



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
ERIC C. WILKINSON; DAVID MICHAELS;) Case No.: AP-18-11
DONALD K. BLAKE; MICHAEL H. KETCHER;)
and SCOTT STOLTZ,)
)
)
Respondents.)

**FINDINGS OF FACT AND CONCLUSIONS OF LAW FOR FINAL ORDER TO CEASE
AND DESIST AND ORDER AWARDING RESCISSION, CIVIL PENALTIES, AND
COSTS AS TO RESPONDENTS WILKINSON AND MICHAELS**

The Missouri 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 by the Petitioner and Respondents Eric C. Wilkinson and David Michaels at hearing, and having reviewed the post-hearing filings submitted by the Petitioner and Respondents Wilkinson and Michaels, makes findings of fact and conclusions of law and enters a final order as to Respondents Wilkinson and Michaels as follows:

PROCEDURAL BACKGROUND

1. On May 2, 2018, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“the Enforcement Section”), through Enforcement Counsel Desiree J. Vitale, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed (“the Petition”) in the above-captioned matter.
2. On May 17, 2018, 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”).
3. On December 16, 2018, the Commissioner entered a Consent Order resolving this case against Respondents Donald K. Blake and Michael H. Ketcher.
4. On December 21, 2018, the Commissioner entered a Consent Order resolving this case against Respondent Scott Stoltz.

5. On January 9, 2019, this matter proceeded to hearing to determine the issues raised in the Petition as to Respondents Wilkinson and Michaels.

FINDINGS OF FACT

A. Respondents

6. Apothecary Films (“AF”) is a general partnership formed under California law by Respondents Wilkinson and Michaels on August 20, 2012. Under the terms of the Partnership Agreement entered into by Respondents Wilkinson and Michaels, the partners agreed that the purpose of the partnership was film production and all profits and losses would be divided equally between them.
7. AF opened a bank account at US Bank in Hollywood, California in August, 2012, in order to conduct business of the partnership. The bank account is identified by number ending in 1879. Respondent Wilkinson was the sole signatory on this account.
8. A check of the records maintained by the Missouri Securities Division indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by AF, Apothecary Films Corp., or any entity with a similar name.
9. Wilkinson is a 44 year-old California resident with a last known address at 11127 La Maida Street, Suite 29, West Toluca Lake, California 91601.
10. A check of the Central Registration Depository (“CRD”) indicates that at all times relevant, Wilkinson was not registered as an investment adviser, broker-dealer, investment adviser representative, broker-dealer agent, and/or issuer agent.
11. Michaels is a 54 year-old California resident with a last known address at 1811 North Normandie Ave., Apt 4, Los Angeles, California 90027-3961.
12. A check of the CRD indicates that at all times relevant, Michaels was not registered as an investment adviser, broker-dealer, investment adviser representative, broker-dealer agent, and/or issuer agent.
13. Blake is a 56 year-old Missouri resident with a last known address at 7218 Zephyr Place, Apt 103, St. Louis, Missouri 63143-2336.
14. A check of the CRD indicates that at all times relevant, Blake was not registered as an investment adviser, broker-dealer, investment adviser representative, broker-dealer agent, and/or issuer agent.
15. Ketcher is a 65 year-old Missouri resident with a last known address at 7416 Delmar Boulevard, St. Louis, Missouri 63130-4034.

16. A check of the CRD indicates that at all times relevant, Ketcher was not registered as an investment adviser, broker-dealer, investment adviser representative, broker-dealer agent, and/or issuer agent.
17. Stoltz is a 48 year-old Missouri resident with a last known address at 2439 Chaucer Avenue, St. Louis, Missouri, 63114.
18. A check of the CRD indicates that at all times relevant, Stoltz was not registered as an investment adviser, broker-dealer, investment adviser representative, broker-dealer agent, and/or issuer agent.

B. Enforcement Section's Investigation

Missouri Resident 1 ("MR1")

19. MR1 signed an investment contract with AF, Wilkinson, and Michaels on or about December 2, 2013.
20. Signatures of both Michaels and Wilkinson appear on the investment contract.
21. The investment contract provided that MR1 would invest \$10,000 to be used by AF to develop a movie called "A Fall from Grace."
22. The contract promised MR1 a return of 20% on the investment, plus return of the principal.
23. Under the contract, MR1 had no responsibilities with regard to making the movie.
24. MR1 invested money in a common enterprise to make a film called "A Fall from Grace."
25. MR1 expected profits solely from the efforts of others.
26. According to the investment contract, if the film was not produced by December 31, 2014, MR1 could demand the principal investment funds back.
27. On or about May 5, 2014, Wilkinson, Michaels, and MR1 executed another investment contract that specified that a \$25,000 investment would be spent on "underwriting preparatory costs associated with final phases of development, thereby advancing the Picture towards physical production."
28. In the second investment contract, MR1 would receive 20% interest, but would receive only the principal investment back if the film was not made by January 1, 2015.
29. MR1 provided proof of the payment of \$35,000 to AF in the form of bank records showing wire transfers to AF's US Bank account ending in #1879.
30. The only funds MR1 received back was \$5,000 in July 2015.

31. Respondents Blake and Ketcher were solicitors for the investments made by MR1. Blake and Ketcher were associated with AF.
32. Blake and Ketcher would solicit investments for AF and receive payments for what was called a “finder’s fee.”
33. Blake and Ketcher entered into Consent Orders requiring them to repay the payments they received for soliciting MR1 to invest.

MR1’s \$10,000 Initial Investment

34. A review of AF’s US Bank account ending in #1879 from December 2, 2013 to December 26, 2013, revealed, among other things:
 - a. a beginning balance of \$1,753.88 on December 2, 2013;
 - b. \$10,104.82 in deposits that included a \$10,000 wire from MR1 that was deposited on December 4, 2013;
 - c. payments in excess of \$2,000 to restaurants, gas stations, liquor stores, and grocery stores;
 - d. \$1,510 transferred to Wilkinson’s personal US Bank account ending in #6192;
 - e. \$4,497 in cash withdrawals;
 - f. \$3,020 in checks written that included:
 - i. \$1,200 to an individual for rent;
 - ii. \$500 to Blake for “AFFG finder’s fee”;
 - iii. \$500 to Ketcher for “AFFG Finder’s Fee”;
 - iv. \$720 to Reaume & Associates, Inc. for “#1827/02 BMW”; and
 - v. \$100 to an individual for “courier services”; and
 - g. an ending balance of \$587.47 on December 26, 2013.

MR1’s \$25,000 Investment

35. A review of the AF’s US Bank account ending in #1879 from May 1, 2014 to May 20, 2014 revealed, among other things:

- a. a beginning balance of \$1,580.13 on May 1, 2014;
 - b. \$37,880 in deposits that included:
 - i. a \$25,000 wire from MR1 that was deposited May 8, 2014;
 - ii. a \$10,000 wire from an Illinois business deposited May 13, 2014;
 - iii. a \$2,720 cash deposit; and
 - iv. \$160 transferred from Wilkinson’s personal account ending in #6192;
 - c. payments in excess of \$9,500 on airline tickets and restaurants;
 - d. \$6,200 in checks written that included:
 - i. \$1,200 to an individual for “May #29”; and
 - ii. \$5,000 to an individual for “DM AFFG fee”;
 - e. \$23,370.73 transferred to Wilkinson’s personal US Bank account ending in #6192; and
 - f. an ending balance of \$103.23 on May 20, 2014.
36. Margaret Peppey is the spouse of David Michaels.
37. A check in the amount of \$5,000 was made to Margaret Peppey for “DM AFFG fee” on May 8, 2014, the same date as the \$25,000 investment made by MR1.
- Missouri Resident 2 (“MR2”)**
38. MR2 signed a Short Form Shareholder Terms investment contract that stated, among other things, “Shareholder has agreed to invest a total amount of \$10,000 USD into Picture for the purpose of preparatory costs associated with the films packaging.”
39. The investment contract further stated that “Upon commencement of principal photography (the films ‘start date’ for shooting), Shareholder’s principal sum of \$10,000 plus a 30% premium (for a total payout of \$13,000) will be paid back on an equal basis with the other shareholders in the Picture during and while filming is taking place. Producer will pay this to Shareholder within 15 days of receipt.”
40. MR2 was to receive one-quarter percent (0.25%) from the Producers backend pool from which royalties, residuals, and global returns are received.
41. Per the investment contract, “Shareholder is to be notified by mail or email if Picture will

not be produced or filmed on or before December 31, 2015. Upon such notification, Shareholder will have first option to assign and transfer the \$10,000 principal investment and its 30% premium to an alternative Apothecary Films production of Shareholder's choice. A written assignment will be executed between undersigned parties identifying the alternative Apothecary films production."

42. The investment contract was signed by MR2, MR2's spouse, Wilkinson, and Michaels.
43. On or about January 25, 2016, MR2, MR2's spouse, Wilkinson, and Michaels executed an investment contract titled "A FALL FROM GRACE Addendum" that specified, among other things, the following:
 - a. "Upon commencement of principal photography for either property, not just 'A Fall from Grace', but whichever project goes first between 'A Fall from Grace' and 'Strange Blood', Shareholders will receive their original terms as agreed for 'A Fall from Grace.'"; and
 - b. "This is an addendum stemmed from and in relation Line Item 8 in their original contract for 'A Fall from Grace' as it stipulates 'shareholder' will be able to choose an alternative Apothecary Films property should production not occur by 12/31/2015. Shareholder has chosen 'Strange Blood' for that alternative property. Whichever of the two above film properties should go first, Shareholder will have right of original terms."
44. To date, MR2 has not received a return on the investment or a refund.
45. MR2 performed no duties and had no responsibilities after making the investment.

MR2's \$10,000 Investment

46. AF's US Bank account ending in #1879 from June 1, 2015 to June 30, 2015, shows the following:
 - a. a beginning balance of \$645.90 on June 1, 2015;
 - b. deposits totaling \$16,525.64 that included:
 - i. a \$1,275 check from an unknown individual for "June Rent" deposited June 2, 2015;
 - ii. \$2,500 in deposits from Quickpay on June 5 and June 9, 2015;
 - iii. a \$10,000 wire from MR2 on June 11, 2015;
 - iv. a \$2,750 wire from an unknown individual on June 19, 2015; and

- v. 64 cents in authorized credits from JPMorgan Chase Bank;
 - c. \$1,869.75 in payments to restaurants, liquor establishments, LoanMe, and NetCredit;
 - d. ATM withdrawals totaling \$163;
 - e. \$2,260 in transfers to Wilkinson's personal US Bank account ending in #6192;
 - f. \$4,705 in checks written that included:
 - i. \$1,275 to an unknown individual for "29";
 - ii. \$1,000 to Stoltz for "AFFG FF";
 - iii. \$500 to Ketcher for "AFFG FF";
 - iv. \$1,800 to Michaels for "AFFG Development"; and
 - v. \$130 to Dustin Wilkinson for "Travel Expenses"; and
 - g. an ending balance of \$7,595.32 on June 30, 2015.
47. On June 12, 2015, one day after MR2 made the \$10,000 investment, AF wrote a check to Respondent Scott Stoltz for \$1,000 for "AFFG FF."
48. Respondent Stoltz agreed to a Consent Order to resolve his role in this case and was required to disgorge the \$1,000 finder's fee related to MR2.

Missouri Resident 3 ("MR3")

49. Rizwan Ali solicited MR3 to invest on behalf of AF, Wilkinson and Michaels.
50. On February 21, 2014, Michaels sent an email from "david@apothecaryfilms.net" to Ali with attachments including a signed "Shareholder Agreement" and a "Project Overview", which included AF's funding proposal and a request for investors to register their interest by calling AF at phone number (323) 828-7241.
51. On February 21, 2014, Ali forwarded the email and material received from Michaels, including the contract signed by Michaels and Wilkinson and the investment proposal to MR3.
52. Ali's February 21, 2014 email to MR3 included instructions to send money to AF's US Bank account number ending in 1879.
53. Among other things, the investment contract specified that the investment funds would be

used “for the purpose of underwriting preparatory costs associated with final phases of development, thereby advancing the Picture towards physical production.”

54. The investment contract also promised “a 20% premium on the principal investment of \$5,000.”
55. On or around February 24, 2014, MR3 invested \$5,000 via check payable to AF.
56. The email address for Michaels, “david@apothecary-films.net,” and the phone number for AF, (323) 828-7241, match the email address and phone number provided to Missouri Securities Division employees with whom Michaels communicated.
57. MR3 has not received any return on MR3’s investment with AF.
58. MR3 performed no duties and had no responsibilities after the investment.

MR3’s \$5,000 Investment

59. A review of AF’s US Bank account ending in #1879 from February 3, 2014 to February 28, 2014 showed the following:
 - a. a beginning balance of \$6,792.73 on February 3, 2014;
 - b. \$25,000 in deposits that included:
 - i. a \$20,000 wire from an unknown individual on February 13, 2014; and
 - ii. a \$5,000 check payable to AF from MR3 deposited February 24, 2014;
 - c. over \$1,800 in payments to restaurants, liquor stores, Macy’s, and golf clubs;
 - d. \$2,000 in cash withdrawals;
 - e. \$2,000 in withdrawals/transfers to Wilkinson’s personal account;
 - f. \$14,550 in checks written that included:
 - i. \$1,200 to an unknown individual for “February #29”;
 - ii. \$4,000 to an unknown individual for “Strange Blood”;
 - iii. 2 checks totaling \$8,750 to an unknown individual for “David Michaels-budget fee” and “David Michaels-SB”; and
 - iv. \$600 to a family member for “Dev. Funding Advance”; and

g. an ending balance of \$11,248.57 on February 28, 2014.

Michaels' and Wilkinson's Activities

60. Michaels and Wilkinson entered into a partnership called AF in order to raise money to make the movie "A Fall from Grace." The partnership agreement, dated August 20, 2012, was physically signed by both partners.
61. Wilkinson, on behalf of AF, opened a bank account at US Bank, #1879, based on the representation that Michaels and Wilkinson were 50-50 partners with equal management authority in the business of film production.
62. The investments made by MR1, MR2, and MR3 were deposited in US Bank account #1879.
63. Michaels and Wilkinson compensated solicitors or finders Blake, Ketcher, and Stoltz for finding investors MR1, MR2, and MR3.
64. Michaels's and Wilkinson's signatures appear on all four contracts with investors MR1, MR2, and MR3.
65. Neither Michaels nor Wilkinson renounced or in any way backed out of the contracts at any point prior to the commencement of the Enforcement Section's investigation.
66. Michaels testified that though his signature was applied to the contracts electronically, "I didn't object to [his signature appearing on the contracts] as long as I knew about it. . ." His signature was on the contracts because "since I was the industry figurehead in this little situation, the people would be – any potential investor would feel better if my name was also included on these contracts. I didn't think anything of it at the time."
67. Michaels sent the "Investment Proposal" and signed investment contract directly to solicitor Ali for delivery to MR3.
68. The "Investment Proposal" in Exhibit 15 included Michaels email address and his direct cell phone number for investors to make inquiry.
69. Michaels or his spouse received at least 15 checks from the AF US Bank account #1879 in an amount over \$76,000.
70. In Michaels's May 2, 2018 email to Missouri Division of Securities employees, Michaels admits that "these funds were raised to develop and package a project with the hopes that it would then attract production financing."
71. Michaels's May 2, 2018 email also states "[MR1's] contract(s) are of a different nature...I want to pay her back..."

72. Michaels's May 2, 2018 email identifies his email address as "david@apothecary-films.net" and his phone number as (323) 828-7241, which mirror those on the investment proposal, Exhibit 15, delivered to MR3.
73. Michaels provided a list of prospective investors to Wilkinson and his team of solicitors and others.
74. Michaels attended and spoke at a prospective investor party in St. Louis.
75. Michaels flew to St. Louis several times to meet with potential investors as well as solicitors Blake and Ketcher.

I. CONCLUSIONS OF LAW

76. Under the Missouri Securities Act of 2003 (the "Act"), the Commissioner of Securities must provide a hearing on an issued cease and desist order upon the request of a person or persons subject to the order. Section 409.6-604(b).¹
77. Under the Act, the Commissioner may issue a final order after the requested hearing and after making findings of fact and conclusions of law. Section 409.6-604(c).
78. Under the Act, the Commissioner may issue a final order imposing civil penalties and charging the cost of the investigation. Sections 409.6-604(d) and (e).
79. In the Petition, Petitioner alleged several violations of law, including:
 - a. offering and selling unregistered, non-exempt securities, a violation of Section 409.3-301;
 - b. employing an unregistered agent, a violation of Section 409.4-402(d); and
 - c. 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, a violation of Section 409.5-501.
80. Although the Commissioner issued the Cease and Desist Order that found violations of the above, as a hearing was requested by a person aggrieved by the Order, the Enforcement Section has the burden of proving the violations at the hearing. Respondents have the burden of proof for any affirmative defenses raised. 15 CSR 15-55.090(2).
81. This Order is in the public interest and is consistent with the purposes intended by the Act.

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

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

82. **THE COMMISSIONER CONCLUDES** that Respondents Wilkinson and Michaels offered and/or sold unregistered, nonexempt securities, by, among other things:
- a. soliciting MR1, MR2, and MR3 to invest in AF for the purpose of producing a film;
 - b. receiving funds from MR1, MR2, and MR3;
 - c. executing investment contracts with MR1, MR2, and MR3 which indicated that the investors would receive a percentage of the invested funds back, in addition to the full amount of their investment; and
 - d. promising a return on MR1, MR2, and MR3's investments that was dependent upon the efforts of others and not on the efforts of MR1, MR2, and MR3.
83. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26).
84. The investments that Respondents offered and/or sold constitute securities as that term is defined in Sections 409.1-102(28).
85. 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.
86. Respondent Wilkinson, at hearing, raised an affirmative defense that the securities offered were exempt under Section 409.2-202(14), the Limited Offering exemption. Respondent has the burden of proof in regards to this defense. Section 409.2-202(14)(C) requires that "[a] commission or other remuneration is not paid or given, directly or indirectly, to a person. . . for soliciting a prospective purchaser in this state[.]" Thus, the Limited Offering exemption does not apply to these securities.
87. 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 Act, in violation Section 409.3-301.
88. 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 Employing or Associating with an Unregistered Agent

89. **THE COMMISSIONER CONCLUDES** that Respondents Wilkinson and Michaels employed or associated with Blake, Ketcher, and Stoltz who offered and sold securities on behalf of them and AF.

90. Wilkinson's and Michaels's activities constitute employing or associating with an agent in the state of Missouri under Section 409.4-402(d).
91. At all times relevant to this matter, AF, Wilkinson, and Michaels had no registration or granted exemption for any agents to transact business in the state of Missouri.
92. Wilkinson and Michaels employed or associated with Blake, Ketcher, and Stoltz, each of whom transacted business in Missouri as an agent without being registered or exempt from registration as an agent, in violation of Section 409.4-402(d).
93. Wilkinson's and Michaels's 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

94. **THE COMMISSIONER CONCLUDES** that in connection with the offer, sale or purchase of a security as described above, Respondents Wilkinson and Michaels made untrue statements or omitted to state to MR1, MR2, and MR3 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. that investments would be used for underwriting preparatory costs associated with final phases of development, thereby advancing the Picture towards physical production;
 - b. that if the film was not produced by December 31, 2014, MR1 could demand the return of the first invested principal funds; and
 - c. that if the film was not produced by January 1, 2015, MR1 could demand the return of the second invested principal funds.
95. **THE COMMISSIONER FURTHER CONCLUDES** that in connection with the offer, sale or purchase of a security as described above, Wilkinson and Michaels engaged in an act, practice or course of business that would operate as a fraud or deceit upon MR1, MR2, and MR3 by, among other things:
 - a. using investment funds for personal expenses unrelated to development of the film such as restaurants, gas stations, liquor, rent, and groceries;
 - b. failing to state that Respondents were not registered to offer and/or sell securities in Missouri; and

- c. failing to disclose that the investments offered and sold to MR1, MR2, and MR3 were not registered or exempt from registration.
96. Respondents Wilkinson and Michaels made untrue statements 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 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.
97. Respondents Wilkinson's and Michaels's 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.
98. This order is in the public interest and is consistent with the purposes of the Act. *See* Section 409.6-605(b).

II. ORDER

NOW, THEREFORE, it is hereby ordered that the Cease and Desist Order entered in Case No. AP-18-11 on May 17, 2018, is **FINAL** as to Respondents Wilkinson and Michaels.

IT IS FURTHER ORDERED that pursuant to Section 409.6-604(d), Respondents Wilkinson and Michaels shall each pay a civil penalty in the amount of \$5,000 for more than one violation of Section 409.3-301. This amount will be suspended upon a showing by Respondents that, within sixty (60) days of the date of this Order, offers of rescission have been made to the aggrieved investors in this matter in accordance with Section 409.5-510 and applicable regulations, and that any investor opting to rescind their investment has been paid the full amount in accordance with such statute and regulations. 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 Wilkinson and Michaels shall each pay a civil penalty in the amount of \$3,000 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), Respondents Wilkinson and Michaels shall each pay a civil penalty in the amount of \$5,000 for more than one violation of Section 409.5-501. 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 \$45,000, 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(d), and 409.5-501. The total as of March 29, 2019, is \$61,649.26. This amount will be suspended upon a showing by Respondents that, within sixty (60) days of the date of this Order, offers of rescission have been made to the aggrieved investors in this matter in accordance with Section 409.5-510 and applicable regulations, and that any investor opting to rescind their investment has been paid the full amount in accordance with such statute and regulations. Any investor opting not to rescind their investment shall be removed from this order of restitution. 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 A. 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 or 30 days from the date of response from an investor opting to rescind their investment.


IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(e), Respondents shall pay, jointly and severally, \$10,405.55 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 29th DAY OF MARCH, 2019.



JOHN R. ASHCROFT
SECRETARY OF STATE



DAVID M. MINNICK
COMMISSIONER OF SECURITIES

