



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )

STERI MED SOLUTIONS LLC )  
d/b/a STERIPORT SOLUTIONS; and )  
DAVID EDWARD FENTON, DVM, )

Case No.: AP-22-04

*Respondents.* )

Serve: Steri Med Solutions LLC )  
d/b/a Steriport Solutions )  
c/o Christopher Braddock )  
Cline, Braddock and Basinger LLC )  
224 N 8<sup>th</sup> Street )  
Columbia, Missouri 65202 )  
  
David Edward Fenton, DVM )  
c/o Christopher Braddock )  
Cline, Braddock and Basinger LLC )  
224 N 8<sup>th</sup> Street )  
Columbia, Missouri 65202 )

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

On February 4, 2022, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State ("the Enforcement Section"), through Director of Enforcement Douglas. M. Jacoby, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties, Restitution, Costs, and Other Administrative Relief Should Not Be Imposed ("the Petition"). After reviewing the Petition, the Missouri Commissioner of Securities ("the Commissioner") issues the following order:

**I. ALLEGATIONS OF FACT**

The Petition alleges the following facts:

## **A. Introduction**

Between November 1, 2014, to January 31, 2016 (“Relevant Period”), Respondents, in connection with the offer and sale of a security, violated Section 409.5-501 of the Missouri Securities Act of 2003<sup>1</sup> by employing a device, scheme, or artifice to defraud and engaging in acts, practices, or courses of business that operated or would operate as a fraud or deceit on another person.

## **B. Respondents and Related Parties**

1. Steri Med Solutions LLC d/b/a Steriport Solutions (“Steri Med” or “the Company”) is a Missouri limited liability company founded by Respondent David E. Fenton and organized in September 2013, with a last known principal place of business at 900 Old Highway 63 North, Columbia, Missouri, 65201. Steri Med is a hazardous and medical waste disposal service that operated under the names Steri Med Solutions and Steriport Solutions from September 2013 through December 2020. To date, Steri Med’s registration remains active with the office of the Missouri Secretary of State.
2. Steriport Solutions, LLC (“Steriport LLC”), is a Missouri limited liability company organized by Respondent David E. Fenton in June 2017. According to documents filed with the office of the Missouri Secretary of State, Steriport LLC had no specifically defined business purpose and did not engage in any business activity. Despite its history of stasis, Steriport LLC’s registration remains active with the office of the Missouri Secretary of State.
3. David E. Fenton, DVM (“Fenton”) is a seventy-two-year-old resident of Columbia, Missouri. Fenton is the founder of Steri Med and Steriport LLC. According to the Operating Agreement of Steri Med Solutions LLC (“Operating Agreement”), which is discussed in more detail below, Fenton is identified as the Manager<sup>2</sup> of Steri Med during the Relevant Period. Fenton was also a signatory on Steri Med’s bank account at The Bank of Missouri.

## **C. Enforcement Section's Investigation**

### ***1. Offer and Sale of Securities***

4. For the first full year after Fenton founded Steri Med, from September 2013 to October 2014, Steri Med was a company in name only, while Fenton conducted research to assess the viability of entering the hazardous medical waste disposal industry.
5. By late summer of 2014, after deciding to move forward with developing the business of Steri Med, Fenton began soliciting investors for the upstart enterprise. In doing so, Fenton specifically targeted his relatives and close associates.

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<sup>1</sup> Unless otherwise indicated, statutory citations refer to the 2016 edition of the Revised Statutes of Missouri, updated by the 2021 Cumulative Supplement.

<sup>2</sup> As that term is defined in the Operating Agreement.

6. To document the investment, Fenton engaged a local lawyer to create the twenty-four page Operating Agreement, which provided, among other things, the following:
  - a. that through execution of the Operating Agreement and payment of cash to Steri Med, the investor would acquire an ownership interest in Steri Med in the form of a unit (“Unit”) or units (“Units”);
  - b. that each Unit would cost an investor \$10,000 and represent a 2.5% ownership share of the annual net operating profit or loss of Steri Med;
  - c. that upon purchasing a Unit or Units, the investor would be designated a member (“Member”) of Steri Med;
  - d. the annual net profits (or losses) of Steri Med shall be allocated (or charged against) each of the Members on a pro-rata basis according to the number of Units owned;
  - e. Members shall have no right, power or authority to control or manage the business of Steri Med;
  - f. that there shall be one “Manager” of Steri Med, which shall be Fenton, and that Fenton shall hold such office until his resignation, incapacity or death;
  - g. that in the case of Fenton’s resignation, incapacity or death, the Members shall have the right to appoint a successor manager upon the unanimous consent of the Members; and
  - h. that all cash of Steri Med shall be deposited for the benefit of Steri Med in one or more separate accounts of Steri Med, which shall be maintained in such financial institutions as the Manager shall determine, and withdrawals shall be made only for the purpose(s) of Steri Med’s business.
7. Based on information and belief, Fenton provided a copy of the Operating Agreement, along with a pitch brochure that included more than twenty pages of financial projections for the business of Steri Med, to each investor he solicited for an investment in the Company.
8. As a result of the solicitations, Fenton raised a total of \$420,000 in working capital for Steri Med between October 2014 and February 2015 from at least nineteen (19) investors, all of whom were relatives and close associates of Fenton’s, including Fenton’s spouse and adult son.
9. Each of the nineteen investors provided Fenton a check representing their investment in Steri Med. Each check was written to the order of Steri Med, and ranged in amounts as low as \$10,000 to as high as \$60,000.

10. Although the signature page of each Operating Agreement that Fenton provided investors was pre-signed by Fenton, Fenton did not require or obtain counter signatures from any of the investors.
11. Of the nineteen investors in Steri Med,
  - a. eighteen (18) of the investors were individuals who had either invested on their own, individually, or in concert with their spouse; and
  - b. one (1) of the investors was a Columbia, Missouri-based corporation in which Fenton had an investment interest and was serving as vice president (“MR1”).
12. Of the eighteen individual investors in Steri Med,
  - a. sixteen (16) of the investors were Missouri residents (“MR2-MR17”);
  - b. one (1) of the investors was an Iowa resident (“IAR1”); and
  - c. one (1) of the investors was an Indiana resident (“INR1”).
13. Despite Fenton having raised a total of \$420,000 from investors for Steri Med, a review of Steri Med’s checking account ending in #4971 at The Bank of Missouri (“Steri Med Checking Account”) shows a deposit of only \$400,000 on February 17, 2015.
14. Following the capital raise, Fenton, in coordination with the accounting firm he engaged to support Steri Med, created a master list of Members of Steri Med (“Member List”). The document, which is referenced in Article II, Section 1 of the Operating Agreement, identifies sixteen (16) purchasers<sup>3</sup> of Units (i.e., Members) in Steri Med.
15. Of all nineteen investors in Steri Med, including the president of MR1, eleven (11) were sixty years of age or older at the time of their investment in Steri Med.

## **2. Fraud Count No. 1**

16. On or around February 16, 2015, Fenton solicited a Columbia, Missouri couple (“MR2 and MR3”) to invest in Steri Med. In doing so, Fenton provided MR2 and MR3 with a copy of the Operating Agreement.
17. The signature page of MR2 and MR3’s Operating Agreement, which is signed by Fenton as Manager, provides, among other things, “...the undersigned member has specifically agreed to contribute \$20,000 per Unit to [Steri Med] in exchange for the number of Units

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<sup>3</sup> Of the sixteen Members identified on the Member List, one Member is described as a husband and wife who had made a joint investment in Steri Med. For purposes of counting the number of investors in this matter, the Enforcement Section takes the view that the husband and wife represent two investors. The Enforcement Section’s determination is further supported by the information appearing on the signature page of the couple’s Operating Agreement and the end-of-year tax documents the couple received from Steri Med, both of which list each of the couple’s names.

of [Steri Med] expressly stated below.”

18. The “undersigned member” is identified on the signature page of the Operating Agreement as MR2 and MR3.
19. The number of Units purchased (and associated ownership percentage of Steri Med) is identified on the signature page of MR2 and MR3’s Operating Agreement as one (1) Unit and 5 percent, respectively.
20. On February 16, 2015, MR2 and MR3 wrote out a check (“Check #4787”) from their joint Landmark Bank checking account in the amount of \$20,000 to “Steri Med Solutions LLC” and presented the check to Fenton.
21. A review of the Steri Med Checking Account records show no deposit of Check #4787, though Check #4787 was cashed against MR2 and MR3’s checking account at Landmark Bank on February 17, 2015.
22. At the time MR2 and MR3’s investment in Steri Med, both MR2 and MR3 were sixty years of age or older.
23. Despite the information appearing on the signature page of the Operating Agreement and the cashing of Check #4787 that was given to Fenton, neither MR2’s name nor MR3’s name appears on the Member List.
24. Following the date of their investment in Steri Med, MR2 and MR3 did not receive annual distributions of any profits (or losses) or any Schedule K-1 (Form 1065) reports from Steri Med as did all other Members appearing on the Member List.
25. In January 2021, both MR2 and MR3 passed away.
26. To date, neither MR2 nor MR3, as Members of Steri Med, or their estate have received any proceeds or benefits from the investment in Steri Med, as have other Members, or a return of any portion of the principal amount they invested.

### **3. Fraud Count No. 2**

27. A review of records of the Steri Med Checking Account shows, of the \$400,000 in funding from MR1, MR4-MR17, IAR1, and INR1 deposited on February 17, 2015, Fenton misappropriated at least \$177,417.95 of the funds by transferring the funds out of the account, in thirty-nine (39) separate withdrawals between February 2015 and October 2016 (“the Transfer Period”), as follows:
  - a. Twenty-two (22) withdrawals totaling \$146,500 directed to a private bank account ending in #0069 at The Bank of Missouri controlled by Fenton and his wife (“the Farm Account”); and

- b. Seventeen (17) withdrawals totaling \$30,917.95 directed to the United States Internal Revenue Service (“IRS”).
- 28. Following each transfer of funds from the Steri Med Checking Account to the Farm Account during the Transfer Period, as identified above in paragraph 28(a), bank records from the Farm Account show Fenton forwarding the funds, in the form of checks, to F-Bar Feeders, another business operated by Fenton, which was unaffiliated with Steri Med and purportedly engaged in a business of finishing cattle in a feed lot in Columbia, Missouri.
- 29. All the checks written out to F-Bar Feeders bear Fenton’s signature and have the word “Loan” appearing on the memo line of the check.
- 30. According to bank records, despite the funds being categorized as loans, none of the funds have been returned to the Steri Med Checking Account.
- 31. With respect to the funds paid to the IRS, based on information and belief, the payments were in satisfaction of a tax obligation unrelated to the business of Steri Med.
- 32. According to bank records, none of the investor funds used by Fenton to satisfy the tax debt to the IRS have been repaid to the Steri Med Checking Account.

## **II. COMMISSIONER’S DETERMINATIONS AND FINDINGS**

### **COUNT I – One Instance of a Violation of Section 409.5-501(1)**

- 33. **THE COMMISSIONER DETERMINES** that the Units offered and sold by Respondents to MR1-MR17, IAR1, and INR1 are securities under Section 409.1-102(28).
- 34. By engaging in the conduct as set forth above, Respondents, in connection with the offer and sale of a security: (i) employed a device, scheme, or artifice to defraud, in violation of Section 409.5-501(1), to wit:
  - a. Respondents offered MR2 and MR3 an investment in Steri Med, documented the investment on the signature page of the Operating Agreement, and accepted MR2 and MR3’s \$20,000 investment check to Steri Med, but then subsequently denied MR2 and MR3 their beneficial rights, as set forth in the Operating Agreement, as a joint Member and owners of one (1) Unit of (or 5 percent interest in) Steri Med.
- 35. At the time Respondents engaged in the conduct set forth above, both MR2 and MR3 were sixty years of age or older and were elderly persons as that term is defined under Section 409.6-604(d)(3)(B).
- 36. Respondents’ violation of Section 409.5-501(1) constitutes an engagement in an illegal act, practice, or course of business subject to the Commissioner’s authority under Section 409.6-604.

**COUNT II – Thirty-Nine Instances of Violations of Section 409.5-501(3)**

37. **THE COMMISSIONER FURTHER DETERMINES** that by engaging in the conduct as set forth above, Respondents, in connection with the offer, sale or purchase of a security, directly or indirectly, engaged in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person, in violation of Section 409.5-501(3), to wit:
- a. Respondents misappropriated more than \$176,000 of funds invested into Steri Med by MR1, MR4-MR17, IAR1, and INR1 by using the funds on personal expenses and other expenses unrelated to the operation of Steri Med.
38. At the time Respondents engaged in the conduct set forth above, nine (9) investors were sixty years of age or older and were elderly persons as that term is defined under Section 409.6-604(d)(3)(B).
39. Respondents' violations of Section 409.5-501(3) constitute an engagement in an illegal act, practice, or course of business subject to the Commissioner's authority under Section 409.6-604.
40. An 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).

**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 409.5-501(1), by, in connection with the offer, sale, or purchase of a security, directly or indirectly, employing a device, scheme, or artifice to defraud; and
- B. Section 409.5-501(3), by, in connection with the offer, sale, or purchase of a security, directly or indirectly, engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

**IV. STATEMENT**

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

- A. \$25,000 against Respondents, joint and several, for a single violation of Section 409.5-501(1) plus an additional \$15,000 for the commission of such violation against an elderly person in accordance with Section 409.6-604(d)(3), in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;

- B. \$39,000 against Respondents, joint and several, for thirty-nine violations of Section 409.5-501(3) plus an additional \$39,000 for the commission of such violation against an elderly person in accordance with Section 409.6-604(d)(3), in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;
- C. an order to pay restitution in the amount of \$420,000 against Respondents, joint and several, plus annual interest at a rate of eight percent from the dates of the violations, for any loss, including the amount of any actual damages that may have been caused by the Respondents' conduct;
- D. an order awarding the costs of the investigation against Respondents in this proceeding, joint and several, awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondents request a hearing and show cause why an award should not be made; and
- E. an order providing such other relief as he deems just.

All of the preceding relief is sought on behalf of the persons injured by the acts and practices of Respondents that constitute violations of the Missouri Securities Act.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 10th DAY OF FEBRUARY, 2022.

JOHN R. ASHCROFT  
SECRETARY OF STATE



DAVID M. MINNICK  
COMMISSIONER OF SECURITIES





STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:	)	
	)	
STERI MED SOLUTIONS LLC	)	Case No.: AP-22-04
d/b/a STERIPORT SOLUTIONS; and	)	
DAVID EDWARD FENTON, DVM,	)	
	)	
<i>Respondents.</i>	)	
	)	
Serve: Steri Med Solutions LLC	)	
d/b/a Steriport Solutions	)	
c/o Christopher Braddock	)	
Cline, Braddock and Basinger LLC	)	
224 N 8 <sup>th</sup> Street	)	
Columbia, MO 65202	)	
	)	
David Edward Fenton, DVM	)	
c/o Christopher Braddock	)	
Cline, Braddock and Basinger LLC	)	
224 N 8 <sup>th</sup> Street	)	
Columbia, MO 65202	)	

**NOTICE**

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

You may request a hearing in this matter within thirty (30) days of receipt of this Order pursuant to Section 409.6-604(b), RSMo, 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 the 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, MO 65102**

**CERTIFICATE OF SERVICE**

I hereby certify that on this 10<sup>th</sup> day of February, 2022, a copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, Costs, and Other Administrative Relief Should Not Be Imposed in the above styled case was **mailed via certified U.S. mail to:**

Steri Med Solutions LLC  
d/b/a Steriport Solutions  
c/o Christopher Braddock  
Cline, Braddock and Basinger LLC  
224 N 8<sup>th</sup> Street  
Columbia, MO 65202

and

David Edward Fenton, DVM  
c/o Christopher Braddock  
Cline, Braddock and Basinger LLC  
224 N 8<sup>th</sup> Street  
Columbia, MO 65202

and by hand-delivery to:

Douglas M. Jacoby  
Director of Enforcement  
Missouri Securities Division

  
Laurie Dawson  
Securities Office Manager