



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
 )  
INVESTMENT MIDWEST LLC and ) Case No. AP-14-02  
RENEE GOODMAN, )  
 )  
 )  
*Respondents.* )

**FINAL ORDER TO CEASE AND DESIST AND ORDER AWARDING  
RESTITUTION, COSTS, AND CIVIL PENALTIES**

Now on the 20th day of October, 2017, the Commissioner, having reviewed this matter and considered all papers and arguments offered including the transcript of the May 20, 2016 hearing, for good cause shown issues the following findings and order:

**I. PROCEDURAL BACKGROUND**

1. On April 14, 2014, the Enforcement Section of the Securities Division of the Office of Secretary of State (the “Enforcement Section”), submitted a Petition for Order to Cease and Desist and Order to Show Cause why Restitution, Civil Penalties, and Costs Should not be Imposed (“Petition”). On that same day, a copy of the Petition was sent via certified mail to Respondents’ last known addresses.
2. On April 29, 2014, the Securities Division received the certified mail receipt showing that the Petition sent to Respondent Renee Goodman was received and signed for by Paul Goodman at 6343 Meadowview Drive, Ozark, Missouri 65721.
3. On May 22, 2014, the Commissioner issued an Order to Cease and Desist and Order to Show Cause why Restitution, Civil Penalties, and Costs Should not be Imposed (“Order to Cease and Desist”). On that same day, a copy of the Order to Cease and Desist and Notice of Right to Request a Hearing were sent via certified mail to Respondents’ last known addresses.
4. On or around May 22, 2014, a copy of the Order to Cease and Desist was made available to the general public on the Missouri Secretary of State’s website.<sup>1</sup>

<sup>1</sup> <http://www.sos.mo.gov/cmsimages/securities/orders/AP-14-02.pdf>

5. On May 27, 2014, the registered agent for Respondent Investment Midwest LLC signed for and accepted the Petition and Order to Cease and Desist.
6. On October 27, 2014, the Commissioner was served pursuant to Section 409.6-611(b), RSMo. (Cum. Supp. 2013),<sup>2</sup> by providing a copy of the process to the office of the Commissioner. On that same day, Notice of Service and Copy of Process were sent to Respondents' last known addresses.
7. On October 27, 2014, the Petitioner filed an Affidavit of Compliance with Section 409.6-611 as to Respondent Renee Goodman demonstrating that the Enforcement Section had exercised reasonable steps to give notice to Respondent Renee Goodman and that substitute service on the Commissioner was justified.
8. In an e-mail dated September 4, 2015, Respondent Renee Goodman acknowledged receipt of the Petition, Order to Cease and Desist, and service documents.
9. On February 3, 2016, the Enforcement Section submitted a Motion for Final Order, a Statement of Penalties, Costs, & Restitution, and an Affidavit in Support of Motion for Final Order.
10. On March 2, 2016, Respondent Renee Goodman, through counsel, filed an Entry of Appearance and Respondent Renee Goodman's Response to Motion for Final Order, and Request for Hearing.
11. On March 4, 2016, Respondent Renee Goodman, through counsel, filed Respondent Renee Goodman's Supplemental Response to Motion for Final Order, and Request for Hearing.
12. On March 11, 2016, the Commissioner issued an order setting a hearing on the issue of the sufficiency of service.
13. On April 1, 2016, a status conference occurred. During the status conference, the parties indicated that, after conferring, the only remaining contested issues were the amounts of restitution, penalties, and costs that may be imposed.
14. On April 4, 2016, Respondent Renee Goodman, through counsel, filed Respondent Renee Goodman's Withdrawal of Challenge to Cease and Desist Order.
15. On April 6, 2016, the Commissioner issued an order cancelling the hearing on the issue of the sufficiency of service and setting a hearing on restitution, civil penalties, and costs.
16. On May 10, 2016, a pre-hearing conference was held. The Commissioner ordered that the Stipulation of Facts in this matter be filed on or before May 18, 2016.

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<sup>2</sup> Unless otherwise noted, all statutory references are to the 2013 cumulative supplement to the Revised Statutes of Missouri.

17. On May 18, 2016, Respondent Renee Goodman and the Enforcement Section filed a Joint Stipulation as to Facts and Exhibits.
18. On May 20, 2016, a hearing on restitution, civil penalties, and costs was held. Respondent Renee Goodman, her counsel, and Mary Hosmer on behalf of the Enforcement Section appeared in person before the Commissioner. The parties stipulated to the facts in the Order to Cease and Desist and that all investor funds went to Renee Goodman, doing business as Midwest Mortgage.
19. Respondent Renee Goodman stipulated to the amount and award of restitution to CR2, CR3, CR4, and CR5. Respondent Renee Goodman stipulated to the amount invested by CR1, CR6, and FR1; however, Respondent Renee Goodman contested the award of restitution to CR1, CR6, and FR1. Respondent Renee Goodman also stipulated to the amount of total costs incurred in investigating this matter, but requested that costs be reduced, and that civil penalties not be assessed.

## **II. FINDINGS OF FACT**

### **A. Respondents and Related Parties**

20. Investment Midwest, LLC (“Investment Midwest”) was a Missouri limited liability company formed on October 31, 2007. A check of the records maintained by the Missouri Business Services Division (“Missouri Business Services”) indicates Anna M. Morrissey was the registered agent of Investment Midwest and had an address of 500 W. Main, Suite 205A, Branson, Missouri 65616. On April 16, 2014, Anna M. Morrissey resigned as the registered agent of Investment Midwest and, on April 6, 2015, Investment Midwest’s Certificate of Limited Liability Company was cancelled for failure to maintain a registered agent.
21. Renee Goodman (“Goodman”) is a 49-year-old who, at all times relevant to this matter, was living in Missouri at 6343 Meadowview Drive, Ozark, Missouri 65721. Goodman was an organizer and manager of Investment Midwest.
22. Paul Goodman (“P. Goodman”) is a 53-year-old Missouri resident and was an organizer and manager of Investment Midwest. P. Goodman has an address of 6343 Meadowview Drive, Ozark, Missouri 65721.
23. Goodman and P. Goodman formed Express Auto Services, Inc. (“Express Auto Inc.”), a former Missouri-registered corporation. P. Goodman was the president of Express Auto Inc., and Goodman was its registered agent. Express Auto Inc. was formed on April 5, 2010, and was voluntarily dissolved on August 21, 2013.
24. Goodman, P. Goodman, and Investment Midwest did business as (“d/b/a”) Express Auto, Midwest Mortgage, Midwest Developers, and Midwest Developers LLC (Midwest Developers and Midwest Developers LLC will be referred to as “Midwest” unless otherwise indicated). These d/b/a names were often used interchangeably by Goodman

and were not adequately documented with Missouri Business Services. Records with Missouri Business Services indicate that:

- a. P. Goodman filed a fictitious name registration for Express Auto on August 26, 2009, but this registration expired on December 15, 2014, and was not renewed;
  - b. there was no fictitious name registration for Midwest Mortgage;
  - c. Goodman and P. Goodman filed a fictitious name registration for Midwest Developers on April 20, 2007, but this registration expired on May 5, 2012;
  - d. there is a Missouri-registered limited liability company named Midwest Developers, LLC; however, an attorney for Goodman indicated that, at all times relevant to this matter, Goodman was not associated with this Missouri-registered limited liability company; and
  - e. there was no fictitious name registration for Midwest Developers LLC.
25. As used herein, the term “Respondents” refers to Goodman and Investment Midwest.
26. A check of the records maintained by the Commissioner indicates that, at all times relevant to this matter, there was no registration, granted exemption, or notice filing for the securities offered and/or sold by Respondents.
27. A check of the records maintained by the Commissioner indicates that, at all times relevant to this matter, Goodman was not registered as a securities agent with the state of Missouri.

## **B. Enforcement Section Investigation**

### **California Resident 1**

28. In July 2009, a 59-year-old resident of Marina Del Rey, California (“CR1”), saw Goodman’s ad on an e-mail CR1 received from an investor’s club in Los Angeles, California (“Investor’s Club”).
29. CR1 found Goodman’s website that described Midwest as “a real estate investment opportunity to learn how to invest in real estate with an experienced investor of over 20 years. Short sale, foreclosures, reo packages, estate deals. Commerical [*sic*], single family or multifamily. Come and learn how it is done.”
30. In late July 2009 and early August 2009, Goodman, from Missouri, corresponded with and spoke to CR1 about the investment opportunity. Goodman:
- a. stated to CR1 that Goodman had the ability to buy a bank-owned property, develop that property, and sell that property for a profit;

- b. stated to CR1 that individuals who invested funds would share in profits generated by the sale of the property; and
- c. distributed flyers soliciting investments at an Investor's Club meeting at which Goodman had a vendor's table. The flyers provided, among other things, that Midwest:
  - i. had over "20 years of experience in all fields of real estate" and could generate "LONG TERM CASH FLOW OR QUICK FLIPS" (Emphasis in original); and
  - ii. CURRENTLY OWNS REO BUNDLES.<sup>3</sup> WE MAKE IT SO EASY TO INVEST WITH OUR COMPANY AS A FRACTIONAL OWNER IN A SPECIFIC PROJECT.... WE WILL TAKE YOU THROUGH THE PROCESS STEP BY STEP AND TEACH YOU THE SKILLS YOU NEED TO BECOME A SEASONED INVESTOR OR SIMPLY INVEST WITH MIDWEST AS A FRACTION OWNER AND WE WILL DO IT FOR YOU (Emphasis in original).

#### **Forsyth Shop Investment**

- 31. CR1 contacted Goodman in Missouri about investing with Goodman. Goodman, on behalf of Investment Midwest, told CR1 about an investment in a "quick-lube shop" located in Forsyth, Missouri, ("Forsyth Shop") and told CR1, among other things, that:
  - a. the Forsyth Shop would generate a 100% return on investment in one year; and
  - b. CR1's estimated yearly income from the Forsyth Shop would be in excess of \$77,000.
- 32. On or about August 2, 2009, CR1 entered an agreement with Goodman and Investment Midwest d/b/a Midwest regarding the Forsyth Shop investment. Goodman signed this agreement as the "CEO" of Midwest. This agreement stated, among other things, the following:
  - a. the investment was in a "quick-lube shop" located in Forsyth, Missouri;
  - b. CR1's investment would give CR1 a 26% ownership in the Forsyth Shop, and Midwest would own 74%;
  - c. Midwest was to manage the property and distribute any profits;
  - d. CR1's portion of any profit would be sent to CR1 each month upon CR1's request;

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<sup>3</sup> A REO (real estate owned) bundle is a number of real properties that were repossessed by a mortgage lender and sold as a group.

- e. if the property sold, CR1 would receive 26% of the sale price; and
  - f. the investment was a “private business transaction” that was “exempt from the U.S. Securities Act and all similar acts of other jurisdictions.”
33. CR1 subsequently invested \$60,000 with Goodman and Investment Midwest in the Forsyth Shop. Goodman instructed CR1 to send these funds to Goodman via wire to an account in the name of “Goodman d/b/a Midwest Mortgage” at U.S. Bank located in Missouri (“Midwest Mortgage Account”).<sup>4</sup> On August 5, 2009, CR1 wired these funds to the Midwest Mortgage Account.
34. CR1 stated that CR1 had no management responsibilities and performed no duties with respect to the Forsyth Shop investment.
35. In late summer or early fall of 2009, Goodman told CR1, among other things:
- a. “all permits have been applied for” regarding the Forsyth Shop;
  - b. “employees have been hired” for the Forsyth Shop;
  - c. the Forsyth Shop was ready to open for business;
  - d. Goodman had two offers to purchase the Forsyth Shop for more than the amount Goodman had paid for the Forsyth Shop; and
  - e. Goodman did not want to sell the Forsyth Shop because of the cash flow it was to generate.

### **Waffle House Investment**

36. In August and September of 2009, Goodman solicited CR1 to invest in a waffle house restaurant (“Waffle House”). Goodman told CR1, among other things, that:
- a. “we are getting all the permits...now” to build the Waffle House;
  - b. the Waffle House would be located behind the Forsyth Shop;
  - c. the Waffle House would cost \$250,000 to build;
  - d. “we will be starting construction [on the Waffle House] by the end of [the] month [September 2009]”; and
  - e. a \$40,000 investment in the Waffle House would generate 15% monthly revenue.

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<sup>4</sup> Goodman is the sole signatory on the Midwest Mortgage Account.

37. On or about September 21, 2009, CR1 entered into an agreement with Goodman and Investment Midwest d/b/a Midwest regarding the Waffle House investment. Goodman d/b/a Midwest signed this agreement. This agreement stated, among other things, the following:
  - a. the investment was in a “breakfast or waffle house” located in Forsyth, Missouri;
  - b. CR1’s investment would give CR1 a 16% ownership in the Waffle House;
  - c. Midwest was to manage the property and distribute any profits;
  - d. CR1’s portion of any profit would be sent to CR1 each month upon CR1’s request;
  - e. if the property was sold, CR1 would receive 16% of the sale price; and
  - f. the investment was a “private business transaction” that was “exempt from the U.S. Securities Act and all similar acts of other jurisdictions.”
38. On September 22, 2009, CR1 invested \$40,000 with Goodman and Investment Midwest to construct and operate the Waffle House by wiring money to the Midwest Mortgage Account.
39. CR1 stated CR1 had no management responsibilities and performed no duties with respect to the Waffle House investment.
40. On June 1, 2010, CR1 contacted a building inspector with Taney County regarding the permits for the Waffle House. The inspector told CR1 that no applications for building permits had been received for the Waffle House and that building a permanent structure in that location would be prohibited because of a power line easement.

#### **Kingman Shop Investment**

41. From September through November 2009, Goodman solicited CR1 to invest in a second “quick-lube” shop located in Kingman, Kansas (“Kingman Shop”). Goodman told CR1, among other things, the following:
  - a. the Kingman Shop had already been purchased;
  - b. Goodman would be purchasing more “quick-lube” shops; and
  - c. that “quick-lube” shops were “little cash cows.”
42. On September 22, 2009, CR1 entered into an agreement with Goodman and Investment Midwest d/b/a Midwest regarding the Kingman Shop investment. This agreement stated, among other things, the following:

- a. the investment was in a “quick lube shop” located in Kingman, Kansas;
  - b. CR1’s investment would give CR1 a 26% ownership in the Kingman Shop;
  - c. Midwest was to manage the property and distribute any profits;
  - d. CR1’s portion of any profit would be sent to CR1 each month upon CR1’s request;
  - e. if the property was sold, CR1 would receive 26% of the sale price; and
  - f. the investment was a “private business transaction” that was “exempt from the U.S. Securities Act and all similar acts of other jurisdictions.”
43. In November 2009, CR1 invested \$60,000 with Goodman and Investment Midwest in the Kingman Shop via two wire transfers to the Midwest Mortgage Account.
44. CR1 had no management responsibilities and performed no duties with respect to the Kingman Shop.

#### **Express Auto Investment Program**

45. In November of 2009, Goodman talked to CR1 about investing in an automobile financing program with Midwest through Express Auto (“Express Auto Investment Program”). Goodman told CR1, among other things, the following:
- a. Express Auto would finance automobiles;
  - b. CR1 could make money by investing in the Express Auto Investment Program;
  - c. P. Goodman would manage the Express Auto Investment Program;
  - d. no retail purchasers in the Express Auto Investment Program had been delinquent on their payments; and
  - e. Goodman had not received the funds from CR1 for the Express Auto Investment Program, and Goodman needed to know “what is going on” because Goodman had five cars “going out Monday.”
46. On November 23, 2009, CR1 entered into an investment agreement with Goodman and Investment Midwest d/b/a Midwest regarding the Express Auto Investment Program. Goodman signed the agreement, which stated, among other things, that:
- a. CR1’s funds would be used to finance vehicles through Express Auto that were sold to retail purchasers;



- b. CR1 would receive a 12% monthly return on CR1's investment of \$40,000; and
  - c. Express Auto would be responsible for "maintaining the financing" of the vehicles.
47. On November 23, 2009, CR1 invested \$40,000 with Goodman and Investment Midwest d/b/a Midwest in the Express Auto Investment Program via wire transfer to the Midwest Mortgage Account. Goodman sent CR1 an e-mail stating that Goodman had six vehicles in the Express Auto Investment Program.
48. CR1 had no management responsibilities and performed no duties with respect to the Express Auto Investment Program.
49. On October 2, 2012, CR1 and Goodman, P. Goodman, Express Auto Group, LLC, Express Auto Services, Inc., Investment Midwest, LLC f/k/a Midwest Developers, LLC, and Express Auto ("Defendants") executed a Mutual Release and Settlement Agreement in which CR1 agreed to dismiss with prejudice CR1's petition against Defendants in the Circuit Court of Stone County, Missouri, case number 11SN CC00020, in consideration of, among other things, the payment by Defendants to CR1 of \$95,000.

### **California Resident 2**

50. In early 2009, a 64-year-old West Hills, California, resident ("CR2") attended a meeting of the Investors Club where Goodman presented a real estate opportunity to approximately 100 to 200 people.

### **REI Investments**

51. In April 2009, Goodman, solicited CR2 to invest with Goodman d/b/a Midwest in a real estate investment in Lot 32 on Ellen Street in Branson, Missouri ("Lot 32 REI"). Goodman, in a series of e-mails and telephone calls from Missouri, told CR2 about the investment in Lot 32 REI.
52. Goodman told CR2 that if CR2 invested approximately \$37,500, CR2 would receive a \$9,500 profit after a house was constructed and the property was sold.
53. On or about April 8, 2009, CR2 entered an agreement with Investment Midwest d/b/a Midwest regarding the Lot 32 REI. This agreement stated, among other things, that:
- a. CR2's investment of \$37,500 would give CR2 a 25% ownership in the property;
  - b. "all profits would be divided...at the time of the sale";
  - c. after the sale of the property, funds would be "dispersed according to [the] agreement";

- d. Goodman was the managing member of Midwest; and
  - e. CR2 would receive 25% of the profits.
54. CR2 subsequently invested \$37,500 with Investment Midwest d/b/a Midwest in the Lot 32 REI by wiring money to the Midwest Mortgage Account.
55. CR2 had no management responsibilities and performed no duties with respect to the Lot 32 REI.
56. In the summer of 2009, Goodman told CR2, among other things, that:
- a. the house built pursuant to the Lot 32 REI agreement was under contract and set to close on July 20, 2009;
  - b. CR2 would receive a \$9,500 profit from the sale; and
  - c. Goodman would have CR2's profits from this sale sent to CR2's bank account.
57. In the summer of 2009, Goodman and Investment Midwest d/b/a Midwest, primarily through e-mails and telephone calls to CR2 from Missouri, solicited CR2 to invest in an additional real estate investment in Lot 34 on Ellen Street in Branson, Missouri ("Lot 34 REI").
58. Goodman told CR2 that if CR2 invested approximately \$37,500, CR2 would receive a \$9,000 profit after a house was constructed and the property was sold.
59. Goodman told CR2 that Lot 34 was adjacent to Lot 32 on Ellen Street.
60. According to CR2, on or about September 18, 2009, Goodman d/b/a Midwest sent CR2 an agreement for the Lot 34 REI.<sup>5</sup> This agreement stated, among other things:
- a. CR2's re-investment of \$37,500 would give CR2 a 25% ownership in the property;
  - b. that "this agreement is solely for: lot 34 in Branson mo 65616 [*sic*]";
  - c. "all profits would be divided...at the time of the sale";
  - d. after the sale of the property, funds would be "dispersed according to [the] agreement";
  - e. Goodman was the managing member of Midwest; and

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<sup>5</sup> Goodman provided CR2 with an unsigned agreement for this property. It is unknown if there is a signed version of this contract.

- f. CR2 would receive 25% of the profits.
61. On or about September 18, 2009, CR2 agreed to invest CR2's principal from the sale of the Lot 32 REI totaling \$37,500 into the Lot 34 REI.
  62. CR2 had no management responsibilities and performed no duties of any kind with respect to the Lot 34 REI.
  63. Sometime later, Goodman informed CR2 that a house had been built on Lot 34 and Goodman had attempted to sell the house and lot, but the house on Lot 34 had not sold. Goodman told CR2:
    - a. there was a buyer for the property, but "the deal fell through";
    - b. the property did not close, because no bank would "close it"; and
    - c. "[i]n order to sell at this point it would suffer a huge loss, so I have been paying the taxes and up keep and wait and hold till it turns around."
  64. On or about October 2009, CR2 received a payment purportedly for the profit made on the sale of the Lot 32 REI in the amount of \$9,000.
  65. In the late summer or early fall of 2009, CR2 contacted a realtor about the house on Lot 34.
  66. The realtor told CR2 that the realtor could not locate the Lot 34 property with a house on it, that the lot with the house was Lot 32, and that Lot 32 was still owned by Investment Midwest.
  67. Subsequently, CR2 contacted the Stone County Recorder of Deeds, who informed CR2 that there was no single Lot 34 on Ellen Street with a house on it.

**Renee Goodman OTR**

68. On August 18, 2011, the Enforcement Section conducted an on-the-record interview of Goodman ("Goodman OTR"). At the Goodman OTR, Goodman stated, among other things, that:
  - a. in 2009, Goodman talked to an Investors Club in California soliciting investments for a real estate company ("REC") with which Goodman was affiliated;
  - b. Goodman spoke to approximately 100 people at this Investors Club meeting about the REC;
  - c. when potential investors from the Investors Club could not invest with the REC, Goodman offered these individuals an opportunity to invest through Goodman;

- d. both Goodman and P. Goodman owned Investment Midwest;
- e. Investment Midwest owned and operated Midwest;<sup>6</sup>
- f. Midwest received in excess of \$800,000 from seven investors;
- g. Goodman was not aware of any documentation that Goodman, P. Goodman, or Midwest had filed relating to the offer or sale of securities;
- h. P. Goodman owned the Forsyth Shop;
- i. the Forsyth Shop opened in August 2009;
- j. Goodman and P. Goodman managed the Forsyth Shop employees and ran “the operation”;
- k. the Forsyth Shop has not generated a profit;
- l. the Forsyth Shop generated a “large loss” and has been “running a negative cash flow...since 2009”;
- m. Goodman “intended” to build the Waffle House behind the Forsyth Shop, but failed to do so;
- n. Goodman used CR1’s investment in the Waffle House to build a parking lot to support the Forsyth Shop;
- o. Goodman and/or P. Goodman had the “intention” of purchasing the Kingman Shop, but “when [P. Goodman] went there to close on it...the State was going to make a new road...so we did not purchase it”;
- p. Goodman used the money CR1 invested in the Kingman Shop to support the Forsyth Shop;
- q. CR1 never agreed to allow CR1’s investment in the Kingman Shop to be used to support the Forsyth Shop;
- r. Goodman did not disclose to CR1 that CR1’s investment funds for the Kingman Shop would be used to support the Forsyth Shop;
- s. CR1’s investment in the Express Auto Investment Program was used to purchase cars for Express Auto;

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<sup>6</sup> At the Goodman OTR, Goodman’s attorney stated on-the-record that Investment Midwest intended to file a d/b/a for Midwest, but Goodman’s attorney did not think that the d/b/a was ever filed.

- t. P. Goodman was an “owner” of Express Auto and ran the “car sales”;
- u. P. Goodman handled the Express Auto bank account, and Goodman “did not handle any of that stuff”;
- v. P. Goodman managed the Express Auto Investment Program;
- w. CR1 had not received any of the profits or received a refund of the investment from the Express Auto Investment Program because CR1 had “questioned” Goodman about the ownership of the Kingman Shop and had hired an attorney;
- x. CR1 invested a total of \$200,000 in the Forsyth Shop, Waffle House, Kingman Shop, and the Express Auto Investment Program;
- y. \$160,000 of CR1’s investment funds were spent on the Forsyth Shop, and the remaining \$40,000 was invested in the Express Auto Investment Program;
- z. “I had good intentions,” but when the Forsyth Shop did not generate the anticipated profits, “I just started funding things”;
- aa. between November 2009 and January 2010, CR1 received approximately \$2,100 in total payments from the Express Auto Investment Program and the Forsyth Shop investment via wire transfers from the Midwest Mortgage Account;
- bb. P. Goodman told Goodman it was “okay” to allow outside individuals to invest in the Lot 32 REI;
- cc. CR2 invested \$37,500 with Goodman in the Lot 32 REI;
- dd. CR2 received a 25% ownership of the Lot 32 REI;
- ee. the remainder of the Lot 32 REI property was owned by four other Midwest investors;
- ff. the Lot 32 REI property was held in the name of Investment Midwest;
- gg. Goodman would earn a 6% commission when the Lot 32 REI property was sold;
- hh. Goodman did not initially invest any of Goodman’s personal funds in the Lot 32 REI;
- ii. P. Goodman and an accountant completed all the accounting for the Lot 32 REI;
- jj. Goodman paid CR2 \$9,000 because the Lot 32 REI “had sold several times. I had cash offers, purchase offers....I had confidence because [the bank] said they were going to fund the deal, and I went ahead and gave her the 9,000 of the so-called

profits of the first contract that ended up falling through. It did not go through, but I had already sent it to her...”;

- kk. Goodman and CR2 talked about building a second home on another property (Lot 34 REI) when the first property sold (Lot 32 REI);
- ll. the principal from CR2’s investment funds in the Lot 32 REI were to be invested in the Lot 34 REI;
- mm. the agreement regarding the Lot 34 REI was never executed;
- nn. the Lot 32 REI never sold;
- oo. the Lot 32 REI is currently rented and the rent payments are paid to Goodman to pay “back the money that I paid on the property.” Goodman has received approximately \$6,000 in rental payments;
- pp. the home to be built on the Lot 34 REI property was never built; and
- qq. Goodman has not returned CR2’s investment of \$37,500.

### **Bank Records**

- 69. Goodman and/or P. Goodman opened the following checking accounts:
  - a. one business account with U.S. Bank in the name of “Midwest Mortgage – Renee Goodman”;<sup>7</sup>
  - b. one business account with Ozark Mountain Bank, located in Branson, Missouri, in the name of Goodman and/or P. Goodman d/b/a Express Auto;
  - c. one business account with U.S. Bank in the name of Express Auto Group Inc. in which Goodman was the sole signatory;
  - d. two personal accounts with U.S. Bank in the names of P. Goodman and Goodman; and
  - e. one personal account with Ozark Mountain Bank in the names of P. Goodman and Goodman.
- 70. A review of these business and personal bank accounts revealed, among other things, the following:

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<sup>7</sup> Goodman claims that this account name was an error on the bank’s part; the account was to be in the name of Midwest Developers.

- a. checks and wire transfer deposits between 2009 and 2010 from at least six investors in excess of \$639,000, including at least \$200,000 received from CR1 and at least \$37,500 received from CR2;
- b. investor funds, including funds from CR1 and CR2, were commingled with Goodman's personal or business funds and used, among other things, for:
  - i. cash withdrawals in excess of \$400,000;
  - ii. payments to retail establishments that appear unrelated to any of the investments offered to CR1 and/or CR2;
  - iii. payments to three investors totaling approximately \$13,000;
  - iv. travel expenses;
  - vi. credit card payments; and
  - vii. bank fees and credit card processing fees.

#### **Additional Investigative Findings**

- 71. Prior to the investments, Goodman omitted to disclose to CR1 and/or CR2, among other things, the following:
  - a. the investment background and history of Goodman;
  - b. the financial condition of the entities Goodman owned and/or controlled;
  - c. prior returns on other investments through Goodman and/or Investment Midwest;
  - d. that the property on Lot 32 would be titled in the name of Investment Midwest;
  - e. that Goodman and/or Goodman's spouse would make cash withdrawals totaling in excess of \$400,000 from the bank account where investor funds were deposited; and
  - f. that investor funds would be commingled with Goodman's, and/or Investment Midwest's personal and/or business funds.

#### **C. Hearing on Restitution, Civil Penalties, and Costs**

- 72. Between January 2009 and January 2011, Respondents received investments from an additional five investors (CR3, CR4, CR5, CR6, and FR1).

73. Respondent Goodman stipulated to the award of restitution to CR2 in the amount of \$28,500; CR3 in the amount of \$74,100; CR4 in the amount of \$13,995; and CR5 in the amount of \$13,995.
74. The Enforcement Section requested that restitution be awarded to CR1 in the amount of \$101,123, CR6 in the amount of \$299,367, and FR1 in the amount of \$387,000. Respondent Goodman stipulated to the amount invested by CR1, CR6, and FR1; however, Respondent Goodman contested the award of restitution to CR1, CR6, and FR1.
75. Respondent Goodman also stipulated to the amount of total costs incurred in investigating this matter of \$23,346.50, but requested that costs be reduced, and that civil penalties not be assessed.
76. On May 20, 2016, Goodman testified at the hearing on restitution, civil penalties, and costs. Goodman stated, among other things:
  - a. Goodman currently lived at 6238 Creeksedge Circle, Ozark, Missouri 65721;
  - b. Goodman was the managing member of Midwest Developers;
  - c. Goodman was in Missouri when she discussed the investments in Midwest Developers with CR6 and FR1;
  - d. the Midwest Mortgage Account is located in Missouri;
  - e. Midwest Developers and Goodman were not registered to sell securities;
  - f. Goodman had been divorced from P. Goodman for around 12 or 13 years;
  - g. with respect to CR6:
    - i. Goodman met CR6 at a conference;
    - ii. in around May 2009, CR6 flew to Missouri, spoke to Goodman about investing, signed an agreement, and invested \$299,367 with Goodman;
    - iii. the agreement was between CR6's company and Midwest Developers, LLC;
    - iv. Goodman did not disclose to CR6 that Midwest Developers, LLC did not exist;
    - v. CR6's investment went into the Midwest Mortgage Account controlled by Goodman;



- vi. CR6's funds were to be used to build a house;
  - vii. "...we were to build, construct, and sell a house on the lots that he selected.";
  - viii. P. Goodman was to build the house;
  - ix. CR6 did not buy any of the construction materials or do any of the construction work;
  - x. Goodman and CR6 expected to make a profit on the house;
  - xi. Investment Midwest owns the Ellen Street property;
  - xii. CR6 owns 50% of the Ellen Street property;
  - xiii. CR2 and CR4 also invested in the Ellen Street property;
  - xiv. CR6 has not been paid;
  - xv. some of CR6's investment funds were used for a bread route owned by Investment Midwest;
  - xvi. Goodman sent CR6 approximately \$20,000 from the operation of the bread route; and
  - xvii. Goodman believes that CR6 still has \$270,000 invested;
- h. with respect to FR1:
- i. in around 2009, Goodman and FR1 spoke about investing;
  - ii. over the years, FR1 invested \$387,000 with Goodman;
  - iii. \$140,000 of FR1's funds were used to purchase and renovate a property in Vermont;
  - iv. Goodman and FR1 expected to make a profit on the property;
  - v. FR1's investment went into the Midwest Mortgage Account controlled by Goodman;
  - vi. FR1 signed an agreement with Midwest Developers, LLC;
  - vii. FR1's company owned 2/3 and Midwest Developers owned 1/3 of the Vermont property;

- viii. P. Goodman was to build the house;
  - ix. the Vermont property was sold and the funds were deposited into the Midwest Mortgage Account controlled by Goodman;
  - x. Goodman did not tell FR1 that she was not registered to sell securities;
  - xi. FR1 invested in Express Auto, where P. Goodman would buy cars and sell cars for a profit;
  - xii. FR1's investment in Express Auto was initially deposited into the Midwest Mortgage Account and was subsequently transferred out;
  - xiii. while Goodman was the only one that had signatory authority on the Midwest Mortgage Account, other people possibly wrote checks on the account; and
  - xiv. Goodman did not tell any investors that other people could write checks on the Midwest Mortgage Account;
- i. with respect to CR1:
    - i. CR1 invested \$200,000; and
    - ii. Goodman settled a lawsuit with CR1 for \$95,000 in restitution; and
  - j. "I haven't taken any of their moneys. It's all still sitting there. Nothing has been removed by me. It's still sitting there waiting for whoever to have it."

### **III. CONCLUSIONS OF LAW**

77. Because Respondents failed to request a hearing within the time allowed by Section 409.6-604, and because the Commissioner never ordered such a hearing, the Order to Cease and Desist issued on May 22, 2014, against Respondents became **FINAL** by operation of law.

#### **Multiple Violations of Offering and Selling Unregistered, Non-Exempt Securities**

78. **THE COMMISSIONER CONCLUDES** that Respondents Goodman and Investment Midwest violated Section 409.3-301 when Respondents offered and sold unregistered securities in Missouri by, among other things:
- a. soliciting or employing agents to solicit funds from investors, including CR1, CR2, CR3, CR4, CR5, CR6, and FR1; and

- b. receiving or employing agents to receive investment funds from investors, including CR1, CR2, CR3, CR4, CR5, CR6, and FR1.
79. These activities constitute an offer and sale as those terms are defined in Section 409.1-102(26).
80. The interests offered and/or sold are investment contracts and are, therefore, securities in that:
- a. individuals invested money;
  - b. the invested funds were pooled with other investors' funds or funds of the Respondents;
  - c. the invested funds were used or were to be used by Respondents in a common enterprise for, among other things:
    - i. the purchase and management of the Forsyth Shop;
    - ii. the construction and management of the Waffle House;
    - iii. the purchase and management of the Kingman Shop;
    - iv. the financing of vehicles and management of the Express Auto Investment Program;
    - v. the purchase, development, and/or sale of the Lot 32 REI; and/or
    - vi. the purchase, development, and/or sale of the Lot 34 REI;
  - d. investors expected profits from the efforts of Goodman and/or Investment Midwest and not from the investors' own efforts; and
  - e. the investors' expected profits were interwoven with and dependent upon the efforts of Respondents.
81. At all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a "federal covered security" for the securities offered and sold by Respondents.
82. Respondents offered and sold securities in Missouri without these securities being (1) a federal covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-203, or (3) registered under the Missouri Securities Act of 2003.

83. The conduct of Respondents in violation of Section 409.3-301 constitutes engaging in an illegal act, practice, or course of business and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

**Multiple Violations of Transacting Business as an Unregistered Agent**

84. **THE COMMISSIONER FURTHER CONCLUDES** that Respondent Goodman violated Section 409.4-402(a) when Respondent Goodman offered or sold securities to investors in Missouri without being registered or exempt from registration as an agent.
85. Respondent Goodman was employed by or associated with Respondent Investment Midwest.
86. Respondent Goodman offered or sold securities in Missouri on behalf of Investment Midwest by, among other things:
- a. offering or selling CR1 an investment in the Forsyth Shop through a d/b/a for Investment Midwest;
  - b. offering or selling CR1 an investment in the Waffle House through a d/b/a for Investment Midwest;
  - c. offering or selling CR1 an investment in the Kingman Shop through a d/b/a for Investment Midwest;
  - d. offering or selling CR1 an interest in the Express Auto Investment Program through a d/b/a for Investment Midwest;
  - e. offering or selling CR2 the Lot 32 REI through a d/b/a for Investment Midwest; and/or
  - f. offering or selling CR2 the Lot 34 REI through a d/b/a for Investment Midwest.
87. These activities constitute transacting business as an agent in the state of Missouri under Section 409.1-102(1).
88. At all times relevant to this matter, Respondent Goodman was not registered as an agent in the state of Missouri.
89. Respondent Goodman's conduct in violation of Section 409.4-402(a) constitutes engaging in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

**Violation of Employing or Associating with an Unregistered Agent**

90. **THE COMMISSIONER FURTHER CONCLUDES** that Respondent Investment Midwest violated Section 409.4-402(d) when Respondent Investment Midwest employed or associated with an unregistered agent who transacted business in the state of Missouri.
91. Respondent Investment Midwest employed or associated with Respondent Goodman who, among other things:
- a. offered and/or sold CR1 an investment in the Forsyth Shop through a d/b/a for Investment Midwest;
  - b. offered and/or sold CR1 an investment in the Waffle House through a d/b/a for Investment Midwest;
  - c. offered and/or sold CR1 an investment in the Kingman Shop through a d/b/a for Investment Midwest;
  - d. offered and/or sold CR1 an interest in the Express Auto Investment Program through a d/b/a for Investment Midwest;
  - e. offered and/or sold CR2 the Lot 32 REI through a d/b/a for Investment Midwest; and/or
  - f. offered and/or sold CR2 the Lot 34 REI through a d/b/a for Investment Midwest.
92. Respondent Investment Midwest's activities constitute employing or associating with an agent in the state of Missouri under Section 409.4-402(d).
93. At all times relevant to this matter, Respondent Investment Midwest had no registration or granted exemption for any agents of Investment Midwest to transact business in the state of Missouri.
94. The conduct of Respondent Investment Midwest in violation of Section 409.4-402(d) constitutes engaging in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

**Multiple Violations of Making an Untrue Statement, Omitting to State Material Facts in Connection with the Offer or Sale of a Security, or Engaging in an Act, Practice or Course of Business that Would Operate as a Fraud or Deceit upon Another Person**

95. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.5-501 when, in connection with the offer, sale or purchase of a security as described above, Respondent Goodman, on behalf of Investment Midwest, made the following untrue statements of material fact to CR1:

- a. Goodman had applied for permits to build the Waffle House when she had not applied for such permits;
- b. Goodman had purchased the Kingman Shop when this was not true; and
- c. CR1 had an ownership interest in the Kingman Shop when this was not true.

96. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.5-501 when, in connection with the offer, sale or purchase of a security as described above, Respondent Goodman, on behalf of Investment Midwest, omitted to state to CR1 or CR2 material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:

- a. telling CR1 that the Forsyth Shop investment would generate a 100% return within one year. This statement, in light of the circumstances under which it was made, was a misleading statement because Goodman omitted to disclose the following material facts that could impact this return and the viability of the Forsyth Shop Investment:
  - i. the specific risks associated with the investment;
  - ii. the background and history of Goodman;
  - iii. financial information to support the promised return on the investments;
  - iv. that investor funds would be commingled with Goodman's personal and other business funds and used, among other things to pay personal expenses;
  - v. that investor funds would be commingled with Goodman's personal and other business funds and used to fund other Goodman projects; or
  - vi. that investor funds would be commingled with Goodman's personal and other business funds and used to make cash withdrawals;
- b. telling CR2 that CR2 could earn in excess of \$9,000 profit when the Lot 32 REI sold. This statement, in light of the circumstances under which it was made, was a misleading statement because Goodman omitted to disclose the following material facts that could impact this return and the viability of the real estate investment:
  - i. the specific risks associated with the investment;
  - ii. the background and history of Goodman;

- iii. that the Lot 32 REI would be titled in the name of Investment Midwest;
- iv. that investor funds would be commingled with Goodman's personal and other business funds and used, among other things to pay personal expenses;
- v. that investor funds would be commingled with Goodman's personal and other business funds and used to fund other Goodman projects; or
- vi. that investor funds would be commingled with Goodman's personal and other business funds and used to make cash withdrawals.

97. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.5-501 when, in connection with the offer, sale or purchase of a security as described above, Respondent Goodman, on behalf of Investment Midwest, engaged in an act, practice or course of business that would operate as a fraud or deceit upon CR1 or CR2 by, among other things:

- a. commingling CR1 and CR2's funds with Goodman's or Investment Midwest's funds;
- b. lulling CR1 by telling CR1 that quick lube shops, like the Forsyth Shop and the Kingman Shop, were "little cash cows" when in reality the Forsyth Shop never generated a profit;
- c. offering and selling CR1 an investment in the Kingman Shop when Goodman or Investment Midwest did not own the Kingman Shop;
- d. offering and selling CR1 an investment in the Kingman Shop and using the investment funds for purposes other than the Kingman Shop;
- e. offering and selling CR1 an investment in the Waffle House and using the investment funds for purposes other than the Waffle House;
- f. offering and selling CR2 a second investment after informing CR2 that CR2 had earned a profit in excess of \$9,000 from CR2's Lot 32 REI; or
- g. lulling CR2 by telling CR2 a house was built on Lot 34, when Goodman or Investment Midwest did not own Lot 34 and no house was on that property.

98. Respondents made untrue statements of material facts, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading or engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person in violation of Section 409.5-501.

99. At the time Respondents engaged in the conduct set forth above, CR2 was more than 60 years-old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
100. Respondents' conduct in violation of Section 409.5-501 constitutes engaging in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.
101. This Order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. *See* Section 409.6-605(b).

#### **IV. ORDER**

**NOW THEREFORE, IT IS HEREBY ORDERED** that Respondents, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this Order be prohibited from violating or materially aiding in any violation of:

- A. Section 409.3-301, by offering or selling any securities as defined by Section 409.1-102(28), in the state of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-301;
- B. Section 409.4-402(a), by transacting business as an unregistered agent;
- C. Section 409.4-402(d), by employing an unregistered agent; and
- D. Section 409.5-501, by, in connection with the offer or sale of securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), each Respondent shall pay a civil penalty in the amount of \$10,000 for multiple violations of Section 409.3-301. This amount shall be made payable to the state of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondent Goodman shall pay a civil penalty in the amount of \$10,000 for multiple violations of Section 409.4-402(a). This amount shall be made payable to the state of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the



Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondent Investment Midwest shall pay a civil penalty in the amount of \$1,000 for violating Section 409.4-402(d). This amount shall be made payable to the state of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102.

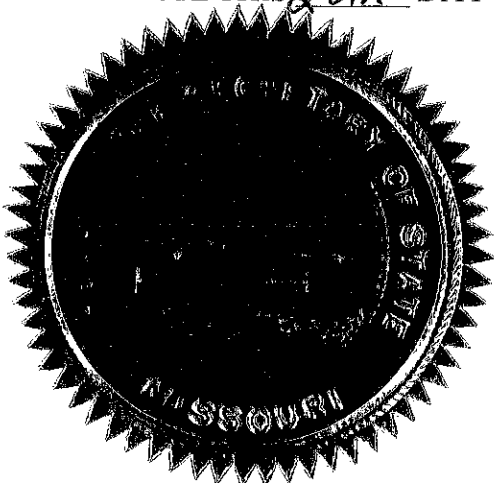
**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondents shall each pay a civil penalty in the amount of \$15,000 for multiple violations of Section 409.5-501, when at least one of these violations was committed against an elderly person. This amount shall be made payable to the state of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondents shall pay, jointly and severally, restitution in the amount of \$787,590 for violations of Sections 409.3-301, 409.4-402, and 409.5-501. This amount shall be made payable to the Missouri Secretary of State's Investor Restitution Fund and be paid within 30 days of the date of this Final Order. The Commissioner will take reasonable and necessary actions to distribute all such funds to the investors listed on Exhibit 1. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri, 65102.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(e), Respondents shall pay, jointly and severally, \$23,346.50 in actual costs for the investigation into, and the proceedings associated with, this matter. This amount shall be made payable to the Investor Education and Protection Fund and paid within 30 days of the date of this Final Order. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 20th DAY OF OCTOBER, 2017.



JOHN R. ASHCROFT  
SECRETARY OF STATE

A handwritten signature in black ink, appearing to read "David M. Minnick", is written over a horizontal line.

DAVID M. MINNICK  
COMMISSIONER OF SECURITIES

CERTIFICATE OF SERVICE

I hereby certify that on this 20<sup>th</sup> day of October, 2017, a copy of the Final Order to Cease and Desist and Order Awarding Restitution, Civil Penalties, and Costs in the above styled case was **sent by regular U.S. mail and certified U.S. mail, return receipt requested to:**

Investment Midwest LLC  
Anna M. Morrissey, Registered Agent  
500 W. Main, Suite 205A  
Branson, Missouri 65616

Investment Midwest LLC  
32873 New York State Road 180  
La Fargeville, New York 13656

Renee Goodman  
6238 Creeksedge Circle  
Ozark, Missouri 65721

**and by e-mail to:**

midwest1@centurytel.net

**and by USPS and e-mail to:**

John J. Miller  
Swanson Midgley, LLC  
4600 Madison Avenue  
Kansas City, Missouri 64112  
jmiller@swansonmidgley.com  
Attorney for Renee Goodman

**and by hand-delivery and email to:**

Saundra J. McDowell  
Director of Enforcement  
Missouri Securities Division  
Saundra.McDowell@sos.mo.gov

  
\_\_\_\_\_  
Laurie Dawson  
Securities Office Manager

**EXHIBIT 1**

**IN THE MATTER OF:**

**INVESTMENT MIDWEST LLC; RENEE GOODMAN, Individually and d/b/a  
MIDWEST DEVELOPERS, MIDWEST MORTGAGE MIDWEST DEVELOPERS LLC,  
and EXPRESS AUTO**

**AP-14-02**

CR2	\$ 28,500
CR3	\$ 74,100
CR4	\$ 13,995
CR5	\$ 13,995
CR6	\$270,000
FR1	<u>\$387,000</u>
Total	\$787,590