

**STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE**

IN THE MATTER OF:)
)
WFB MANAGEMENT GROUP, LLC;)
MICHAEL R. STEPHAN; LUIS A. COTA;) Case No.: AP-17-23
STEVEN C. RICE; and)
BERNARD G. D’ANDREA,)
)
Respondents.)

**CONSENT ORDER AS TO RESPONDENTS WFB MANAGEMENT GROUP, LLC;
LUIS A. COTA; STEVEN C. RICE; AND BERNARD G. D’ANDREA**

SUMMARY OF ENFORCEMENT SECTION’S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through the Director of Enforcement Sandra J. McDowell, has alleged that WFB Management Group, LLC (“WFB”), Luis A. Cota (“Cota”), Steven C. Rice (“Rice”), and Bernard G. D’Andrea (“D’Andrea”), collectively known as Respondents, offered and sold unregistered, non-exempt securities, and employed unregistered agents who transacted business in the state of Missouri in violation of Sections 409.3-301 and 409.4-402(d), RSMo. 2016.¹ These violations constitute grounds to issue an order pursuant to Section 409.6-604.
2. Respondents and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondents’ alleged violations of Sections 409.3-301 and 409.4-402(d).

CONSENT TO JURISDICTION

3. Respondents and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over Respondents and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondents and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

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

WAIVER AND EXCEPTION

5. Respondents waive Respondents' rights to a hearing with respect to this matter.
6. Respondents waive any rights that Respondents may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, 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 stipulate and agree 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 Consent 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 positions in connection with litigation, arbitration, or other legal proceeding in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondents agree that Respondents are not the prevailing parties 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 to the Commissioner's Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

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

I. FINDINGS OF FACT

12. WFB is a limited liability company organized in the state of Nevada on March 23, 2015. Its registered agent was listed as Paracorp Incorporated, 318 North Carson Street #208, Carson City, Nevada 89701. Paracorp Incorporated resigned as the registered agent on June 6, 2017, and WFB's status is currently in default. Its officers are listed as Cota, 53 Georgetown Avenue, Irvine, California 92612, and Rice, 970 North Tustin Avenue, Suite 100, Anaheim, California 92807. WFB operates from the state of California, purportedly

from the address 970 North Tustin Avenue Suite 100, Anaheim, California, 92807. A check of the records maintained by the Commissioner of Securities indicates that at all times relevant, WFB was not registered as a broker-dealer or investment adviser, nor was there any registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by WFB.

13. Cota is a 67 year-old California resident with an address of 53 Georgetown Avenue, Irvine, California, 92612. A check of the Central Registration Depository (“CRD”) indicates that at all times relevant, Cota was not registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, and/or issuer agent.
14. Rice is a 69 year-old California resident with an address of 4875 Andrea Circle, Yorba Linda, California, 92886-4596. A check of the CRD indicates that at all times relevant, Rice was not registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, and/or issuer agent.
15. Michael R. Stephan (“Stephan”) is a 40 year-old Florida resident with a last known address of 8001 St. Andrews Boulevard, Weeki Wachee, Florida, 34613-7404. A check of the CRD indicates that Stephan was a broker-dealer agent for four different firms from 1996-2000 and is assigned CRD number 2716042. At all times relevant to this matter, Stephan was not registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, and/or issuer agent. A search of the Missouri Department of Insurance, Financial Institutions & Professional Registration records indicates that Stephan was licensed as an insurance producer in New York, until February 14, 2011, when the license expired. Stephan’s insurance license number is listed as 0388421.
16. D’Andrea is a 78 year-old New Jersey resident with an address of 321 6th Avenue, Mantoloking, New Jersey, 08738-1914. A check of the CRD indicates that at all times relevant, D’Andrea was not registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, and/or issuer agent.

Enforcement Section’s Investigation

17. On or about January 19, 2017, the Enforcement Section opened an investigation on WFB, Cota, Rice, Stephan, and D’Andrea, after receiving information that an 89 year-old St. Charles, Missouri resident (“MR”), suffering from cognitive decline, had been financially exploited by a Florida resident identified as Stephan. Stephan solicited, among other things, MR to invest approximately \$220,000 in WFB, from November 2015, to October 2016.
18. MR invested \$75,000, via check, payable to WFB on or about November 25, 2015. MR could not explain the details of the investment. Stephan stated that MR would receive 150,000 shares of stock in WFB and would earn \$1.50 per case of Talon Energy Drinks that WFB sold, and 25 cents per case of wine sold by WFB. Stephan stated that he receives a 50% commission for each investment in WFB, and that the commissions he makes for WFB is his only source of income.

19. On or about November 2, 2016, MR received a \$70,000 wire from WFB.
20. On or about December 6, 2016, a visit was made to MR's home by the Department of Health and Senior Services wherein MR took the SLUMS² test, and scored 6 out of 30, which indicates significant cognitive decline.
21. A review of MR's bank records, found that MR made the following investments in WFB:
 - a. check number 1158 payable to WFB in the amount of \$75,000 on November 25, 2015;
 - b. check number 1171 payable to WFB in the amount of \$75,000 on December 16, 2015;
 - c. check number 1172 payable to WFB in the amount of \$75,000 on December 22, 2015. The memo section of this check indicated that this check replaced check number 1171; and
 - d. check number 1224 payable to WFB in the amount of \$70,000 on October 20, 2016.

WFB Marketing Booklet

22. Stephan supplied the Enforcement Section with a copy of WFB's marketing booklet. In the "RESOURCES NEEDED" section, it states, among other things:
 - a. "A \$3 to \$5 million investment is our initial target amount to secure investors an equity position in WFB Management Group, LLC and its growing stable of brands.";
 - b. "The majority of the funds will be used for two purposes, that being inventory and advertising.";
 - c. "Our initial Marketing/Advertising budget will be set between \$1.5 million and \$2 million, and will be revised according to market penetration, development, cash flow and opportunity.";
 - d. "We fully expect to be able to cash flow all product orders going forward, but have put in place purchase order financing for up to \$10 million worth of product."; and
 - e. WFB "will subordinate its own position in Comisario to that of the investors."
23. The booklet includes an organizational flowchart that lists Stephan as WFB's Southeast Regional Manager.

² The Saint Louis University Mental Status Exam ("SLUMS") is a short oral/written exam given to people that appear to exhibit symptoms of dementia or Alzheimer's Disease.

Enforcement Section Letter to Cota

24. On January 25, 2017, the Enforcement Section sent a letter to Cota requesting, among other things, the following information:
 - a. a narrative describing Cota's relationship with MR, Stephan, Rice, and WFB;
 - b. a list of all Missouri investors in WFB from January 1, 2015, to present;
 - c. copies of all documents provided to, or signed by, Missouri investors; and
 - d. a narrative describing how Missouri investor funds are/were used.

25. Cota provided the following responses via email to the Enforcement Section:
 - a. Cota is the President of WFB;
 - b. Rice is a partner at WFB and serves as Chief Operating Officer;
 - c. Stephan is a "Broker" who Cota has never met;
 - d. Cota has never met MR but has mailed WFB information to MR's address;
 - e. MR is the only Missouri investor. MR invested a total of \$220,000 in WFB and WFB has paid back \$70,000 to MR on or about November 2, 2016; and
 - f. MR's funds were used for "Working capital for WFB."

26. Among the documents Cota provided to the Enforcement Section included a "2 year 1% Per Month Convertible Note" executed by Cota, MR, Rice, and D'Andrea (who signed the note as Chief Executive Officer). It appears MR and Cota signed the document on November 27, 2015, and the remaining parties signed the document on December 9, 2015. In this note, Rice and D'Andrea are personal guarantors. This document specifies, among other things:
 - a. WFB (referred in the note as World Food & Beverage Group, Inc., "WFBG") promises to pay MR "the sum of \$150,000 (one hundred fifty thousand) on or before the maturity date and to pay all interest due at a rate of 1% per month in corporate stock.";
 - b. "Commencing November 27, 2015, and thereafter, each convertible note and any stock earned shall be convertible at the option of the note holder into common stock of the Corporation at maturity. A holder desiring to convert his/her convertible note shall give irrevocable notice of same to the Corporation at any time on or before maturity.";

- c. MR “will be issued 150,000 common shares of WFBG stock earning 1% per month in additional common shares until the Convertible Note matures. [MR] will also be issued an additional 150,000 shares of WFBG Common Shares as a bonus which will be non-interest bearing.”; and
 - d. “It is further understood that if for any reason WFBG does not complete the ‘Reverse Merger’ with a Public Company on or before the ‘maturity date’ of this note, WFBG will subordinate its position in the ‘Comisario’ brand to the extent of protecting the investor’s principal amount invested.”
27. In a “Memorandum Of Understanding” (“MOU”) signed by Cota and MR on November 27, 2015, it was stated:
- a. “WFBG is seeking funds to purchase additional product to launch the national sales effort of its award winning tequila brand ‘Camisario’ by mid-January 2016. Some of the funds will be used for working capital.”;
 - b. “WFBG intends to raise additional capital utilizing a ‘Public’ vehicle, i.e., reverse merger with an existing public shell of which WFBG would end up with 90% of the shares. You have received confidential documentation relating to subject public shell.”;
 - c. “The minimum investment amount is \$150,000 USD (one hundred fifty thousand). WFBG will issue a Convertible Promissory Note. Said Note will be for a term of 24 months. The Note will earn 1% per month payable in WFBG shares in lieu of currency. Example: On the investment of \$150,000, you will receive the equivalent of \$186,000 worth of WFBG shares at the end of the term of the Convertible Promissory Note (24 mo. from date of Note.)”;
 - d. “If for any reason WFBG does not complete its ‘Reverse Merger’ with the confidential Public Shell, as we stated in our conference calls, WFBG will subordinate ‘its’ position in the ‘Comisario’ brand to the ‘Investor’ upon sale of the brand to the extent that WFBG will protect the principal amount reflected on the Convertible Note.”;
 - e. “It is acknowledged that WFBG is attempting to raise a total of \$500,000 USD in the short term and we are offering the same investment structure to each investor.”; and
 - f. “Please note that all of the aforementioned process will be completed in accordance with all SEC regulations and applicable federal and state laws.”
28. In a document titled “Amendment to Original Memo of Understanding dated November 27, 2015”, that was signed by Cota and MR on November 27, 2015, it was stated:

- a. “In addition to all other considerations promised in the original MOU, it is understood that [MR] will receive additional shares in WFBG equal to the value of the principal loan amount reflected on the Convertible Promissory Note dated November 27, 2015.”;
 - b. “Additionally, effective with a start date of March 1, 2016, [MR] will receive the following: \$1.50 per case on sales of Talon Energy Drinks for a duration of 24 months .25 cents (twenty-five cents) per case on sales of Sensi wines for 12 months. All other conditions remain the same.”; and
 - c. MR’s “principal investment will be personally guaranteed by Bernard D’Andrea and Steve Rice.”
29. Cota provided the Enforcement Section a copy of WFB’s marketing booklet that appeared to be similar to the marketing booklet the Enforcement Section received from Stephan.

II. CONCLUSIONS OF LAW

30. The Commissioner finds Respondents offered and sold unregistered, non-exempt securities and employed unregistered agents who transacted business in the state of Missouri and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604.
31. 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.

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

32. Respondents, their agents, employees and servants, and all other persons participating in the above-described activities with knowledge of this order are permanently enjoined and restrained from offering and selling unregistered, non-exempt securities and employing unregistered agents in violation of Sections 409.3-301 and 409.4-402.
33. Respondents shall pay, jointly and severally, \$150,000 in restitution. This amount shall be sent within 60 days of the effective date of this Consent Order. 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 MR. This amount shall be sent to the Securities Division at 600 West Main Street, Jefferson City, Missouri 65101.

34. Respondents shall pay, jointly and severally, \$5,000 to the Missouri Secretary of State's Investor Education and Protection Fund. This payment shall be suspended provided Respondents comply with the terms of this Consent Order and do not violate the Missouri Securities Act for a period of five years from the date of execution of this Consent Order. This suspended amount shall become 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 Commissioner or a court of competent jurisdiction, that Respondents violated the Missouri Securities Act. Such immediately due payments shall be in addition to all other penalties then available under the law. This payment shall be made payable to the Missouri Secretary of State's Investor Education and Protection Fund and shall be sent to the Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65101.
35. Respondents shall pay, jointly and severally, \$5,000 as the costs of this investigation. This payment shall be suspended provided Respondents comply with the terms of this Consent Order and do not violate the Missouri Securities Act for a period of five years from the date of execution of this Consent Order. This suspended amount shall become 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 Commissioner or a court of competent jurisdiction, that Respondents violated the Missouri Securities Act. Such immediately due payments shall be in addition to all other penalties then available under the law. This payment shall be made payable to the Missouri Secretary of State's Investor Education and Protection Fund and shall be sent to the Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65101.
36. After five years from the effective date of this Consent Order, provided Respondents have complied with all terms of this Consent Order, all suspended payments referenced in paragraphs 34 and 35 above are waived.
37. Respondents shall pay their own costs and attorney's fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 19th DAY OF DECEMBER, 2017.



JOHN R. ASHCROFT
SECRETARY OF STATE

David M. Minick

DAVID M. MINNICK
COMMISSIONER OF SECURITIES

Consented to by:

THE ENFORCEMENT SECTION OF
THE MISSOURI SECURITIES
DIVISION

SJ McDowell

Saundra J.
McDowell
Director of Enforcement
Counsel for Petitioner

BY:

WFB MANAGEMENT GROUP, LLC

NAME: Luz' S COTE)

TITLE: PRESIDENT

[Signature]
RESPONDENT
T LUIS A.
COTA

[Redacted Signature]
RESPONDENT
STEVEN C. RICE

[Signature]
RESPONDENT
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BERNARD G. D' ANDREA