



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,)	
)	
<i>Respondents.</i>)	
)	
Serve:)	
)	
WFB Management Group, LLC)	
970 North Tustin Avenue, Suite 100)	
Anaheim, California 92807;)	
)	
Michael R. Stephan)	
8001 St. Andrews Boulevard)	
Weeki Wachee, Florida 34613-7404;)	
)	
Luis A. Cota)	
53 Georgetown Avenue)	
Irvine, California 92612-2674)	
wfbgluis@gmail.com;)	
)	
Steven C. Rice)	
4875 Andrea Circle)	
Yorba Linda, California 92886-4596; and)	
)	
Bernard G. D'Andrea)	
321 6 th Avenue)	
Mantoloking, New Jersey 08738-1914)	

**ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE WHY
RESTITUTION, CIVIL PENALTIES, AND COSTS SHOULD NOT BE IMPOSED**

On September 5, 2017, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Enforcement Counsel Claire Noland, 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”). After reviewing the Petition, the Commissioner issues the following order:

The Petition alleges the following facts:

I. SUMMARY OF ALLEGATIONS

The Enforcement Section opened an investigation on or around January 19, 2017, 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 Michael R. Stephan (“Stephan”). Stephan, representing WFB Management Group, LLC (“WFB”), a company purportedly operating in the state of California, solicited a total of \$220,000 in investments from MR from November 25, 2015 to October 20, 2016. The only returns MR received was \$70,000 on or around November 2, 2016. WFB’s marketing materials and documents provided to and signed by MR state MR’s investment funds would be used for WFB’s inventory and working capital. After reviewing WFB’s bank records, it appears that most of MR’s investment funds were used for other purposes.

II. ALLEGATIONS OF FACT

A. Respondents and Relevant Parties

1. 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 Luis Cota, 53 Georgetown Avenue, Irvine, California 92612, and Steve 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. According to WFB’s marketing booklet, WFB markets and sells Comisario brand tequila, and purportedly has distribution rights to Sensi wines, Devil Dog Sprits, Tequila Violeta, and Talon Energy drinks. 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.
2. Luis A. Cota (“Cota”) is a 67 year-old California resident with a last known 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.
3. Steven C. Rice (“Rice”) is a 69 year-old California resident with a last known 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.

4. Stephan is a 39 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.
5. Bernard G. D'Andrea ("D'Andrea") is a 78 year-old New Jersey resident with a last known 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.

B. Enforcement Section Investigation

6. On or about January 19, 2017, the Enforcement Section opened an investigation on WFB, Cota, Rice, Stephan, and D'Andrea, after receiving information that MR had allegedly been financially exploited by Stephan. Stephan solicited, among other things, MR to invest approximately \$220,000 in WFB, from about November 25, 2015 to October 20, 2016.
7. On or around December 22, 2015, the Missouri Department of Health and Senior Services and an officer from the St. Charles Police Department responded to MR's home, regarding suspicious activity related to Stephan moving into MR's home. During the visit to MR's home:
 - a. Stephan, a Florida resident, confirmed that he was temporarily staying at MR's home. Stephan stated that he met MR over the telephone approximately four years earlier. Stephan further explained that he used to work for Premier Coin Galleries, a New York company, and that MR was on the calling list. MR and Stephan began to have frequent telephone conversations. MR confirmed that MR met Stephan about four years earlier after receiving a telephone call from Stephan;
 - b. MR invested \$75,000, via check, payable to WFB on or about November 25, 2015. Stephan stated that he was affiliated with WFB and described MR's investment as a loan to WFB, however, no paperwork was provided showing the details about the loan. 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;

- c. a WFB marketing booklet was found at MR's home, but Stephan would not allow it to be photocopied because, according to Stephan, WFB's business operations were "secret";
 - d. Stephan conducted financial transactions for MR, including cashing out several of MR's annuities that Stephan felt were unsuitable for MR. Stephan also changed MR's telephone number, and replaced the locks on MR's home;
 - e. Stephan became angry when MR was asked to sign a financial release form, stating "she doesn't want or need strangers to know her financial information." MR signed the form.
8. Around October 20, 2016, a financial institution became concerned about MR withdrawing \$70,000 to invest in WFB. The Enforcement Section learned, among other things, the following regarding this incident:
- a. while at the financial institution, Stephan identified himself as MR's nephew;
 - b. MR received a \$75,000 check from WFB on or about November 2, 2016, however, this check did not clear. A subsequent \$70,000 wire from WFB to MR was suspected to be fraudulent and was being held in a general ledger account; however, it appears this wire was later determined to be legitimate;
 - c. on or about December 6, 2016, another visit was made to MR's home;
 - d. Stephan admitted that he told the financial institution that he was MR's nephew because "if I told them who I was they would think it was weird." Stephan described MR's \$70,000 investment in WFB as a loan to WFB. The purpose of the funds was to show a prospective buyer that WFB had funds to ship two containers of tequila to the Philippines. MR received no paperwork for the investment; but, according to Stephan, MR was to receive \$75,000 in return for the investment. Stephan blamed WFB's bounced check to MR on the bank, claiming it had made a mistake;
 - e. MR was unable to explain the investment, and MR indicated the investment was made "because he [Stephan] told me to." MR could not recall how MR met Stephan. MR was "not able to hold a conversation without being reminded of the topic at hand from time to time.";
 - f. Stephan stated that Stephan had MR sign a "No Disclosure Agreement" which prohibited MR from discussing MR's financial matters with anyone. Stephan could not provide a copy of the agreement;
 - g. Stephan stated that he wanted MR to invest in rental properties and for MR to give him (Stephan) Power of Attorney, but this had not occurred;

- h. MR took the SLUMS¹ test, and scored 6 out of 30, which indicates significant cognitive decline; and
 - i. Stephan was told not have MR sign any legal papers due to MR's suspected cognitive decline. Stephan advised he wouldn't, and that Stephan was travelling back home to Florida that same day.
9. 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.

Enforcement Section Letter to Stephan

10. On January 25, 2017, the Enforcement Section sent a letter to Stephan requesting, among other things, the following information:
- a. a narrative describing Stephan's relationship with MR, Cota, and Rice;
 - b. a list of all Missouri investors in WFB from January 1, 2015, to present; and
 - c. documents provided to, or signed by, Missouri investors.
11. In his written response to the Enforcement Section, dated February 7, 2017, Stephan said, among other things:
- a. MR is the only Missouri investor in WFB. Stephan met MR by telephone in 2012. At that time, Stephan was working for Premier Coin Galleries in New York, and suspected fraudulent activity on the part of Premier. Stephan began reaching out to Premier clients, one of which was MR;
 - b. since 2012, Stephan has talked to MR several times over the telephone. Stephan said that MR enjoyed the conversations because MR was lonely;

¹ 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.

- c. Stephan stayed at MR's house for 10 days in October 2015. During this time, Stephan helped MR "clean up her financial mess of annuities she got talked into. When all was said and done with what amounted to be 5 different annuities, I was able to get her back about \$290,000.";
- d. Stephan stayed at MR's house another time for 11 days, in late 2016, and did some remodeling work at MR's house. Around Thanksgiving 2016, Stephan took MR to Stephan's house in Florida for three weeks;
- e. Stephan solicited MR to invest in WFB, using funds that MR had "tucked away for long term and not doing anything for her so getting involved wouldn't be with monies she needed for any other reason.";
- f. MR's investment in WFB will "be worth millions and also pay quarterly dividends on new accounts for the wine and the energy drink which should start paying on April 1st of this year.";
- g. Cota and Rice are on the board of directors for WFB. Cota is the President and Rice is the Chief Financial Officer. Stephan met Cota and Rice about two years ago through another WFB board member, D'Andrea;
- h. after talking to Cota and Rice, Stephan decided to join WFB because Stephan "saw a tremendous opportunity to get involved with what they were building by helping them secure funds in exchange for equity in the company through my existing investor client base."; and
- i. MR invested \$150,000 in WFB and received approximately 350,000 shares of stock in the company. WFB is planning "to go public via a reverse merger with an existing public shell corp. in which [WFB] owns 90% of. At that time [MR] can sell [MR's] position in [WFB] should [MR] wish to do so. In addition to the equity in the company [MR's] investment is protected by the Comisario tequila brand, and personally guaranteed by the board of directors."

WFB Marketing Booklet

- 12. 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.”
13. The booklet includes an organizational flowchart that lists Stephan as WFB’s Southeast Regional Manager.

Second Enforcement Letter to Stephan

14. On February 21, 2017, the Enforcement Section sent a second letter to Stephan requesting, among other things, the following information:
- a. a listing of all investments MR made in WFB to include dates, amounts, and detailed description of each investment;
 - b. a detailed listing and description of all documents provided to or signed by MR regarding MR’s investments in WFB;
 - c. a narrative describing how MR was to receive a return on each investment;
 - d. a narrative describing if MR understood the investments in WFB and specifically how Stephan knew that MR understood the WFB investments;
 - e. a list of all commissions or other fees Stephan earned for each investment in WFB; and
 - f. copies of all correspondence with Cota and Rice including letters, emails, or facsimiles.
15. A check of the U.S. Postal Service’s Certified Mail Tracking website on March 14, 2017, indicated that the Enforcement Section’s second letter to Stephan was delivered on February 27, 2017; however, to date, Stephan has not responded. The Enforcement Section called Stephan’s last known telephone number on August 9, 2017, and left a message requesting Stephan to contact the Enforcement Section, however, to date, Stephan has not contacted the Enforcement Section.

Enforcement Section Letter to Cota

16. 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.
17. The letter to Cota was returned undelivered. The Enforcement Section sent the letter via email to Cota's email address at wfbgluis@gmail.com on February 17, 2017. Cota acknowledged receipt of the letter via email on February 20, 2017.
18. On March 9, 2017, the Enforcement Section was contacted by Randy Katz, an attorney with BakerHostetler, a law firm in Costa Mesa, California. Mr. Katz advised he was hired to represent Cota and a response to the Enforcement Section's letter would be forthcoming.
19. After repeated delays, Mr. Katz called the Enforcement Section on June 12, 2017, and advised he was no longer representing Cota.
20. The Enforcement Section sent an email to Cota on June 23, 2017, asking if Cota would provide a response to the Enforcement Section's letter requesting information.
21. On or around July 5, 2017, 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."
22. 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.”
23. 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.”
24. 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.”
25. 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.
26. Cota indicated in his July 5, 2017 email that Cota would “follow up with our financial side for information requested.” To date, Cota has not provided, among other things, the financial information requested by the Enforcement Section.
27. On July 24, 2017, the Enforcement Section sent an email to Cota asking for a date and time to call Cota to discuss this matter. On August 9, 2017, the Enforcement Section left a message on Cota’s last known telephone number requesting Cota to contact the Enforcement Section. To date, Cota has not called or emailed the Enforcement Section.

WFB Bank Records Review

28. A review of WFB’s JPMorgan Chase Bank account ending in #8873, from November 1, 2015 to January 29, 2016, revealed, among other things, the following:
- a. Cota and Rice were signatories on the account. D’Andrea was later added as a signatory on or around April 14, 2016;
 - b. a beginning balance of \$107.47 on November 1, 2015;

- c. deposits totaling \$225,000 via checks from MR, payable to WFB, described as follows:
 - i. check number 1158 in the amount of \$75,000 deposited on November 27, 2015;
 - ii. check number 1171 in the amount of \$75,000 deposited on December 18, 2015. This check was returned for “Not Sufficient Funds” on December 22, 2015; and
 - iii. check number 1172 in the amount of \$75,000 deposited on December 23, 2015. The memo section of this check indicated this check replaced the above referenced check number 1171;
- d. other deposits totaling \$8,703.05 which included:
 - i. a \$7,500 check payable to WFB from an unknown individual for “loan” deposited January 4, 2016; and
 - ii. the remainder of the deposits consisted of checks payable to WFB from the Pennsylvania Treasurer, and cash deposits;
- e. payments, in excess of \$7,000, to restaurants, gas stations, AT&T, Enterprise Rent-A-Car, and Mirage Hotel and Casino in Las Vegas, Nevada, that appear unrelated to the purchasing of product, or being utilized as working capital for WFB;
- f. ATM withdrawals that totaled \$1,180;
- g. \$27,100.09 in checks written that included:
 - i. \$1,500 to an unknown individual for “Web-Site”;
 - ii. \$1,000 to an unknown individual for “Accounting”;
 - iii. \$9,000 to an unknown individual for “Loan Pay Back”; and
 - iv. \$7,000 to an unknown entity;
- h. \$122,945 in other withdrawals that included:
 - i. a \$17,000 wire to an unknown individual on November 30, 2015;
 - ii. a \$10,000 wire to Universal Group Multinational Corp. for “Shipment of Product of Tequila from East Coast Warehouse” on December 1, 2015;

- iii. a \$3,500 wire to DTLA Cigars, LLC on December 2, 2015;
 - iv. a \$1,500 wire to an unknown individual on December 3, 2015;
 - v. \$67,800 in cash withdrawals; and
 - vi. \$15,500 withdrawn, and three cashier's checks issued, which included a \$3,500 cashier's check payable to Rice on December 24, 2015; and
 - i. an ending balance of \$86.01 on January 29, 2016.
29. A review of WFB's JPMorgan Chase Bank account ending in #8873 from October 1, 2016 to October 31, 2016 revealed, among other things:
- a. a beginning balance of \$48,508.54 on October 1, 2016;
 - b. \$72,313.76 in deposits which included:
 - i. two checks totaling \$2,152.80 from an unknown individual;
 - ii. check number 1224 in the amount of \$70,000 from MR deposited October 20, 2016; and
 - iii. a card purchase return in the amount of \$160.96;
 - c. payments in excess of \$13,500, to restaurants, gas stations, tire companies, Enterprise Rent-A-Car, and Embassy Suites and expenses that appear unrelated to the purchasing of product, or being utilized as working capital for WFB;
 - d. \$4,860.90 in checks written which included:
 - i. two checks to an unknown individual for six cases of liquor;
 - ii. three checks to three different law firms, totaling \$2,010.50; and
 - iii. \$2,094.40 to Boardlams for "Bal. of 4 Surf boards.";
 - e. other withdrawals totaling \$101,900 which included:
 - i. a \$70,000 wire to M.E.L.E. Co., LLC, on October 21, 2016;
 - ii. \$27,900 in cash withdrawals; and
 - iii. a \$4,000 cashier's check to an unknown individual; and

- f. an ending balance of -\$845.82 on October 31, 2016.
30. A review of WFB's JPMorgan Chase Bank account ending in #8873, for the month of November 2016, revealed, among other things:
- a. a beginning balance of -845.82 on November 1, 2016;
 - b. an \$80,000 deposit, via wire from an unknown California resident, on November 1, 2016; and
 - c. a \$70,000 withdrawal via wire to MR's bank account on November 2, 2016.

Omissions

31. Upon information and belief, the following information was not disclosed to MR prior to MR's investments in WFB:
- a. Stephan's \$20,587 Orange County, California state tax lien, filed August 2, 2005;
 - b. Stephan's \$14,065.87 federal tax lien, filed October 19, 2010, in Suffolk County, New York;
 - c. Stephan's \$269 Suffolk County, New York state tax warrant, filed December 7, 2011;
 - d. Stephan's \$16,866 federal tax lien, filed in Suffolk County, New York, on February 10, 2012;
 - e. Stephan's \$772 Suffolk County, New York state tax warrant, filed May 18, 2012;
 - f. Stephan's \$1,788 Albany County, New York state tax warrant, filed June 10, 2014;
 - g. a \$31,711 judgment against Cota, and in favor of Norman Vineyards, Inc., on or about February 9, 2011, in Orange County, California, case number 30-2010-00376367;
 - h. Cota's \$1,234 Orange County, California state tax lien, filed March 15, 2011;
 - i. a \$65,098 judgment against Cota and in favor of Unifund CCR, LLC, on or about August 22, 2013, in Orange County, California, case number 30-2013-00627339-CU;
 - j. Cota's \$27,434 federal tax lien, filed in Orange County, California on or about April 28, 2015;

- k. a \$200,000 judgment against Rice and in favor of Norman Dyer in Orange County, California, on or about May 1, 2007, case number RIC344405;
 - l. a \$116,455 judgment against Rice and in favor of James Mullen in Orange County, California, on or about March 1, 2010, case number 07CC04615;
 - m. that Rice filed Chapter 7 Bankruptcy in Orange County, California that was discharged on or about July 16, 2010;
 - n. a \$100,000 judgment against Rice and in favor of Wingfield Nevada Group Holdings on or about December 17, 2015 in Orange County, California, case number 8-08-BK-11729-TA;
 - o. that WFB was not registered to offer and/or sell securities;
 - p. that the securities offered by WFB were not registered; and
 - q. the financial health of WFB and its principals.
32. On or around May 17, 2017, MR wrote a \$10,000 check, payable to Stephan.

III. COMMISSIONER'S DETERMINATIONS AND FINDINGS

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

33. **THE COMMISSIONER DETERMINES** that Respondents offered and sold unregistered, non-exempt securities in the state of Missouri by, among other things:
- a. soliciting at least one Missouri investor to invest in WFB and receiving funds from the Missouri investor.
 - b. providing and executing investment contracts, to include a "2 Year 1% Per Month Convertible Note."
 - c. The investments Respondents offered and sold to MR are investment contracts, in that:
 - i. MR invested funds in a common enterprise with Respondents;
 - ii. MR's funds were to be used by Respondents to advertise its products and purchase inventory;
 - iii. MR expected a profit derived primarily from the efforts of Respondents, and not from MR's own efforts.

34. These activities constitute an offer and sale, as those terms are defined in Section 409.1-102(26), RSMo. (2016).²
35. The investments that Respondents offered and sold constitute securities, as that term is defined in Section 409.1-102(28).
36. 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.
37. Respondents offered and sold a security in Missouri without the security 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.
38. At the time Respondents engaged in the conduct set forth above, MR was more than 60 years-old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
39. Respondents offered and sold unregistered securities in violation of Section 409.3-301, and engaged 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

40. **THE COMMISSIONER FURTHER DETERMINES** that Respondents Stephan, Cota, Rice, and D’Andrea transacted business as unregistered agents in the state of Missouri.
41. Respondents Stephan, Cota, Rice, and D’Andrea were representatives of Respondent WFB.
42. Respondents Stephan, Cota, Rice, and D’Andrea offered and sold securities to at least one investor in Missouri.
43. These activities constitute transacting business in the state of Missouri under Section 409.1-102(1).
44. At all times relevant to this matter, Respondents were not registered as securities agents in the state of Missouri.
45. At the time Respondents Stephan, Cota, Rice, and D’Andrea engaged in this conduct, MR was more than 60 years-old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).

² Unless otherwise noted, all statutory references are to the 2016 Revised Statutes of Missouri.

46. Respondents Stephan, Cota, Rice, and D'Andrea offered and sold securities to at least one investor in Missouri without being registered or exempt from registration as an agent in violation of Section 409.4-402(a), and engaged 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 Employing an Unregistered Agent

47. **THE COMMISSIONER FURTHER DETERMINES** that Respondent WFB employed and/or associated with unregistered agents in the state of Missouri.
48. Respondent WFB employed Respondents Stephan, Cota, Rice, and D'Andrea who offered and sold securities on behalf of Respondent WFB.
49. Respondent WFB's 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, Respondent WFB had no registration or granted exemption for any agents of WFB to transact business in the state of Missouri.
51. At the time Respondent WFB engaged in this conduct, MR was more than 60 years-old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
52. Respondent WFB employed unregistered agents who transacted business in the state of Missouri in violation of Section 409.4-402(d), and engaged 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 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 FURTHER DETERMINES** that in connection with the offer, sale or purchase of a security, Respondents made an untrue statement of material fact or 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, including, but not limited to, the following:
- a. failing to disclose Stephan's \$20,587 Orange County, California state tax lien, filed August 2, 2005;
 - b. failing to disclose Stephan's \$14,065.87 federal tax lien, filed October 19, 2010, in Suffolk County, New York;
 - c. failing to disclose Stephan's \$269 Suffolk County, New York state tax warrant, filed December 7, 2011;

- d. failing to disclose Stephan's \$16,866 federal tax lien, filed in Suffolk County, New York on February 10, 2012;
- e. failing to disclose Stephan's \$772 Suffolk County, New York state tax warrant, filed May 18, 2012;
- f. failing to disclose Stephan's \$1,788 Albany County, New York state tax warrant, filed June 10, 2014;
- g. failing to disclose a \$31,711 judgment against Cota and in favor of Norman Vineyards, Inc. on or about February 9, 2011, in Orange County, California, case number 30-2010-00376367;
- h. failing to disclose Cota's \$1,234 Orange County, California state tax lien, filed March 15, 2011;
- i. failing to disclose a \$65,098 judgment against Cota and in favor of Unifund CCR, LLC on or about August 22, 2013, in Orange County, California, case number 30-2013-00627339-CU;
- j. failing to disclose Cota's \$27,434 federal tax lien filed in Orange County, California, on or about April 28, 2015;
- k. failing to disclose a \$200,000 judgment against Rice and in favor of Norman Dyer in Orange County, California, on or about May 1, 2007, case number RIC344405;
- l. failing to disclose a \$116,455 judgment against Rice and in favor of James Mullen in Orange County, California, on or about March 1, 2010, case number 07CC04615;
- m. failing to disclose that Rice filed Chapter 7 Bankruptcy in Orange County, California that was discharged on or about July 16, 2010;
- n. failing to disclose a \$100,000 judgment against Rice and in favor of Wingfield Nevada Group Holdings on or about December 17, 2015 in Orange County, California, case number 8-08-BK-11729-TA;
- o. failing to disclose that WFB was not registered to offer and/or sell securities;
- p. failing to disclose that the securities offered by WFB were not registered;
- q. failing to disclose the financial health of WFB and its principals; and

- r. failing to disclose that investor funds would be commingled with Respondents' personal and/or business funds and used to pay personal expenses and to make cash withdrawals.
- 54. At the time Respondents engaged in this conduct, MR was more than 60 years-old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
- 55. Respondents made an untrue statement of material fact, 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, and engaged 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.
- 56. 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.

V. STATEMENT

Pursuant to Section 409.6-604, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's request for:

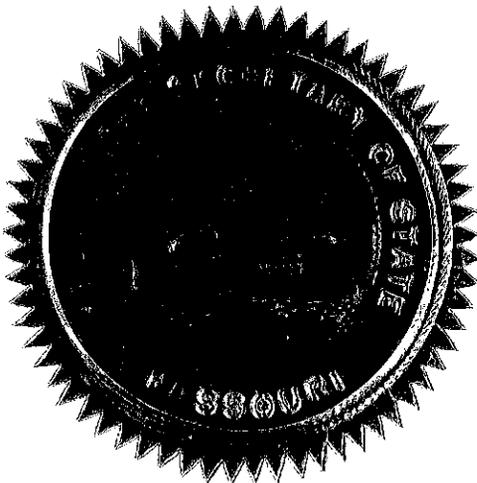
- A. \$15,000 civil penalty against each Respondent for multiple violations of Section 409.3-301, when at least one of these violations was committed against an elderly

person, in a final order, unless each Respondent requests a hearing and show cause why the penalty should not be imposed;

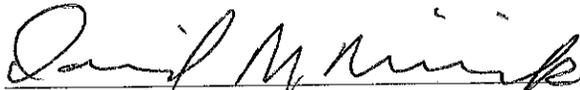
- B. \$15,000 civil penalty against Stephan, Cota, Rice, and D'Andrea, for multiple violations of Section 409.4-402(a), when at least one of these violations was committed against an elderly person, in a final order, unless they request a hearing and show cause why the penalty should not be imposed;
- C. \$15,000 civil penalty against Respondent WFB for multiple violations of Section 409.4-402(d), when at least one of these violations was committed against an elderly person, in a final order, unless Respondent WFB requests a hearing and shows cause why the penalty should not be imposed;
- D. \$15,000 civil penalty against each Respondent, for multiple violations of Section 409.5-501, when at least one of these violations was committed against an elderly person, in a final order, unless each Respondent requests a hearing and show cause why the penalty should not be imposed;
- E. an order against Respondents to pay restitution, jointly and severally, in an amount of \$150,000 or more for any loss, including the amount of any actual damages that may have been caused by the conduct, and interest at the rate of 8% per year from the date of the violation causing the loss or disgorge any profits arising from the violation of Sections 409.3-301, 409.4-402, and 409.5-501, in a final order, unless Respondents request a hearing and show cause why this restitution or disgorgement should not be imposed; and
- F. an order against Respondents to pay the costs of the investigation in this proceeding, jointly and severally, after review of evidence submitted by the Enforcement Section, unless Respondents request a hearing and show cause why an award should not be made.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 12th DAY OF SEPTEMBER, 2017.



JOHN R. ASHCROFT
SECRETARY OF STATE


DAVID M. MINNICK
COMMISSIONER OF SECURITIES



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,)	
)	
<i>Respondents.</i>)	
)	
Serve:)	
)	
WFB Management Group, LLC)	
970 North Tustin Avenue, Suite 100)	
Anaheim, California 92807;)	
)	
Michael R. Stephan)	
8001 St. Andrews Boulevard)	
Weeki Wachee, Florida 34613-7404;)	
)	
Luis A. Cota)	
53 Georgetown Avenue)	
Irvine, California 92612-2674)	
wfbgluis@gmail.com;)	
)	
Steven C. Rice)	
4875 Andrea Circle)	
Yorba Linda, California 92886-4596 and)	
)	
Bernard G. D'Andrea)	
321 6 th Avenue)	
Mantoloking, New Jersey 08738-1914)	

NOTICE

TO: Respondents and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), RSMo (2016), and 15 CSR 30-55.020. Any request for a hearing before the Commissioner must contain:

- a. a brief statement of the facts;
- b. a summary of the factual and legal issues involved;
- c. a request for relief;
- d. suggestions in support of the relief sought, including the relevant statutes;
- e. the name of the party requesting the hearing; and
- f. the name of the attorney representing the party, if any.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this Order, the Commissioner will schedule this matter for a hearing.

A request for a hearing must be mailed or delivered, in writing, to:

David M. Minnick, Commissioner of Securities
Office of the Secretary of State, Missouri
600 West Main Street, Room 229
Jefferson City, Missouri, 65102

CERTIFICATE OF SERVICE

I hereby certify that on this 12th day of September, 2017, a copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed in the above styled case was **sent by U.S. Certified mail and email to:**

WFB Management Group, LLC
970 North Tustin Avenue, Suite 100
Anaheim, California 92807;

Michael R. Stephan
8001 St. Andrews Boulevard
Weeki Wachee, Florida 34613-7404;

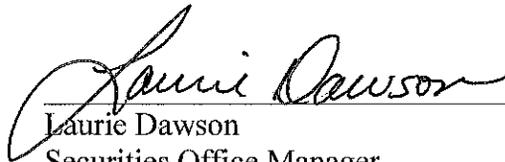
Luis A. Cota
53 Georgetown Avenue
Irvine, California 92612-2674
wfbgluis@gmail.com;

Steven C. Rice
4875 Andrea Circle
Yorba Linda, California 92886-4596; and

Bernard G. D'Andrea
321 6th Avenue
Mantoloking, New Jersey 08738-1914

and hand delivered to:

Saundra J. McDowell
Director of Enforcement
Securities Division
Missouri Secretary of State



Laurie Dawson

Securities Office Manager
600 West Main Street
Jefferson City, Missouri 65101
Telephone: (573) 751-4136
Facsimile: (573) 526-3124