

WAIVER AND EXCEPTION

5. Respondents waives its right to a hearing with respect to this matter.
6. Respondents waives any right that it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever releases and holds harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner of Securities, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondents stipulates and agrees with the Enforcement Section that, should the facts contained herein prove to be false or incomplete in a material way, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER'S ORDER

8. Respondents and the Enforcement Section stipulate and agree to the issuance of this Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondents agree not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondents' (a) testimonial obligations; (b) right to take legal or factual position in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondents agrees that Respondents is not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondents neither admit nor deny the allegations made by the Enforcement Section, but consent, solely for the purpose of this matter only and not for any other matter, to the Commissioner's Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this contested proceeding and any proceeding that may be brought to enforce the terms of this Order.

COMMISSIONER'S FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

12. On or about December 16, 2015, the Enforcement Section opened an investigation on Richardson CPA and Richardson based on, among other things, anonymous information that Richardson was receiving investment funds from investors around the country and in the Lebanon, Missouri area.
13. Richardson was associated with Smart Prong Technologies, Inc. ("SPT") and served as

SPT's Chief Financial Officer and accountant. Richardson later sent the Enforcement Section a list of all investors in SPT and a sample Subscription Agreement used for investments in Class A-1 shares in SPT.

14. The Enforcement Section review the SPT investor list received from Richardson and noted several investors from Lebanon, Missouri area, as well as investors from the states of California, Florida, Illinois, Massachusetts, Maryland, New Jersey, Oklahoma, Texas and Virginia.
15. On or about May 13, 2016, the Enforcement Section sent a request for information to SPT asking for, among other things, a list of all investors in SPT; an explanation concerning SPT's relationship with Richardson; and the name and address of the financial institution(s) where investors' money is deposited.
16. On or about June 15, 2016, the Enforcement Section received a response from SPT's attorney who stated, among other things, the following:
 - a. Richardson has known one of the directors of SPT for some time since Richardson served as the director's personal CPA/accountant;
 - b. Richardson served as SPT's CPA, Chief Financial Officer ("CFO"), and Treasurer "beginning in 2014 until his resignation in June, 2016." Richardson's duties included general accounting, general financial consulting, handling SPT bank accounts as CFO, payroll, accounts payable, tax accounting, filing tax returns, and acting as Treasurer and Cash Management Officer. Richardson was paid \$2,000 per month for Richardson's service;
 - c. only Richardson and a director for SPT engaged in pre-investment conversations with potential SPT investors. The SPT attorney later told the Enforcement Section that Investment funds "were to be used for the development of a Power Supply Semiconductor Chip/Module, testing and selling that technology to the highest bidder.";
 - d. investors in SPT were provided Subscription Agreements, which included the amount of investments for Class A-1 shares in SPT;
 - e. in addition to investments in Class A-1 shares in SPT, Richardson executed at least ten (10) collateralized loans on behalf of SPT that were personally guaranteed by the Chairman of the Board for SPT;
 - f. all investor funds were wired and/or deposited into a SPT Central Bank account ending in #2217; and
 - g. after Richardson's resignation from all positions with SPT, "the board authorized an internal review of all accounting and cash transactions involving the company

and Mr. Richardson.”

17. The SPT attorney provided the Enforcement Section copies of all executed Subscription Agreements with SPT investors. The Enforcement Section verified that the information displayed on the agreements was the same as the sample agreement Richardson provided the Enforcement Section. The executed agreements specified, among other things, the following information:
 - a. the date, name, and amount of investment for “Class (Series) A-1 Shares” in SPT;
 - b. “SPT is a corporation organized and in good standing under the laws of the state of Oklahoma.”; and
 - c. “Subscriber understands that the Subscription Shares here are securities.”
18. The SPT attorney provided the Enforcement Section with a list of all SPT investors by state. The list appeared to be similar to the list Richardson provided the Enforcement Section. The list indicates that approximately seventeen (17) Missouri investors invested a total of over \$1.7 million in SPT from 2014-2016. All total, SPT raised over \$12 million dollars in every state, including Missouri, from 2012 through 2016.
19. Richardson personally solicited: seventeen (17) investors in Missouri to invest over \$1.7 million in SPT from 2014-2016; one (1) investor in Virginia to invest about \$425,000 from 2013-2016; two (2) investors in Texas to invest \$400,000 in 2015; and one (1) investor in Florida to invest \$100,000 in July 2016.
20. Emails provide by the SPT attorney indicates that Richardson offered and/or sold SPT Subscription Agreements in and/or from Missouri by, among other things:
 - a. sending and/or receiving Subscription Agreements to and/or from investors using Richardson’s business email address doug@douglasrichardsoncpa.com;
 - b. sending wire instructions to investors to facilitate investors’ deposits;
 - c. verifying or confirming investor deposits with officials at SPT headquarters in Oklahoma; and
 - d. sending and/or receiving Subscription Agreements and SPT investors lists to SPT headquarters.
21. The Enforcement Section subpoenaed the SPT Central Bank records ending in #2217 and discovered, among other things, the following:
 - a. Richardson was the sole signatory on the account;

- b. from September 26, 2014, to April 6, 2016, the account received \$8,894,600 in deposits from SPT investors via wires and checks;
- c. from September 3, 2014, to February 2, 2016, Richardson wrote checks to himself that totaled \$253,500. Approximately \$36,000 of this amount may have been authorized payments for services rendered; and
- d. from February 25, 2014, to April 8, 2016, Richardson wired a total of \$2,818,500 to other accounts Richardson controlled. The checks and wires were deposited into, among others, the following accounts:

Bank Name	Account Name	Ending Account #
Bank of England	Douglas A. Richardson, CPA, LLC	3677
Arvest Bank	Douglas A. Richardson, CPA, LLC	0025
Security Bank of Pulaski County	Douglas A. Richardson, CPA, LLC	9751
Bank of Sullivan	Douglas A. Richardson, CPA, LLC	9544
Peoples Bank	Douglas A. Richardson, CPA, LLC	1466

- 22. The Enforcement Section subpoenaed the bank records and noted that Richardson made payments to numerous people and businesses that were not listed on the SPT investor list. Richardson also received large sums of money from those same people and businesses.
- 23. On or about July 5, 2016, the Enforcement Section questioned Richardson concerning the people and businesses to whom Richardson had made payments, and Richardson advised that Richardson has many personal loans with different people.
- 24. Richardson further explained that Richardson's construction business failed in or around 2008, and left Richardson \$3 million dollars in debt. Richardson said he may have paid some of those people back using funds received from other people.
- 25. On or about July 20, 2016, the SPT attorney told the Enforcement Section the wires from the SPT Central Bank account ending in #2217 to Richardson's Bank of England account were not authorized. The attorney was uncertain about the other accounts.
- 26. On or about September 28, 2016, the Enforcement Section received a letter from an attorney in Springfield, Missouri who had been retained by SPT to initiate civil proceedings against Richardson.
- 27. On October 31, 2016, SPT filed a lawsuit against Richardson in the Laclede County, Missouri Circuit Court. The case was transferred to Greene County, Missouri Circuit Court on February 21, 2017, and is currently pending there. (see *Semitrex, LLC et al v. Douglas A. Richardson, et al, case number 1731-CC00230, change of venue on 2/21/17 from Laclede County, Missouri Circuit Court, case number 16LA-CC000096*).

28. The Respondent neither admits nor denies the allegations made by the Enforcement Section, and has agreed to this consent order solely for the purpose of disposing this matter.

II. CONCLUSIONS OF LAW

28. The Commissioner finds Respondents offered and sold unregistered, non-exempt securities in the state of Missouri in violation of 409.3-301, and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604.
29. The Commissioner finds Respondents, in connection with the offer, sale, or purchase of a security, directly or indirectly, employed a device, scheme, or artifice to defraud; made an untrue statement of a material fact or omitted 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 engaged in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person in violation of Section 409.5-501 and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604.
30. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondents and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondents and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409, RSMo. (Cum. Supp. 2009).
31. The Respondents' consent to this order and cooperation with the Enforcement Section during the course of its investigation shall not be the basis for any negative inference in any other proceeding or jurisdiction.

III. ORDER

NOW, THEREFORE, it is hereby ordered that:

31. Respondents, their agents, employees and servants, and all other persons participating in the above-described alleged violations with knowledge of this order are permanently enjoined and restrained from engaging in violations of Sections 409.3-301 and 409.5-501.
32. Respondents are permanently enjoined and restrained from offering and/or selling any securities in the state of Missouri.
33. Respondents are hereby **BARRED**, effective immediately, from registration as an investment adviser, investment adviser representative, broker-dealer, or agent in the state of Missouri.
34. Respondents shall pay, jointly and severally, \$3,227,200.00 in restitution.

35. Respondents shall pay, jointly and severally, twenty thousand dollars (\$20,000) to the Missouri Secretary of State's Investor Education and Protection Fund. The payment shall be made payable to the Missouri Investor and Protection Fund and sent to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101.
36. Respondents shall pay, jointly and severally, five thousand dollars (\$5,000) as the cost of this investigation. This amount shall be suspended provided Respondents comply with the terms of this Consent Order and Respondents do not violate the Missouri Securities Act for a period of 10 years from the execution of this Consent Order. This suspended amount shall be due immediately upon the sooner of (1) Respondents' noncompliance with the terms of this Consent Order, or (2) a finding, after notice and opportunity for a hearing, by the Commission or a court of competent jurisdiction, that Respondents have violated the Missouri Securities Act. Such immediately due payments shall be in addition to all other penalties then available under the law, and such payments shall be made payable to the Missouri Investor Education and Protection Fund and sent to the Missouri Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101.
37. Respondents shall pay their own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 28th DAY OF JANUARY, 2019.




JOHN R. ASHCROFT
SECRETARY OF STATE


DAVID M. MINNICK
COMMISSIONER OF SECURITIES

Consented to by:
MISSOURI SECURITIES DIVISION



Steven Reed
Director of Securities Enforcement


Douglas A. Richardson