



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )

JEFFREY W. ROBNETT and )  
CLASSIFIED INVESTMENTS, INC., )

Case No.: AP-19-05

*Respondents.* )

Serve: Jeffrey W. Robnett )  
1310 W. High Street )  
Jefferson City, Missouri 65109 )  
Pipmilliondollarman@ymail.com )

Classified Investments, Inc. )  
1310 W. High Street )  
Jefferson City, Missouri 65109 )

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

On March 15, 2019, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“the Enforcement Section”), through Enforcement Counsel Hampton Williams, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties Should Not Be Imposed (“the Petition”). After reviewing the Petition, the Commissioner issues the following order:

**I. ALLEGATIONS OF FACT**

The Petition alleges the following facts:

**A. Introduction**

In August 2017, Jeffrey Wayne Robnett (“Robnett”) met a 51 year- old Texas resident (“TR1”) online. Robnett and TR1 carried on a phone, text, and messaging relationship for several months. Robnett claimed to be a very successful Foreign Exchange (“Forex”) trader for the last fifteen years and that he trades Forex for his friends and family. Robnett convinced TR1 to invest with

him through a Forex trading account with Pepperstone Group Limited (“Pepperstone”).<sup>1</sup> TR1 committed to investing \$50,000 from her son’s college savings to Robnett and Pepperstone. Robnett then visited TR1 in Texas and helped her set up a corporation in Belize in order to open a Forex account with Pepperstone, because Pepperstone cannot accept United States residents as margin clients.<sup>2</sup> Robnett encouraged TR1 to sign a “MAM Agreement”<sup>3</sup> to give power of attorney to Classified Investments, Inc. (“CI”), which was signed by Robnett. Robnett used CI to trade on behalf of TR1’s account. Between October 31, 2017 and January 15, 2018 (“the relevant period”) Robnett and CI received commissions and fees on TR1’s account. During the month of January 2018, as TR1’s account was nearing a zero balance and TR1 received daily margin calls, Robnett refused to answer questions regarding TR1’s account. The account was set up October 31, 2017, and by January 8, 2018, TR1’s account was valued at approximately \$4,874.88.

## **B. Respondents**

1. Robnett is a 47 year-old Jefferson City, Missouri resident. A check of the Central Registration Depository (“CRD”) shows Robnett is not registered in the State of Missouri as an Investment Advisor Representative or Broker Dealer Agent. A review of the National Futures Association (“NFA”) registrants’ database shows Robnett is not registered with the Commodity Futures Trading Commission. A check with the Missouri Department of Finance, Insurance and Professional Registration shows Robnett was a licensed insurance agent from March 20, 2005 to March 19, 2007. Robnett’s insurance license is currently inactive. Robnett’s last known address was 1310 West High Street, Jefferson City, Missouri 65109.
2. CI is a commonwealth of Dominica registered foreign body with an address of 8 Copthall, Roseau Valley, 00152 Commonwealth of Dominica, and is headquartered at 1310 West

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<sup>1</sup> Pepperstone is an Australian online retail foreign exchange broker specializing in Forex trading. The company is headquartered at Level 5, 530 Collins Street, Melbourne VIC, 3000 Australia and maintains offices in Dallas, Texas USA; Pudong District, Shanghai, China; Pathumwan Bangkok; and London, United Kingdom. It provides Forex trading on 72 currency pairs, metals and commodities. Pepperstone is regulated by Australian Financial Services License (“AFSL”). Pepperstone is not a member of the NFA. Pepperstone offers two types of trading accounts – a standard account type, oriented towards “normal” traders, and a Razor account for more advanced and Expert Advisor (“EA”), algorithmic traders, with tighter spreads.

<sup>2</sup> The Commodity Exchange Act (CEA) gives the Commodity Futures Trading Commission (CFTC) jurisdiction over off-exchange (also called over-the-counter or OTC) foreign currency futures and options transactions as well as certain leveraged foreign currency transactions offered to or entered into with retail customers. Under the CEA, only certain regulated entities may be counterparties to these off-exchange trades with retail customers. These regulated entities are certain registered futures commission merchants (FCM) and registered Retail Foreign Exchange Dealers (RFED). All other off-exchange futures and options transactions with U.S. retail customers are unlawful unless done on or subject to the rules of a regulated exchange.

<sup>3</sup> The acronym MAM stands for Multi-Account Manager. A MAM offers a number of different ways to sub-allocate the trades – not just using the percent allocation method of a Percent Allocation Management Module, or “PAMM.” For example, a trader who wishes to allocate trades based on a fixed number of lots per sub-accounts can do it (this is one of the old ways to sub-allocate trades achieved by a software known as a “LAMM” or Lot Allocation Management Module). The portfolio manager can also assign a higher leverage to specific accounts in the MAM from investors who have a higher risk tolerance and agreed to it. All of this and more can be achieved with a MAM.

High Street, Jefferson City, Missouri 65109. The company's officers are Robnett and Dianna Ruth Robnett, Robnett's mother. CI is not registered in Missouri as a broker-dealer or investment adviser. CI is a Non-member of the NFA. The Internal Revenue Service shows CI is a D/B/A for Robnett. The CI Pepperstone account is the master account that Robnett used to conduct trading for several accounts, including TR1. The CI account is a Razor Account with a leverage ratio 500:1.

**C. Enforcement Section's Investigation**

**Texas Resident 1 ("TR1")**

3. Sometime during August 2017, TR1 and Robnett met on the internet. They chatted for months online. During this time Robnett explained to TR1 Robnett's business of trading Forex and how successful he had become. Robnett transmitted a photograph of the next property he wanted to buy that listed for more than \$3,000,000.
4. TR1 believed Robnett was an expert and TR1 followed Robnett's advice about investing money. Robnett claimed to be able to gain returns of \$20,000 a month on TR1's investment. Robnett claimed that November, December, and January were the best time to invest. Robnett claimed that the more TR1 invested the more TR1 would make.
5. Robnett assisted TR1 in setting up a foreign company in Belize and explained to TR1 that TR1 needed the foreign company in order to trade foreign currency. Robnett did not disclose to TR1 that Pepperstone cannot register United States residents in margin accounts because the terms Pepperstone offers for Forex trading exceed the leverage ratios set by the U.S. Commodity Futures Trading Commission regulations, 17 C.F.R. §§ 5.3, 5.9.
6. On October 16, 2017, at the suggestion and direction of Robnett, TR1 registered Pippa Investments Inc. ("PII") as an International Business incorporated in Belize. PII has a registered agent listed as Belize Offshore Solutions Limited, #1 Mapp Street, Belize City, Belize. TR1 is listed as the Director. PII is a non-member of the NFA. TR1 received an order confirmation from Belize Offshore Companies House for company formation of PII and supplementary services totaling \$1,190. TR1 paid the order with a credit card on October 12, 2017.
7. On or about October 19, 2017, Robnett arrived in Texas to visit TR1. During Robnett's visit, Robnett assisted TR1 in setting up a Pepperstone account and obtaining an Employer Identification Number for PII and the bank to set up the wire transfer to Pepperstone for trading. On October 20, 2017, Robnett instructed TR1 to sign a document allowing Robnett to make commissions on TR1's Pepperstone account. TR1's Pepperstone account was set up as a Razor account with a leverage ratio of 500:1 for a very experienced Forex investor.
8. On October 29, 2017, Robnett sent a text to TR1 stating that Robnett had just spoken to

Pepperstone and TR1's account was set up.

9. On October 30, 2017, the MAM Agreement between PII and CI appointing CI as "The Attorney/MAM Master" was executed and signed by Robnett and filed with Pepperstone. The agreement provides for a performance fee for CI of "1.2 pips [percentage in point] per standard lot round turn traded for commission." The agreement authorizes CI to "open, operate and close the Customer's [PII] account...deal on the Customer's behalf...make margin payments on the Customer's account..." among other operational authorities.
10. The \$50,000 wire transfer from TR1's checking account to Pepperstone was completed November 1, 2017.
11. On November 6, 2017, Robnett began Forex trading and/or effectuating Forex trading on TR1's behalf through CI's master account. Robnett and CI executed or supervised in excess of 6,800 foreign currency transactions on TR1's account from November 6, 2017, to January 9, 2018, on or about when TR1 withdrew the remaining balance from the PII subaccount.
12. During the month of January 2018, as TR1's account was nearing a zero balance and TR1 was receiving margin calls daily, Robnett refused to answer questions regarding TR1's account.
13. TR1 began questioning Pepperstone directly and requesting help to stop Robnett from trading in TR1's account and closing the account.
14. TR1 withdrew the balance of the Pepperstone account on January 8, 2018. The balance on TR1's account was \$4,874.88.
15. On March 14, 2018, TR1 requested Pepperstone do something about Robnett and reported how quickly Robnett lost TR1's money and Robnett's lack of communication.
16. Pepperstone responded that they were not responsible for the traders and Forex trading is very complex and very high risk.
17. TR1 continued to contact Robnett, and Robnett often would ignore the messages or threaten legal action.
18. During the two months Robnett traded TR1's Pepperstone account, Robnett and CI made \$7,128.26 in commissions and fees charged against TR1's Pepperstone account. During the relevant period, Robnett made frequent transfers of cash from CI's Pepperstone account to his personal Paypal account.
19. Robnett failed to disclose to TR1, among other things, the following material information:

- a. a State of Missouri tax lien filed 6/22/2009, Case Number: 083263910891, in Cole County circuit court, in the amount \$8,810.00;
- b. a federal tax lien filed 1/26/2009, Case Number: 508373009, in Cole County circuit court, in the amount \$66,294.00;
- c. a federal tax lien filed 10/27/2008, Case Number: 483277308, in Morgan County circuit court, in the amount \$5,878.00;
- d. a federal tax lien filed 8/6/2006, Case Number: 20060414, in Cole County circuit court, in the amount \$9,742.00;
- e. a civil judgment in Cole County associate circuit court, Case Number: 08ACA0080201, filed 8/7/2009, total judgment in the amount of \$13,168.00;
- f. a civil judgment in Camden County circuit court, Case Number 08CMCC00195, filed 12/1/2009, total judgment in the amount of \$53,000.00; and
- g. a property foreclosure, Notice of Default recorded 8/21/2009, in St. Louis County, Document Number: 0908210000219.<sup>4</sup>

#### **ROBNETT STATEMENT**

20. On August 10, 2018, Robnett responded to the Securities Division Enforcement Section's request for information and stated the following:
  - a. "CI is a business based out of the country of Dominica. Primarily, CI invests and trades the Foreign Exchange. CI does NOT trade for any other companies.";
  - b. "I, Jeff Robnett, operate CI and Robnett Investments Inc. I NO longer run or operate Team Genetics LLC or All-Sports Insurance LLC. I do NOT have any other businesses [sic] at this time.";
  - c. "It was my understanding CI did NOT have to have any special license to trade for PII. Pepperstone Group Limited is based out of Australia & both [TR1] and myself had to have an offshore company to do business with Pepperstone. If I was supposed to have a license to trade a MAM account it would have been required by Pepperstone. I NO longer have a MAM account with Pepperstone or any other broker.";

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<sup>4</sup> In a written response, Respondent asserts the following: "Also, I wanted to point out I have never owned a property at 5214 Devonshire Avenue, St. Louis MO 63109. I'm not 100% positive but I believe there's another Jeffrey Robnett that lives in St. Louis. I'm going to have to dispute the 1/26/2009 tax lien. I know these things are on my record but I don't agree with a couple of them."

- d. “CI did receive rebates/commission for trading transactions. It did not receive based on the agreement between CI and PII.”;
- e. “[TR1] did indicate she would like to have her funds before her son went to college in August of 2018. She had access to her funds at all times.”;
- f. “CI or myself did not disclose any of the following liens, judgments, & foreclosures. [TR1] did not ask about any of those things & I did not share it.”;
- g. “It was to my knowledge I didn’t need any special license from the state of Missouri to trade for PII, I followed the rules & regulations required by Pepperstone Group Limited.”; and
- h. “I did NOT ask [TR1] to give me monies personally. Again, she was never pressured to open an offshore account or have CI trade for PII. She agreed and signed the MAM agreement.”

## **II. COMMISSIONER’S DETERMINATION AND FINDING**

### **Count I – Prohibited Commodity Contract**

21. **THE COMMISSIONER DETERMINES** that Respondents directed the purchase and/or sale of commodities by:

- a. In connection with the purchase and sale of foreign currencies, Robnett employed a scheme to defraud TR1 by providing instruction and explicit direction to TR1 on how to establish PII, an offshore company for the purpose of conducting retail Forex transactions with a company that is not registered with the CFTC under 17 C.F.R. § 5.3, and also for purpose of conducting retail Forex transactions using leverage accounts in excess those permitted by law under 17 C.F.R. § 5.9.
- b. Accordingly, TR1 transferred \$50,000 into an account selected by Robnett for the purpose of conducting Forex trading. Robnett effected transactions in commodities by selecting a high-leverage Forex retail account, at a ratio of 500:1, which was used to buy and sell foreign currencies for TR1’s account.
- c. TR1’s money was transferred into CI’s Pepperstone account, operated by Robnett, was set up as a Razor account with a leverage ratio of 500:1 for a very experienced Forex investors.
- d. After approximately two months, and after receiving multiple margin call notices, TR1 withdrew the remaining funds from the commodity account with Pepperstone and recovered \$4,874.88.

- e. CI and Robnett received compensation in the amount of \$7,128.26 in fees for services rendered to TR1.
  - f. CI and Robnett executed or supervised in excess of 6,800 foreign currency transactions on TR1's account from November 6, 2017 to January 9, 2018.
22. During all relevant periods Robnett and CI were not a registered commodity broker-dealer nor a commodity sales representative. The records maintained by the Missouri Securities Division confirm that Robnett was not a registered commodity broker-dealer or commodity sales representative in Missouri at the time of solicitation. The records maintained by the National Futures Association indicate that:
- a. Robnett was not member of the NFA at the time of solicitation; and
  - b. CI was not member of the NFA at the time of solicitation
23. Robnett and CI induced and confirmed the multiple purchase of commodities and received remuneration for such purchases, in violation of Section 409.803<sup>5</sup> constitutes multiple violations of the statutes, rules or orders of the Missouri Securities Division, and therefore, is subject to the Commissioner's authority under Section 409.823.

### **Count II - Unregistered Commodity Merchant**

24. **THE COMMISSIONER FURTHER DETERMINES** that Respondents Robnett and CI engaged in activities as a commodity trading merchant without registration or licensure from the CTFC.
25. Robnett and CI acted as a commodity trading advisor through the following acts:
- a. Robnett made representations that he had obtained personal wealth through Forex trading;
  - b. Robnett instructed TR1 that she could earn substantial returns through Forex trading;
  - c. Robnett instructed and assisted TR1 in the creation of an off-shore company for the purpose of circumventing the authority of the CFTC and for the funding of an account from TR1's personal savings into an account controlled by Robnett to engage in Forex trading through Pepperstone.
  - d. During the relevant periods, Robnett provided instruction and speculation to TR1 regarding the Forex market condition.

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<sup>5</sup> Unless otherwise noted, all state statutory references are to the 2016 Revised Statutes of Missouri.

- e. Robnett instructed TR1 to keep monies in the PII account despite incurring substantial losses during the relevant periods and receiving margin calls on the losses.
- 26. Robnett and CI were not registered as a commodity merchant with the state of Missouri or the CFTC.
- 27. Robnett and CI acted as an unregistered commodity trading advisor in violation of Section 409.808.
- 28. Respondents Robnett's and CI's actions in providing advice in trading commodities as an unregistered commodity merchant agent constitutes an illegal act, practice, or course of business and such action is therefore subject to the Commissioner's authority under Section 409.863.

**Count III - Scheme to Defraud, Omission of Material Facts, and Conversion in Connection with the Purchase and Sale of a Commodity Contract**

- 29. **THE COMMISSIONER FURTHER DETERMINES** that Respondents Robnett and CI with multiple violations of Section 409.810.
- 30. The communications and executed agreements between TR1 and Robnett, and the related entities of both, is a commodity contract, as defined by 409.900(5), because the scheme agreed to by the parties effects a purchase or sale of foreign currencies for investment purposes.
- 31. In connection with the purchase and sale of a commodity contract, Robnett instructed TR1 to engage in a scheme to conduct Forex trading by setting up a shell corporate entity, PII, for the purpose purchasing foreign currency through leverage accounts at ratios prohibited by U.S. law.
- 32. To effectuate this scheme, Robnett traveled to Texas and assisted TR1 to set up an offshore account, in obtaining a tax identification number, and setting up an account in her name at the bank in order to transfer funds from TR1 son's college savings account to Pepperstone.
- 33. In connection with the purchase and sale of a commodity contract, Robnett provided instructions and explicit directions to TR1 on converting TR1's personal savings, in an amount of \$50,000, to an investment account with Pepperstone for the purpose of conducting foreign currency exchanges for a profit.
- 34. The Forex trading on TR1's account occurred pursuant to the MAM Agreement and at the behest and supervision of Robnett through a sub-account of CI's Pepperstone account. Robnett extracted commissions and fees from PII's account of \$7,128.26.



35. During relevant periods, Robnett told TR1 to ignore margin calls from Pepperstone because they did not mean anything, exposing TR1 to additional losses while Robnett continued to accrue fees and commissions.
36. As a result of this scheme TR1 lost \$45,125.12 dollars. While TR1 was able to recover \$4,874.88 from the remainder of the investment account from Pepperstone, Robnett has not refunded the fees and commissions charged against PII's account.
37. Pursuant to Section 409.810(2), no person shall make any untrue statement of a material fact in connection with the purchase and sale of a commodity contract. In connection with the offer and/or sale of these commodities, Robnett misrepresented the following:
  - a. Robnett lived a lavish lifestyle supported by his ability to trade Forex;
  - b. Robnett could circumvent CTFC regulations and engage in margin Forex trading through Pepperstone through setting up an offshore shell corporation;
  - c. Robnett told TR1 that she would earn \$20,000 per month;
  - d. Robnett told TR1 that the best time to trade on Forex was November, December and January; and
38. Robnett omitted from disclosure that he was not registered to serve as a commodity-broker or investment adviser in Missouri or Texas, or that he was not registered with the CFTC as a commodity merchant.
39. Furthermore, during the relevant periods of time, Robnett failed to disclose certain information regarding his personal financial condition. In connection with the purchase of commodities, Robnett omitted to disclose he had six tax liens, two civil court judgments and one property foreclosure.
40. Respondents' conduct in violation of Section 409.810 constitutes multiple violations of the statutes, rules or orders of the Missouri Securities Division, and therefore, is subject to the Commissioner's authority under Section 409.823.

### **III. 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 409.803, by offering or confirming the execution of any commodity under a margin account or leverage account;

- B. Section 409.808, by engaging in the trade or business of a commodity merchant unless such person is registered or temporarily licensed with the CFTC;
- C. Section 409.810, by either directly or indirectly employing a device, scheme or artifice to cheat or defraud TR1 and misstating or omitting material facts in connection with the purchase or sale of any commodity contract.

**IV. STATEMENT**

Pursuant to Sections 409.823.2 and 409.826, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's requests for:

- A. the Commissioner to refer the matter to the Cole County Prosecutor or Attorney General's Office to determine whether to impose civil sanctions under Section 409.826 and to grant the victim's restitution for any loss arising from the violations of the law in a final order, unless Respondents request a hearing and show cause why restitution should not be granted; or
- B. \$10,000 civil penalty against Robnett and CI for one violation of Section 409.803 in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;
- C. \$10,000 civil penalty against Robnett and CI, for one violation of Section 409.808 in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;
- D. \$40,000 against Robnett and for more than one violation of Section 409.810 in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 20th DAY OF MARCH, 2019.



JOHN R. ASHCROFT  
SECRETARY OF STATE

  
DAVID M. MINNICK  
COMMISSIONER OF SECURITIES



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
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JEFFREY W. ROBNETT, CLASSIFIED )  
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Serve: Jeffrey W. Robnett )  
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Case No.: AP-19-05

**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 20<sup>th</sup> day of March, 2019, a true and correct 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 **mailed via certified U.S. Mail to:**

Jeffrey W. Robnett  
1310 W. High Street  
Jefferson City, Missouri 65109

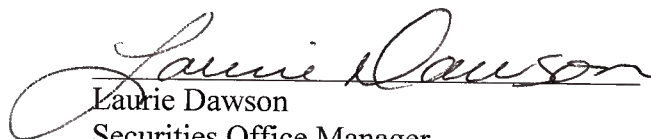
Classified Investments, Inc.  
1310 W. High Street  
Jefferson City, Missouri 65109

**And via email to:**

Pipmilliondollarman@ymail.com

**And hand delivered to:**

Hampton Williams, Enforcement Counsel  
Missouri Secretary of State's Office  
600 West Main Street, Room 229  
Jefferson City, MO 65101

  
Laurie Dawson  
Securities Office Manager