



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
LAVENDER FARMS, LLC; and)
PAUL BENTON WEEKS III, Individually) Case No. AP-15-01
and doing business as Lavender Farms, LLC,)
)
Respondents.)

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

The Missouri Acting Commissioner of Securities (“the Commissioner”), having reviewed and considered the pleadings and record on file in the above-styled proceeding, having heard the evidence presented at hearing, and having reviewed the post-hearing filings submitted, now makes findings of fact and conclusions of law and enters a final order as follows:

I. PROCEDURAL BACKGROUND

1. On January 12, 2015, the Enforcement Section of the Missouri 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.
2. On January 15, 2015, the Commissioner issued an Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed (“the Order”) in the above-mentioned matter.
3. On February 11, 2015, Respondents, through counsel Thomas D. Carver, filed an Answer.
4. On February 27, 2015, Respondents, through counsel, filed a Request for Hearing or, in the Alternative, Request for Additional Time to Prepare Request for Hearing.
5. On October 23, 2016, Respondents sought a writ of prohibition from the circuit court of Cole County, alleging this administrative action was barred by Section 409.5-509(j).¹ The court entered a preliminary writ on October 27, 2016, staying this matter.

¹ Unless otherwise noted all statutory references are to the 2016 Revised Statutes of Missouri.

6. The writ was finally decided by the Missouri Court of Appeals Western District in Case No. WD80983. The mandate dissolving the writ of prohibition was issued October 31, 2018. Respondents have exhausted all appeals from this mandate.
7. On February 26, 2019, the Commissioner entered an Order concluding that Respondents had failed and refused to answer duly-promulgated Requests for Admission to Weeks and Lavender Farms, LLC, and that Petitioner's Requests for Admission were deemed admitted by operation of law.²
8. On March 14, 2019, Respondents filed a Motion to Dismiss for Lack of Subject Matter Jurisdiction, a Motion for Summary Judgment, and a Motion to Dismiss on Double Jeopardy and Due Process Grounds.
9. On March 15, 2019, Donald W. Ingrum entered his appearance on behalf of Lavender Farms, LLC.
10. On March 22, 2019, the Enforcement Section filed a Countermotion for Summary Judgment.
11. On March 25, 2019, Respondents filed a Motion for Sanctions.
12. On March 28, 2019, Respondents filed a Motion for Change of Judge.
13. On April 1, 2019, the Commissioner denied, by Order, all of the Motions outstanding.
14. On April 8, 2019, Respondents filed a Demand for Jury Trial, a Motion in Limine, a Stipulation of Uncontroverted Facts, and a Hearing Brief.
15. On April 10, 2019, the Commissioner denied, by Order, the Demand for Jury Trial and Motion in Limine.
16. This matter proceeded to an evidentiary hearing on April 22, 2019. On that date, Respondents filed a Statement of Refusal to Participate, stating that they "declined to participate in an unlawful proceeding."

II. FINDINGS OF FACT

A. Respondents and Related Parties

1. Paul Benton Weeks III ("Mr. Weeks") is a 58-year-old Missouri resident with a last known address of 400 East Walnut Apt. #202, Springfield, Missouri 65806. Mr. Weeks is a member and President of Lavender Farms, LLC. Mr. Weeks also did business as Lavender Farms, LLC.

² The Requests for Admission were marked as Petitioner's Exhibit 1 for the hearing.

2. Lavender Farms, LLC (“Lavender Farms”), is a Missouri limited liability company organized on October 15, 2008. A check of the records of the Missouri Business Services Division indicates that the registered agent of Lavender Farms is Donald W. Ingram with a mailing address of P.O. Box 1105, 208 Lafayette Ln., Branson, Missouri 65615.
3. Xiao Weeks (“Mrs. Weeks”) is a 55-year-old Missouri resident with a last known address of 350 S. John Q. Hammons Parkway Apt #11D, Springfield, Missouri 65806. Mrs. Weeks is the spouse of Mr. Weeks as well as the managing member of Lavender Farms.
4. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, Mr. Weeks and/or Lavender Farms have never been registered with the State of Missouri as investment advisers, investment adviser representatives, broker-dealers, broker-dealer agents, and/or issuer agents.
5. 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 indicating status as a “federal covered security” for the securities offered and/or sold by Mr. Weeks and/or Lavender Farms.
6. Mr. Weeks’s email address during the period of time alleged in the Petition was pbwlaw@sbcglobal.net.

B. Enforcement Section Investigation

Kansas Resident

7. In or around the spring of 2009, Mr. Weeks called a 58-year-old Andale, Kansas, resident (“KR”) about an investment opportunity. Following the phone call, Mr. Weeks met with KR at KR’s residence to discuss the investment opportunity. With regard to the investment opportunity, Mr. Weeks:
 - a. told KR that Mr. Weeks had “the inside track on some investments”;
 - b. told KR that Mr. Weeks was making “a lot of money” investing; and
 - c. told KR that Mr. Weeks would “double the money” that KR invested.
8. On or around July 10, 2009, Mr. Weeks sent KR a memo regarding an investment opportunity. The memo set forth, among other things, the following:
 - a. “Now, let me move on to the main reason for my writing this Memo. I have a business proposal for you. It’s straight-forward and risk-free for you.”;
 - b. “With just this one investment...you could have recovered a substantial part of your & [KR’s spouse]’s losses...”;

- c. “[KR], I am as certain as humanly possible that this asset will, by the end of the year, double and probably triple or even quadruple in price. I am positive this asset will double. And what’s extra nice about this asset is that its price is not affected by the general condition of the stock market, even if the stock market goes down. In fact, this asset’s price tends to go up more if the stock market goes down.”;
- d. “So, here’s my proposal to you. I want you to invest between \$500,000 - \$1M in this deal. And, by way of this Memo, and my signature at the bottom of this Memo, I hereby agree to be personally responsible for any loss in this investment. This means that I will be contractually and legally responsible to return your investment (principal) to you, regardless of how the investment turns out. That should show you how strongly I feel about this investment opportunity.”;
- e. “I know what I am doing with these investments, and my recommendation of AXL is good proof of my competence”³;
- f. “More importantly, the investment that I want to put your money into is a lot better than any opportunity offered by AXL”;
- g. “I helped save you...around \$500,000 and that’s the minimum number I think you should invest in this deal. (Although, if you invested a million dollars, that would be much better, since this investment will – at the very least – double.)”;
- h. “I am asking you to do this deal, because I am as certain as a person can be that we will make substantial money on this deal”;
- i. “I promise you...I can make you a lot of money”;
- j. “A final reason you should invest: for the past several years, I have worked intensely to learn the markets and how to trade successfully and I have developed an excellent network of investing experts. [KR], I am not BS-ing when I say that I am connected into the inner, inner sanctum of Wall Street and to some of the smartest investing professionals in the world. And, [KR], some of the SMARTEST investment people in the world are investing in the very asset that I want to put your money into”;
- k. “You and I will share all profits from this investment equally (50/50). Of course, after we close out the investment, I will return to you your principal (that is, however much you invested) and half of all the profits. This is fair because I am the one who has brought you this opportunity and I am also contractually obligating myself to guarantee that you will incur no losses whatsoever. You will get your money back (the principal sum you invest), regardless of what happens. Said another way, your ‘downside’ is zero and your potential ‘upside’ is unlimited”;

³ AXL is the ticker symbol for American Axle & Manufacturing Holdings, Inc.

- l. “Finally, as to the mechanics of your investing in this deal. I have a Missouri LLC called ‘Lavender Farms, LLC.’ This LLC has an account at Scottrade here in Springfield, Missouri. If you decide to do this deal, I will give you the account number for this LLC and you can have your money wired into this LLC’s account at Scottrade.”;
 - m. “Your money would go into this Scottrade account and that is where it will remain until we close out the investment and I send your principal and profit back to you. After you wire transfer your money and I make the trades, I will send to you every month a copy of the account statement that will confirm that your money is in this account and that it is invested”;
 - n. “By signing this Memo, I hereby confirm that I am contractually bound to the promises that I have made to [KR] in this Memo/agreement”; and
 - o. “P.S. [KR], if I haven’t been completely clear in this Memo, please let me say this again: I am absolutely as certain and positive as a person can be that this investment will at least *double* by the end of this year.” [Emphasis in original]
9. In or around July 24, 2009, KR executed a promissory note with Mr. Weeks and wired \$250,000 into a Lavender Farms account ending in #309 at Scottrade in St. Louis, Missouri (“Lavender Farms Account #1”).
10. A review of the Scottrade records for the Lavender Farms Account #1 revealed, among other things, that:
- a. the Lavender Farms Account #1 was opened on November 17, 2008, by Mr. Weeks;
 - b. on July 24, 2009, KR made a wire transfer of \$250,000 into the Lavender Farms Account #1;
 - c. KR’s funds were commingled with Mr. Weeks’s personal and other business funds;
 - d. on October 13, 2009, a check withdrawal of \$5,380 was endorsed by Mrs. Weeks;
 - e. on November 9, 2009, a check withdrawal of \$5,000 was endorsed by Mrs. Weeks;
 - f. on December 8, 2009, a check withdrawal of \$6,300 was endorsed by Mrs. Weeks; and
 - g. on December 31, 2009, a check withdrawal of \$4,300 was endorsed by Mrs. Weeks.
11. On or about May 3, 2010, Mr. Weeks sent KR an e-mail with the subject line “from Paul Weeks / Fw: Scottrade Account Statement for Account No. xxxx2309” with a purported Scottrade statement attached (“May 3, 2010, E-mail”). The May 3, 2010, E-mail stated, among other things, the following:

- a. “[KR], attached to this email is a Scottrade account statement for your/our investment”;
 - b. “...I am under a moral and contractual obligation not to disclose the identity of the investment assets or trading strategies, so the statement does not include that information”;
 - c. “If our math is correct, this account is up 27.8% (\$319,596.60 - \$250,000 = \$69,596.60, which is 27.8% of \$250,000)”;
 - d. “When I first discussed this deal with you, I said that you would be able to access the account information to keep tract [*sic*] of this investment yourself. I misspoke, because I simply forgot that anyone who can access any of our accounts can also access the identity of the investment assets and our trading strategies which are confidential and proprietary and are highly valuable to my group of investors”;
 - e. “In the last 2 years, I’ve only lost money on one trade, and it wasn’t much money, but it was on Rite Aid Drug and ONLY because I got out too soon.” [Emphasis in original];
 - f. “That’s what we’re facing with our investment. We have a decent return, but nowhere near where this investment is going to go. I was pretty confident when I told people to buy Ford and American Axle, but I [am] still as certain as I can humanely [*sic*] be that our investment will end up going up 400% - 800%”;
 - g. “In fact, if this plays out right, our investment could make over 1000%”;
 - h. “At any rate, my wife and I have applied with local Chinese authorities to become eligible to do what our friend has done, which is to pledge to finance the construction of a new rural orphanage...I’m telling you this because any money I make from your/our investment will be part of the money spent to build this new orphanage in China and this will literally save lives.”
12. Attached to the May 3, 2010, E-mail was a purported Scottrade account statement for the Lavender Farms Account #1. The statement sets forth, among other things, that on April 30, 2010, the total account value was \$319,596.60.
 13. A review of the Scottrade records for the Lavender Farms Account #1 revealed, among other things, that:
 - a. there was no account statement for the month of April 2010 as there was no activity in the Lavender Farms Account #1;
 - b. on August 30, 2010, a check withdrawal of \$15,000 was endorsed by Mrs. Weeks;
 - c. on December 6, 2010, a check withdrawal of \$5,000 was endorsed by Mrs. Weeks;

- d. on December 13, 2010, a check withdrawal of \$5,000 was endorsed by Mrs. Weeks;
 - e. on February 7, 2011, a check withdrawal of \$15,000 was endorsed by Mrs. Weeks; and
 - f. on March 2, 2011, a check withdrawal of \$199,974.98 was endorsed by Mrs. Weeks.
14. KR has not received a return on KR's investment and was never repaid the principal from KR's investment.

Texas Resident

15. In or around the spring of 2009, Mr. Weeks called a friend of KR, a 55-year-old Pflugerville, Texas, resident ("TR"), about an investment opportunity. Over the next few months Mr. Weeks called TR several times to discuss the investment opportunity. With regard to the investment opportunity, Mr. Weeks:
- a. told TR that Mr. Weeks and his investment team were having great success investing in the stock market;
 - b. told TR that KR and TR would have separate accounts;
 - c. told TR that TR would have access to TR's account so TR could see how the account was doing;
 - d. told TR that there was no risk;
 - e. promised TR a 50% return;
 - f. provided TR with a promissory note; and
 - g. told TR that the promissory note assured TR's money was safe.
16. TR testified that Mr. Weeks encouraged TR to invest with the same sales pitch and promises as those used with KR in Exhibit 11, including sharing of profits.
17. TR testified at hearing on April 22, 2019, that the provision of money to Mr. Weeks was never considered a loan. The funds were provided to Mr. Weeks to invest and to make a guaranteed profit.
18. On or around August 20, 2009, TR executed a promissory note with Mr. Weeks and wired \$200,000 into a Lavender Farms account ending in #683 at Scottrade in St. Louis, Missouri ("Lavender Farms Account #2").

19. A review of the Scottrade records for the Lavender Farms Account #2 revealed, among other things, that:
 - a. the Lavender Farms Account #2 was opened on July 23, 2009, by Mrs. Weeks;
 - b. on August 19, 2009, the Lavender Farms Account #2 had a balance of \$0;
 - c. on August 20, 2009, TR made a wire transfer of \$200,000 into the Lavender Farms Account #2;
 - d. on August 31, 2009, the Lavender Farms Account #2 had a total account value of \$187,559.29; and
 - e. on September 4, 2009, a check withdrawal of \$5,300 was endorsed by Mrs. Weeks.

20. On or about May 2, 2010, Mr. Weeks sent TR an e-mail with the subject line “Fw: Scottrade Account Statement for Account No. xxxx3683” with a purported Scottrade statement attached (“May 2, 2010, E-mail”). The e-mail stated, among other things, the following:
 - a. “Attached to the email is a Scottrade account statement for your/our investment”;
 - b. “...I am under a moral and contractual obligation not to disclose the identity of the investment or trading strategies...”;
 - c. “If our math is correct, this account is up 17.3% ($\$234,616.28 - \$200,000 = \$34,616.28$, which is 17.3% of \$200,000)”;
 - d. “When I first discussed this deal with [KR], I said that she would be able to access the account information to keep track of this investment herself. I misspoke, because I simply forgot that anyone who can access any of our accounts can also access the identity of the investment assets and our trading strategies which are confidential and proprietary and are highly valuable to my group of investors”;
 - e. “In the last 2 years, I’ve only lost money on one trade (Rite Aid Drug) and ONLY because I got out too soon” [Emphasis in original];
 - f. “That’s what we’re facing with our investment. We have a decent return, but nowhere near where this investment is going to go. I was pretty confident when I told people to buy Ford and American Axle, but I [am] still as certain as I can [humanly] be that our investment will end up going up 400% - 800%”;
 - g. “In fact, if this plays out right, our investment could make over 1000%”;
 - h. “At any rate, my wife and I have applied with local Chinese authorities to become eligible to do what our friend has done, which is to pledge to finance the construction of a new rural orphanage...I’m telling you this because any money I

make from your/our investment will be part of the money spent to build this new orphanage in China and this will literally save lives.”

21. Attached to the May 2, 2010, E-mail was a purported Scottrade account statement for the Lavender Farms Account #2. The statement sets forth, among other things, that on April 30, 2010, the total account value was \$234,616.28.
22. A review of the Scottrade records for the Lavender Farms Account #2 revealed, among other things, that there was no account statement for the month of April 2010 as there was no activity in the Lavender Farms Account #2.
23. On or about May 26, 2010, Mr. Weeks sent TR an e-mail stating, among other things, the following:

Regarding our investment, we have the benefit of some hindsight now, but it's looking as though we were probably 8 to 10 months early on this trade, but now that the market is starting to de-stabilize and move downward (as we knew it eventually would), our investment is going to do better. But we've still got to be patient and let the trade work out. The biggest mistake an investor or trader can make is to get impatient and not let the trade work out.
24. A review of the Scottrade records for the Lavender Farms Account #2 revealed, among other things, that:
 - a. TR's funds were commingled with Mr. Weeks's personal and other business funds;
 - b. on June 23, 2010, a check withdrawal of \$9,848.03 was endorsed by Mrs. Weeks; and
 - c. on June 25, 2010, a check withdrawal of \$7,240 was endorsed by Mrs. Weeks.
25. On or about August 29, 2010, Mr. Weeks sent TR an e-mail stating, among other things, the following:
 - a. “As for the Scottrade statement, I will mail you one this week”;
 - b. “As I've mentioned before, our investment will take off like a rocket once the market really starts to break down and the market is going through that process right now”; and
 - c. “All we need to do is be patient and when the S&P breaks down to 500 our investment will be up 400% to 1000%...”

26. On or about October 2, 2010, Mr. Weeks sent TR an e-mail stating, among other things, “I will check in to the Hampton Inn at Round Rock sometime in the mid-afternoon. See you this evening [TR], I really look forward to visiting with you.”

27. On or about October 2, 2010, Mr. Weeks, on behalf of Lavender Farms, executed a promissory note with TR stating, among other things, the following:

FOR VALUE RECEIVED, Paul Benton Weeks, as President and duly-authorized member of Lavender Farms L.L.C., promises to pay [TR] the principal sum of Two Hundred Thousand Dollars (\$200,000.00) plus one-hundred percent (100%) interest, for a total of Four Hundred Thousand Dollars (\$400,000), on or before December 31, 2011.

28. A review of the Scottrade records for the Lavender Farms Account #2 revealed, among other things, that on March 2, 2011, a check withdrawal of \$78,212.81 was endorsed by Mrs. Weeks.

29. In or around April 2012, Mr. Weeks sent TR an e-mail (“TR E-mail”) stating, among other things, the following:

a. “[TR], Lavender Farms LLC and I have experienced catastrophic losses. Simply stated, Lavender Farms LLC is not able to repay you the money it borrowed from you.”;

b. “[TR], please keep in mind a few things: although I am not personally obligated to repay you, I will do what I can to get money to you – but I will need some time to make some money.”;

c. “We were ‘shorting’ the banks (betting their stock prices would go down), using index funds that were leveraged 300%. This results in huge gains or huge losses. Over time, we lost big...”

d. “In my situation, once I lost a large portion of money, I lost my confidence...and I handed over my trading to another friend of mine and he started trading option contracts (highly, highly leveraged), including an incorrect trade-execution order that caused huge financial losses and the ship went down.”;

e. “Of course I never meant to incur losses. I am as disappointed and devastated as anyone by this whole situation.”

f. “First, Lavender Farms LLC is totally broke and so am I. Both of us can take bankruptcy. If we do, you will get absolutely nothing. Nothing.”;

g. “[TR], I am going to try and get you money back, but you need to understand that if you go on the attack, then I will defend myself and assert legal claims against

you, too. And of course, if we fight, then I will not pay you any money – none, never.”;

- h. “Please forgive me for having failed in making you the money you had so fervently dreamed of and hoped for”;
 - i. “I definitely should be able to send you some money by the end of this year. Some money is better than nothing. By next year, I should be able to send you a lot more.”;
 - j. “Later this year, I will email you to confirm where I can send you some money. It may take a while, but I will periodically send you money. Some money is better than none.”; and
 - k. “You will hear from me later this year and you will get money from me if only you keep your head and not try to harass or disparage me and my family. Be smart, [TR]. Know that you cannot squeeze blood out of a turnip and that getting money in installments over time is still a whole lot better than getting absolutely nothing forever.”
30. TR has not received a return on TR’s investment and was never repaid the principal from TR’s investment.

Mr. Weeks OTR-Exhibit 2

31. On October 6, 2014, Mr. Weeks appeared before representatives of the Enforcement Section for an on-the-record examination (“Weeks OTR”). During the Mr. Weeks OTR, Mr. Weeks stated, among other things, that:
- a. Mr. Weeks has never been registered as a broker-dealer, broker-deal agent, investment adviser, or investment adviser representative;
 - b. Mr. Weeks has never been registered to sell securities in Missouri;
 - c. Lavender Farms has never been registered as a broker-dealer or investment adviser;
 - d. Lavender Famers has never registered any securities in Missouri;
 - e. Mr. Weeks never had a trading account in his life until about 2008;
 - f. until about ten years ago, Mr. Weeks had no real experience in the financial industry except for reading books about the markets;
 - g. Mrs. Weeks and Mr. Weeks were the organizers of Lavender Farms;
 - h. Lavender Farms has never engaged in any business other than trading;

- i. Lavender Farms' only office was at 350 South John Q. Hammons Parkway in Springfield, Missouri;
- j. "there was never any mention to [TR] about an LLC or investing in any company that [Mr. Weeks] had anything to do with";
- k. in the summer of 2009, Mr. Weeks asked KR for money to trade with;
- l. in exchange for KR's and TR's money each received a promissory note;
- m. Mr. Weeks was going to get the money necessary to pay the promissory notes by making money in the markets;
- n. Mr. Weeks told KR that KR would have direct access to the Scottrade accounts;
- o. Mr. Weeks directed KR and TR to wire the funds into Lavender Farms accounts at Scottrade;
- p. Mr. Weeks also issued promissory notes to HO and DB, in exchange for \$20,000 and \$100,000 respectfully;
- q. KR transferred \$250,000 to an account at Scottrade in the name of Lavender Farms in or around July 2009;
- r. TR transferred \$200,000 to an account at Scottrade in the name of Lavender Farms in or around August 2009;
- s. Mr. Weeks had never met TR before TR transferred the money into the Lavender Farms Scottrade Account #2;
- t. after KR's and TR's funds were deposited into the Lavender Farms accounts at Scottrade, Mr. Weeks traded with the funds for a year or two;
- u. Mr. Weeks was the only person who executed trades in the Lavender Farms accounts at Scottrade;
- v. Mr. Weeks prepared the account statement attached to the May 2, 2010 E-mail;
- w. the account statement was supposed to be an account statement for the Scottrade account ending in #683 on April 30, 2010;
- x. "You know, I just tried to figure out what they - - their money would have earned by that time and send them that...";
- y. at some point all of the monies were commingled in the Scottrade accounts and eventually Weeks start losing and a lot of money was lost;

- z. Mrs. Weeks and Mr. Weeks had about \$300,000 of their own money commingled in the Lavender Farms Scottrade accounts;
- aa. when TR's promissory note became due, Mr. Weeks had not made the 50%;
- bb. TR had told Mr. Weeks that TR's car wasn't reliable so Mr. Weeks offered to let TR use a Mercedes that Mr. Weeks owned because Mr. Weeks needed time for the trade to work out;
- cc. Mr. Weeks told TR "it looks like we need to start shopping for an SUV for you," because Mr. Weeks still needed time for everything to work out;
- dd. "...the point I was trying to make with [TR] was, you know, have confidence in me. I really believe this is going to work out. Other people do.";
- ee. contrary to representations in the May 2, 2010, E-mail, Mr. Weeks and Mrs. Weeks had not applied with local Chinese authorities to build a new rural orphanage;
- ff. on or around October 2, 2010, Mr. Weeks, on behalf of Lavender Farms, issued TR an extension note;
- gg. the extension from the October 2, 2010, promissory note was supposed to be used to continue the trade;
- hh. the December 2010 e-mails sent to TR purportedly written by Mr. Weeks's assistant were actually written by Mr. Weeks;
- ii. contrary to the representations in the email marked in Exhibit 2 at Exh. 18 dated 10-06-2014, Mr. Weeks did not actually hand over the trading to a friend;
- jj. "nobody was in my home on my computer making those trades. Nobody made trades for me anywhere else, not on any of those accounts. Nobody had access.";
- kk. Mr. Weeks made an incorrect trade execution that caused huge financial losses in which Weeks entered into 400 options contracts instead of 40;
- ll. in or around April 2011, Mrs. Weeks withdrew about \$120,000 from the Lavender Farms Scottrade accounts and "...we lived on that money and we started this business, you know, this educational service thing that we do.";
- mm. KR had no control over the trading that Mr. Weeks was doing;
- nn. TR had no control over the trading that Mr. Weeks was doing;
- oo. "...well, the bottom line is, I have - - you know, I lost - - I lost all that money.";

- pp. “And my mistake was I got so confident at what I’d been through that my confidence just continued. That’s my mistake.”;
- qq. “I made mistakes and I’m very, very regretful that it happened. That’s about that simple.”; and
- rr. Mr. Weeks has not repaid KR or TR.

Additional Findings

- 32. In connection with the offer and/or sale of securities, Lavender Farms and/or Mr. Weeks failed to disclose to investors, including KR and TR, among other things, the following:
 - a. that Mr. Weeks was not registered to offer or sell securities in the state of Missouri;
 - b. that the securities were not registered in the State of Missouri;
 - c. the specific risks associated with the investment including, but not limited to, the risk associated with Lavender Farms’ business and/or industry;
 - d. specific information about the investment strategy;
 - e. financial information to support the promised return on the investments;
 - f. the financial condition of Lavender Farms;
 - g. the financial condition of Mr. Weeks; and
 - h. that investment funds would be commingled with Mr. Weeks’s personal and/or business funds and used to make cash withdrawals.
- 33. In connection with the offer and/or sale of securities, Lavender Farms and Mr. Weeks made untrue statements before KR invested \$250,000, including but not limited to:
 - a. Mr. Weeks had the inside track on some investments;
 - b. Mr. Weeks was making a lot of money investing;
 - c. KR would “double the money” with Mr. Weeks’s investment scheme;
 - d. he was “*positive*” the investment asset would double by the end of the year, or probably triple or quadruple in price; [Emphasis in original]
 - e. Mr. Weeks has a network of investing experts;

- f. Mr. Weeks would share all profits equally (50/50);
34. In connection with the offer and/or sale of securities, Lavender Farms and Mr. Weeks made untrue statements before KR invested \$200,000 including but not limited to:
- a. Mr. Weeks had an “investment team” that was investing money for clients;
 - b. that Mr. Weeks had been successful in investing up to the point TR invested;
 - c. that Mr. Weeks “guaranteed” TR would get at least 50 percent return;
 - d. that TR would have complete access to TR’s Scottrade account;
 - e. that KR was making a lot of money with Mr. Weeks’s trading activity;

III. CONCLUSIONS OF LAW

35. **THE COMMISSIONER CONCLUDES** that under Missouri law as set forth in Section 409.1-102(28) and United States Supreme Court decisions *SEC v. W.J. Howey*, 328 US 293 (1946) and *Reves v. Ernst & Young*, 494 US 56 (1990), the promissory notes and money solicited by Mr. Weeks and Lavender Farms, LLC, are in fact securities in that:
- a. all parties to the note viewed the contract as an investment;
 - b. the motivations of the investors to send money to Mr. Weeks was to make a profit with no risk of loss;
 - c. respondents repeatedly, before the investments were made and after, referred to the money provided as investments;
 - d. Mr. Weeks never referred to the money provided as a loan until after he had lost or withdrew all the investment money;
 - e. investors believed profits would be made through Mr. Weeks’s investment activity;
 - f. Mr. Weeks held himself out as an investment advisor;
 - g. the understanding among the parties was that Mr. Weeks would invest the money in the stock market;
 - h. the parties engaged in a common enterprise to generate profits;
 - i. Mr. Weeks promised the investors he would share the profits;

- j. any profits generated would have been based on the sole efforts of Mr. Weeks;
- k. the investors, KR and TR, had no responsibility to put forth any effort in the enterprise;
- l. the investors had no access to their investment account;
- m. the investors had no control over their account;
- n. the investors had no control over Mr. Weeks's investment activity;
- o. the notes were uncollateralized and uninsured and contemplated a repayment term greater than nine months;
- p. the notes provided to the investors have no resemblance to an ordinary collateralized consumer, business or commercial loan.

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

- 36. **THE COMMISSIONER CONCLUDES** that Lavender Farms and Mr. Weeks offered and sold securities by, among other things:
 - a. soliciting investors, including KR and TR, to invest with Mr. Weeks and Lavender Farms;
 - b. providing and executing promissory notes with these investors and promising a return on their investment dependent upon the efforts of others and not on the efforts of the investors;
 - c. receiving funds to invest from these individuals; and
 - d. pooling the investor funds with Mr. Weeks's personal funds and the funds of other investors.
- 37. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26).
- 38. The investments that Respondents offered and/or sold constitute securities as that term is defined in Sections 409.1-102(28).
- 39. 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/or sold by Respondents.
- 40. Respondents offered and/or sold securities in Missouri without these securities being (1) federal covered securities, (2) exempt from registration under Sections 409.2-201 or 409.2-

203, or (3) registered under the Missouri Securities Act of 2003, in violation Section 409.3-301.

41. Respondents' conduct in violation of Section 409.3-301 constitutes 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

42. **THE COMMISSIONER CONCLUDES** that Mr. Weeks was a member and President of Lavender Farms.
43. Mr. Weeks offered and/or sold securities to investors on behalf of Lavender Farms by, among other things, offering and/or selling investments to investors, including KR and/or TR.
44. These activities constitute transacting business as an agent in the State of Missouri under Section 409.1-102(1).
45. At all times relevant, Mr. Weeks was not registered as an agent in the State of Missouri.
46. Mr. Weeks transacted business in Missouri by offering and/or selling securities without being registered or exempt from registration as an agent in violation of Section 409.4-402(a).
47. Mr. Weeks's conduct in violation of 409.4-402(a) constitutes 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 Employing an Unregistered Agent

48. **THE COMMISSIONER CONCLUDES** that Lavender Farms employed and/or associated with Mr. Weeks, who offered and/or sold securities in the State of Missouri on behalf of Lavender Farms.
49. Lavender Farms' activities constitute employing and/or associating with an agent in the State of Missouri under Section 409.4-402(d).
50. At all times relevant to this matter, Lavender Farms had no registration or granted exemption for any agents of Lavender Farms to transact business in the State of Missouri.
51. Lavender Farms employed and/or associated with Mr. Weeks, who transacted business in Missouri as an agent without being registered or exempt from registration as an agent, in violation Section 409.4-402(d).

52. Lavender Farms' conduct in violation of Section 409.4-402(d) constitutes 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 or Engaging in An Act, Practice, or Course of Business that Would Operate as a Fraud or Deceit Upon Another Person in Connection with the Offer or Sale of a Security

53. **THE COMMISSIONER CONCLUDES** that in connection with the offer, sale or purchase of a security as described above, Mr. Weeks, on behalf of Lavender Farms, omitted to state to investors, including KR and TR, material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Such statements and material omissions included, but were not limited to, the following:
- a. telling KR that (1) Mr. Weeks had “the inside track on some investments”; (2) Mr. Weeks was “connected into the inner, inner sanctum of Wall Street and to some of the smartest investing professionals in the world”; (3) Mr. Weeks was making “a lot of money” investing; (4) “that this investment will at least double by the end of this year”; (5) the investment was not affected by the general condition of the stock market; (6) KR would incur no losses whatsoever; (7) Mr. Weeks would be personally responsible for any loss in this investment; (8) KR's downside was zero and KR's potential upside was unlimited; (9) KR's money would remain in the Scottrade account until the investment was closed out and Mr. Weeks sent KR the principal and profit; and/or (10) Mr. Weeks would send KR a copy of the account statement every month that would confirm that KR's money was in the account and that it was invested. These statements, in light of the circumstances under which they were made, were misleading statements because Mr. Weeks, on behalf of Lavender Farms, misrepresented or omitted to disclose the following material facts that could impact this return and the viability of KR's investment:
 - i. that Mr. Weeks was not registered to offer or sell securities in the state of Missouri;
 - ii. that the securities were not registered in the State of Missouri;
 - iii. the specific risks associated with the investment including, but not limited to, the risk associated with Lavender Farms' business and/or industry;
 - iv. specific information about the investment strategy;
 - v. financial information to support the promised return on the investments;
 - vi. the financial condition of Lavender Farms;
 - vii. the financial condition of Mr. Weeks; and/or

- viii. that investment funds would be commingled with Mr. Weeks's personal and/or business funds and used to make withdrawals;
- b. telling TR that (1) Mr. Weeks and his investment team were having great success investing in the stock market; (2) KR and TR would have separate accounts; (3) TR would have access to TR's account so TR could see how the account was doing; (4) there was no risk; (5) the promissory note assured TR's money was safe; (6) Mr. Weeks had an "investment team" that was investing money for clients; (7) that Mr. Weeks had been successful in investing up to the point TR invested; (8) that Mr. Weeks "guaranteed" TR would get at least 50 percent return; and/or (9) that KR was making a lot of money with Mr. Weeks's trading activity. These statements, in light of the circumstances under which they were made, were misleading statements because Mr. Weeks, on behalf of Lavender Farms, misrepresented or omitted to disclose the following material facts that could impact this return and the viability of TR's investment:
- i. that Mr. Weeks was not registered to offer or sell securities in the state of Missouri;
 - ii. that the securities were not registered in the State of Missouri;
 - iii. the specific risks associated with the investment including, but not limited to, the risk associated with Lavender Farms' business and/or industry;
 - iv. specific information about the investment strategy;
 - v. financial information to support the promised return on the investments;
 - vi. the financial condition of Lavender Farms;
 - vii. the financial condition of Mr. Weeks;
 - viii. that investment funds would be commingled with Mr. Weeks's personal and/or business funds and used to make withdrawals;
 - ix. that Mr. Weeks did not have an investment team;
 - x. that Mr. Weeks had not been successful at trading stocks; and/or
 - xi. that TR and KR would not have access to their Scottrade accounts.
54. **THE COMMISSIONER CONCLUDES** that in connection with the offer, sale or purchase of a security as described above, Mr. Weeks, on behalf of Lavender Farms, engaged in an act, practice or course of business that would operate as a fraud or deceit upon investors, including KR and TR, by, among other things:

- a. commingling investor funds with Mr. Weeks's personal and other business funds and using investor funds to make withdrawals;
 - b. sending TR the TR E-mail in or around April 2012, indicating Mr. Weeks handed over the trading to a friend who traded highly leveraged option contracts, including an incorrect trade-execution order that caused huge financial losses, when in fact it was Mr. Weeks who made all the trades in the account including the incorrect trade execution order;
 - c. making repeated false material statements in order to induce TR and KR to invest \$450,000;
 - d. lulling KR in order to avoid or delay detection by:
 - i. sending KR a purported Scottrade account statement on or around May 3, 2010, indicating that the Lavender Farms Account #1 had increased by 27.8% to \$319,596.60, when this was not true; and/or
 - ii. sending a letter in or around 2011 in order to alleviate KR's concerns and reassure KR that Weeks was doing his best to return the funds and that Mr. Weeks would get in touch with KR on Mr. Weeks's time schedule;
 - e. lulling TR in order to avoid or delay detection by:
 - i. sending TR a purported Scottrade account statement on or around May 2, 2010, indicating that the Lavender Farms Account #2 balance had increased by 17.3% to \$234,616.28, when this was not true;
 - ii. sending TR an e-mail on or about May 26, 2010, indicating that "the market is starting to de-stabilize and move downward" and "our investment is going to do better. But we've still got to be patient and let the trade work out. The biggest mistake an investor or trader can make is to get impatient and not let the trade work out.";
 - iii. sending TR an e-mail on or about August 29, 2010, indicating that when the S&P breaks down "our investment will be up 400% to 1000%" and that "[a]ll we need to do is be patient."; and/or
 - iv. sending TR the TR E-mail in or around April 2012, indicating Mr. Weeks would periodically send TR money.
55. Respondents 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 and 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.

56. 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.
57. 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 more than one violation 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 Street, P.O. Box 1276, Jefferson City, Missouri 65102.

IT IS FURTHER ORDERED that pursuant to Section 409.6-604(d), Mr. Weeks shall pay a civil penalty in the amount of \$10,000 for more than one violation 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 Street, P.O. Box 1276, Jefferson City, Missouri 65102.

IT IS FURTHER ORDERED that pursuant to Section 409.6-604(d), Lavender Farms shall pay a civil penalty in the amount of \$10,000 for more than one violation of 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 Street, P.O. Box 1276, Jefferson City, Missouri 65102.

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 more than one violation of Section 409.5-501(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 Street, 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 \$450,000, plus interest calculated at the rate of eight percent annum from the dates set forth in Exhibit A attached to this Order, for violations of Sections 409.3-301, 409.4-402(a), 409.4-402(d), and 409.5-501. This amount shall be made payable to the Missouri Secretary of State's Investor Restitution Fund, and the Commissioner will take reasonable and necessary actions to distribute such funds to the investors listed on Exhibit B. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102, within 30 days from the date of this Final Order.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(e), Respondents shall pay, jointly and severally, \$2,650.00 in actual costs for investigation into, and the proceedings associated with, this matter. This amount shall be payable to the Missouri Secretary of State's 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 10th DAY OF JUNE, 2019.

JOHN R. ASHCROFT
SECRETARY OF STATE


FRANK JUNG
ACTING COMMISSIONER OF SECURITIES



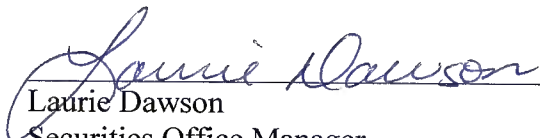
CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of June, 2019, a copy of the foregoing Final Order to Cease and Desist and Order Awarding Restitution, Civil Penalties, and Costs in the above styled case was **mailed by certified U.S. mail to:**

Donald Ingrum
Attorney at Law for Lavender Farms, LLC
PO Box 1105
208 Lafayette Ln.
Branson, Missouri 65615
don@ingrumlaw.com

and

Paul Benton Weeks
P.O. Box 10604
Springfield, MO 65808
pbwlaw@sbcglobal.net



Laurie Dawson
Securities Office Manager