment program was launched and began collecting funds from investors. Redden utilized his social media platforms to advertise the launch and included in his content links to the website where members could review materials describing the securities and purchase securities. Members who invested \$500 via the link provided by Redden and the other Officers 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 Redden's promotional efforts, disclosed that investor proceeds would be used for compensation, travel, marketing, or other administrative expenses.

12. Middle Class United ultimately only sold one round of securities, in May 2024, which raised over \$3,000,000. Redden served on the Board of Directors for Middle Class United until December 2024, when he declined to run for re-election. At that time, the Officers released a statement providing that Redden was not a representative of Middle Class United.

13. Prior to Redden's departure from the leadership team of Middle Class United, preliminary decisions regarding the use of investor proceeds were made, including the decision to open two Wells Fargo accounts, a business checking account and a brokerage account, where the funds were apportioned. \$2.5 million of the funds collected from investors were transferred into a Wells Fargo managed brokerage account (the "Brokerage Account") and placed into a mutual fund proposed by a Wells Fargo financial adviser. The balance of the funds collected from investors were placed into a Wells Fargo business checking account (the "Checking Account").

14. Respondent 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.

15. Respondent did not disclose to investors that Respondent was required to register as a broker-dealer or agent to offer and sell the Middle Class United memberships but had not registered as a broker-dealer or agent.

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

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

COUNT I
(Offer and Sale of Unregistered Securities - section 11-501)

WHEREAS, the investments described herein as offered and sold by Respondent constitute "securities" within the definition contained in section 11-101(s) of the Act; and

WHEREAS, section 11-501 of the Act makes it unlawful for any person to offer or sell securities in this State unless the security is registered, exempt from registration under Subtitle 6 of the Act, or qualifies as a federal covered security; and

WHEREAS, Respondent offered and sold securities as described in the Statement of Facts; and

WHEREAS, the securities offered and sold by Respondent are not registered with the Division, nor has a claim of exemption from registration or a claim that the securities are federal covered securities been filed with respect to the offerings; and

WHEREAS, Respondent has offered and sold securities in violation of the registration

requirements of section 11-501 of the Act; and

NOW, THEREFORE, IT IS HEREBY **ORDERED** that the Respondent show cause why a final order should not be issued against him that orders Respondent to permanently cease and desist from engaging in further violations of the securities registration provisions of section 11-501 of the Act, assesses Respondent the statutory penalty of \$5,000 per violation of section 11-501 of the Act, permanently bars Respondent from the securities and investment advisory business in Maryland, orders Respondent to permanently cease and desist from further violations of the Act, and orders any other sanction or combination of sanctions against Respondent as permitted under section 11-701.1 of the Act.

COUNT II
(Unregistered Broker-Dealer or Agent - section 11-401(a))

WHEREAS, section 11-101(c) of the Act defines “broker-dealer” to mean a person engaged in the business of effecting transactions in securities for the account of others or for his own account; and

WHEREAS, section 11-101(l) of the Act defines “issuer” to mean any person who issues or proposes to issue a security; and

WHEREAS, section 11-101(b) of the Act defines “agent” to mean an individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect the purchase or sale of securities; and

WHEREAS, section 11-401(a) of the Act makes it unlawful for any person to transact business in this State as a broker-dealer or agent unless that person is registered as a broker-dealer or agent; and

WHEREAS, Respondent has transacted business as a broker-dealer or agent in this State by effecting or attempting to effect securities transactions in the investments described in the

Statement of Facts while he was not registered with the Division as a broker-dealer or agent, in violation of section 11-401(a) of the Act; and

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent show cause why a final order should not be issued against him that orders Respondent to cease and desist from engaging in further violations of the registration provisions of section 11-401(a) of the Act, assesses Respondent the statutory penalty of \$5,000 per violation of section 11-401(a) of the Act, permanently bars Respondent from the securities and investment advisory business in Maryland, orders Respondent to permanently cease and desist from further violations of the Act, and orders any other sanction or combination of sanctions against Respondent as permitted under section 11-701.1 of the Act.

COUNT III
(Fraud in Connection with the Offer or Sale of Securities - section 11-301)

WHEREAS, section 11-301 of the Securities Act makes it unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to:

- (1) employ any device, scheme or artifice to defraud;
- (2) make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (3) engage in any act, practice or course of business which operates or would operate as a fraud or deceit on any person; and

WHEREAS, Respondent employed a device, scheme or artifice to defraud in connection with the offer, sale or purchase of securities by failing to disclose the risks involved in the investments and claiming that investor funds would be used to purchase real estate and donate to charitable causes as part of the operation of a housing cooperative as described in the Statement of Facts; and

WHEREAS, Respondent made untrue statements of material fact or omitted to state material facts in connection with the offer, sale or purchase of securities by, among other things, failing to disclose the risks involved in the investments, failing to disclose that the securities were unregistered and no claim for an exemption was filed, and claiming that investor funds would be used to purchase real estate and donate to charitable causes as part of the operation of a housing cooperative, as described in the Statement of Facts; and

WHEREAS, by engaging in the offer and sale of securities as described in the Statement of Facts Respondent engaged in acts, practices or a course of business that operated as a fraud or deceit on the investors when they failed to disclose the risks involved in the investments and when they told the investors that their investment was a membership fee and that the funds would be used to purchase real estate and donate to charitable causes as part of the operation of a housing cooperative; and

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent show cause why a final order should not be issued against him that orders Respondent to cease and desist from engaging in the offer and sale of securities in violation of the anti-fraud provisions of section 11-301 of the Securities Act, assesses Respondent the statutory penalty of \$5,000 per violation, permanently bars Respondent from engaging in the securities and investment advisory business in Maryland, orders Respondent to permanently cease and desist from further violations of the Act, and orders any other sanction or combination of sanctions against Respondent as permitted under section 11-701.1.

**REQUIREMENT OF ANSWER AND
NOTICE OF OPPORTUNITY FOR HEARING**

IT IS FURTHER ORDERED, pursuant to section 11-701.1 of the Act and COMAR 02.02.06.06, the Respondent shall file with the Commissioner a written Answer to this Order

within 15 days of service of the Order. The Answer shall admit or deny each factual allegation in the Order and shall set forth affirmative defenses, if any. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

The Answer also shall indicate whether the Respondent requests a hearing. A hearing will be scheduled in this matter if one is requested in writing. Failure by Respondent to file a written request for a hearing in this matter shall be deemed a waiver by Respondent of the right to such a hearing.

Failure of Respondent to file an Answer, including a request for a hearing, shall result in entry of a final order:

- (a) imposing on Respondent a monetary penalty of up to \$5,000 per violation of the Securities Act;
- (b) barring Respondent from engaging in the securities or investment advisory business in Maryland for or on behalf of any others, or from acting as principal or consultant in any entity so engaged;
- (c) ordering Respondent to permanently cease and desist from further violation of the Act; and
- (d) imposing any other sanctions or combination of sanctions lawful under section 11-701.1 of the Act.

SO ORDERED:

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

May 21, 2026

Melanie Senter Lubin
Maryland Securities Commissioner