



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
SYLVESTER A. PHILLIPS, et al.,) Case No. AP-14-21
)
 Respondents.)

**FINAL ORDER TO CEASE AND DESIST AND ORDER AWARDING
RESTITUTION, CIVIL PENALTIES, AND COSTS**

Now on this sixteenth day of December, 2015, the Commissioner, having reviewed this matter, issues the following findings and order:

I. PRODEDURAL BACKGROUND

1. On December 18, 2014, the Enforcement Section of the Missouri Securities Division, through Mary S. Hosmer, (“Petitioner”) filed a Petition for Order to Cease and Desist and Order to Show Cause why Restitution, Civil Penalties, and Costs Should not be Imposed (“Petition”) in the above-mentioned matter.
2. On December 18, 2014, the Missouri Commissioner of Securities (“Commissioner”) issued an Order to Cease and Desist and Order to Show Cause why Restitution, Civil Penalties, and Costs Should not be Imposed (“Order”) in the above-mentioned matter.
3. On December 18, 2014, the Order was sent to Respondents Sylvester Phillips and First Option, LLC by certified mail, return receipt requested, via U.S. Postal Service.
4. On March 25, 2015, the Petitioner filed a Motion to Dismiss as to Respondent T.D.F. Global Investments LLC. Petitioner was unable to serve Respondent T.D.F. Global Investments LLC.
5. On May 12, 2015, the Commissioner dismissed T.D.F. Global Investments LLC from this action.
6. On January 12, 2015, Respondents Sylvester Phillips and First Option, LLC were sent a copy of the Order via e-mail and acknowledged receipt of the Order.
7. In the ensuing months, the Enforcement Section negotiated with Respondents Sylvester

Phillips and First Option, LLC to resolve this matter; however, the parties were unable to reach a resolution.

8. Respondents Phillips and First Option, LLC failed to request a hearing within the time allowed by Section 409.6-604, RSMo. (Cum. Supp. 2013).¹
9. The Commissioner has not ordered a hearing in this matter pursuant to Section 409.6-604.
10. On June 3, 2015, the Enforcement Section submitted a Motion for Final Order with respect to Respondents First Option, LLC and Sylvester Phillips (“Motion for Final Order”).
11. To date, the Respondents have failed to respond to the Motion for Final Order.

II. FINDINGS OF FACT

A. Respondents and Related Parties

12. T.D.F. Global Investments LLC (“TDF”) is a Missouri Limited Liability Company formed on January 10, 2008, and currently located at 3224 Locust, Suite 101, St. Louis, Missouri 63103. The registered agent for TDF is Rosalyn Tolliver with an address of 3651 Marceline Terrace, Apt A, St. Louis, Missouri 63116.
13. First Option, LLC, is a Missouri Limited Liability Company formed on March 8, 2001, and currently located at 12268 Prinster Drive, St. Louis, Missouri 63146. The registered agent for First Option, LLC is Sylvester Phillips with an address of 12268 Prinster Drive, St. Louis, Missouri 63146.² First Option, LLC does business as First Option Realty (hereinafter First Option, LLC and First Option Realty will be referred to as “First Option”).
14. Sylvester Phillips (“Phillips”) is a Missouri resident with an address of 12268 Prinster Drive, St. Louis, Missouri 63146. Phillips does business as Innovative Investments, LLC (“Innovative Investments”). Phillips purportedly registered Innovative Investments as a Cook Islands foreign company prior to November 6, 2008. The address of Innovative Investments is purported to be 4 Solomon’s Arcade, Charlestown, Nevis, West Indies.
15. Rosalyn Tolliver (“Tolliver”) is a Missouri resident with an address of 3433 Humphrey Street, Apt A, St. Louis, Missouri 63118. Tolliver purported to be a representative of TDF.

¹ Unless otherwise noted, all statutory references are to the 2013 cumulative supplement to the Revised Statutes of Missouri.

² The Articles of Organization were amended on July 7, 2003, and intended, in part, to change the registered agent to Katharyn B. Davis, 1505 S. Big Bend Blvd., St. Louis, Missouri 63117. However, that registered agent change is not reflected on the current registration.

16. Darius Lane (“Lane”) resides in Baltimore, Maryland, and Lane purported to be a representative of TDF.
17. A. Green & Associates, Inc. is an inactive Florida corporation with a last known address of 701 Brickell Avenue, Miami, Florida 33131. The corporation was originally registered on February 18, 2005, and administratively dissolved on September 24, 2010. The last registered agent was Lydia E. Green, 5451 SW 185th Terrace, Miramar, Florida, 33029.
18. Adrian M. Green (“Green”) is reported to be the President, Secretary, and Treasurer of A. Green & Associates, Inc. Mr. Green’s last known address is 5451 SW 185th Terrace, Miramar, Florida 33029.
19. As used herein, the term “Respondents” refers to First Option and Phillips.
20. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, Respondents were not registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, or issuer agent in the State of Missouri.
21. A check of the records maintained by the Commissioner indicates that 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 any of the Respondents.

B. Enforcement Section Investigation

22. In or around October 2008, Phillips approached a 57-year-old St. Louis, Missouri resident (“MR1”) and stated that Phillips was involved in a “major investment” and wanted to offer this investment to long-term real estate customers. According to MR1, Phillips told MR1 and MR1’s spouse (“MR2”), among other things, the following:
 - a. the investment was “on the up and up”;
 - b. Phillips had been involved in several of these investments and there was no risk;
 - c. the investment was “sure and legitimate,” and the returns on the investment were guaranteed;
 - d. investors were to invest at least \$50,000; and
 - e. within thirty (30) days after the investment, MR1 and MR2 would receive approximately \$1,000,000.
23. On November 6, 2008, Phillips, doing business as Innovative Investments, and MR1 executed a Letter of Commitment that stated, in part:

- a. MR1 was to participate in a short-term investment that involved platform trading;
 - b. MR1 was to deposit \$50,000 with Innovative Investments;
 - c. MR1 would be paid from a deal that was already trading;
 - d. Innovative Investments would deposit a return on MR1's funds of "\$1,500,000.00 (one million and five hundred thousand dollars)" into MR1's bank account; and
 - e. the return on MR1's investment would be paid out "thirty days from time of deposit."
24. On November 6, 2008, MR1 invested \$50,000. MR1 made two (2) checks payable to Phillips in the amounts of \$42,000 and \$8,000 for this investment through Phillips and Innovative.
25. As of October 2014, MR1 had not received a return on MR1's funds and MR1 had not received a refund of MR1's \$50,000 investment.

C. Phillips OTR

26. On August 12, 2014, Phillips appeared before representatives of the Enforcement Section for an on-the-record examination ("Phillips OTR"). During the Phillips OTR, Phillips stated, among other things, the following:
- a. Phillips had been introduced to Lane and Tolliver, who were working on a "multi-billion-dollar" construction project located in Kyrgyzstan through TDF, Lane and Tolliver's company;
 - b. Phillips did not know where Kyrgyzstan was located;
 - c. Lane provided Phillips with a "two-page form that talked about bank guarantees";
 - d. Phillips "trusted the information that [Phillips] was given" by Lane. Lane never "gave me any reason to doubt his credibility . . . it was more of a handshake and belief in [Lane] rather than going back and researching the idea of the overall investment";
 - e. Phillips understood that funds invested through TDF would be sent on to Green, who would purchase the "financial instrument that would allow us to make a return";
 - f. Phillips was to solicit investors for the project and would make a commission from these sales;

- g. Phillips formed Innovative Investments to invest money through TDF in platform trading through Green;
- h. Phillips talked to different people about the investment and “we pooled money together and invested in it”;
- i. to facilitate the solicitation of these investments, Tolliver added Phillips as a signatory to TDF’s bank account at Bank of America in St. Louis (“TDF Account”);
- j. Phillips never talked with or met Green;
- k. “The way it was explained to me, that banks trade with other banks all the time, and when they do this, there’s a profit margin, and that profit margin allows you to do humanitarian projects, you know, construction projects or whatever. And there’s a yield that investors can make by doing that. . .”;
- l. the money that was placed into the investment was to triple in twelve (12) months;
- m. the investment “just sounded like a way to make a good commission. So...I brought it back to St. Louis [Missouri] and talked to some other people about it...”;
- n. Phillips talked to MR1 and three (3) Kansas residents (“KR1”, “KR2” and “KR3”) about investing with Green through TDF;
- o. Phillips received \$50,000 from MR1, and \$150,000 from KR1 and KR2³ for the investment with Green through TDF. KR3 sent \$40,000 directly to Green for the investment (MR2 did not invest);
- p. investors “wired” these funds to the TDF Account in St. Louis and Phillips immediately wired these funds to Green. “[T]he day that I received the money...I sent it out. So it never sat in my bank account for [any] period of time”;
- q. “So I never at [any] point had any control of the money except long enough to wire it to Dr. Green⁴”;
- r. “I never made a dime off of any of this”;
- s. First Option had “nothing to do with” the investment through TDF;

³ Bank records indicate that Phillips received another \$50,000 from KR2; see paragraph number 27(b) below.

⁴ Green purported to have a Doctorate of Divinity degree.

- t. subsequently, Phillips stated that Phillips received MR1's funds by check, and Phillips did not deposit MR1's funds in the TDF Account, but deposited MR1's funds in First Option Realty's account at U.S. Bank ("First Option Account")⁵ and Phillips' personal bank account at U.S. Bank ("Phillips Account")⁶;
- u. when shown First Option Account bank statements that reflected that on November 3, 2008, the First Option Account totaled \$0.88, Phillips admitted that:
 - i. on November 7, 2008, Phillips completed a deposit ticket totaling \$42,000 for investment funds received from MR1, deposited \$29,000 in the First Option Account, and took the remaining \$13,000 out in cash;
 - ii. from the remaining investment funds in the First Option Account, Phillips sent wires and wrote checks to, among others, the following:
 - A. Visa;
 - B. Milex/Mr. Transmission;
 - C. Desiree D. Tolliver;
 - D. mortgage payments on Phillips's personal residence;
 - E. payments to Phillips's mother; and
 - F. checks to Phillips for cash;
 - iii. on November 30, 2008, the First Option Account had an ending balance of \$453.02;
- v. when shown Phillips Account bank statements, Phillips admitted that:
 - i. on November 7, 2008, Phillips deposited MR1's second investment check totaling \$8,000 into the Phillips Account; and
 - ii. from MR1's second investment check, Phillips, among other things:
 - A. wrote a check to Phillips's mother; and
 - B. took out over \$5,300 in cash;
- w. Phillips "kept the money" MR1 gave to Phillips for the investment;

⁵ The First Option Account is located in St. Louis, Missouri.

⁶ The Phillips Account is located in St. Louis, Missouri.

- x. “if you consider it theft, it’s theft. . .”;
 - y. Phillips wired the other investors’ funds to Green;
 - z. “We should have never invested with these guys, and we should have [done] more due diligence on ... Green”;
 - aa. “we found out later that ...Green was deceiving everybody”;
 - bb. In 2009 and 2011, Phillips sent e-mails to other individuals regarding deals Phillips was trying to “put together.” Phillips stated in one e-mail that he had “four pending contracts.” When asked about these e-mails, Phillips stated that he was “brokering stuff” trying to connect people to “make a commission.” Phillips stated that “I got a guy who invested in some mineral rights out in Utah...it just never panned out in terms of my commission”;
 - cc. MR1 contacted Phillips by e-mail in 2011 and asked about the investment. Phillips told MR1 that the people Phillips invested with were in Kenya and would be “closing...tomorrow and [I] hope to have...[the] funds very soon...I also have a new contract on a mountain deal that’s 40 million. I make a half a point on that deal...”; and
 - dd. Phillips had never been registered to sell securities in the State of Missouri.
27. A review of the TDF Account bank records revealed the following:
- a. Phillips and Tolliver were signatories on the TDF Account;
 - b. on February 18, 2009, the TDF Account received two (2) wire transfers; one from KR1 for \$150,000, and one from KR2 for \$50,000; and
 - c. on February 19, 2009, the TDF Account wired \$200,000 to an account in the name of A. Green & Associates, Inc. at a Regions Bank location in Hoover, Alabama.
28. Between at least 2000 and 2007, in the 17th Judicial Circuit Court in Broward County Florida, Green was convicted of several felonies including Grand Theft, Organized Fraud, and Loan Broker Fraud.
29. On July 22, 2014, Phillips filed a voluntary petition for Chapter 7 Bankruptcy in the United States Bankruptcy Court, Eastern District of Missouri, Case No. 14-45751 (“Phillips Bankruptcy”). Phillips did not list any of the investors as creditors in the Phillips’ Bankruptcy petition.

III. CONCLUSIONS OF LAW

30. Because Respondents failed to request a hearing within the time allowed by Section 409.6-604, and because the Commissioner never ordered such a hearing, the Order issued on December 18, 2014, against Respondents became **FINAL** by operation of law.

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

31. The **COMMISSIONER CONCLUDES** that Respondent Phillips violated Section 409.3-301, when Phillips offered and sold securities from the State of Missouri by, among other things:
- a. soliciting MR1, KR1, KR2, and KR3 to invest in a short-term investment involving platform trading;
 - b. these investors expected a profit primarily from the efforts others and not from the efforts of the investors;
 - c. receiving investment funds from MR1, KR1, and KR2; and
 - d. pooling the investor funds with the funds of Phillips, a third party or other investors.
32. These activities constitute an offer to sell and sale as those terms are defined in Section 409.1-102(26).
33. The interests offered and sold were investment contracts and are therefore securities as that term is defined in Section 409.1-102(28).
34. 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 Respondent Phillips.
35. Respondent Phillips offered and sold securities in Missouri without these securities 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.
36. The **COMMISSIONER FURTHER CONCLUDES** that Respondent First Option materially aided Respondent Phillips in the sale of an unregistered security to MR1 in violation of Section 409.3-301 by, among other things, receiving funds into the First Option Account from MR1 for the investment with Green through TDF.
37. The conduct of Respondents in violation of Section 409.3-301 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.

Multiple Violations of Transacting Business as an Unregistered Agent

38. The **COMMISSIONER FURTHER CONCLUDES** that Respondent Phillips violated Section 409.4-402(a) when he offered and/or sold securities to MR1, KR1, KR2, and KR3 without being registered or exempt from registration as an agent.
39. At all times relevant to this matter, Respondent Phillips was not registered as a securities agent in the State of Missouri.
40. Respondent Phillips transacted business in Missouri without being registered or exempt from registration as an agent.
41. Respondent Phillips' conduct in violation of Section 409.4-402(a) 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 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

42. The **COMMISSIONER FURTHER CONCLUDES** that Respondent Phillips violated Section 409.5-501(2) when, in connection with the offer, sale or purchase of a security, Respondent Phillips engaged in an act, practice, or course of business that would operate as a fraud or deceit upon MR1, KR1, KR2, and/or KR3 by, among other things:
 - a. telling MR1 that there was no risk with the investment when this was not true;
 - b. telling MR1 that the investment was "sure and legitimate" when this was not true;
 - c. telling MR1 that the returns on the investment were guaranteed, when this was not true;
 - d. telling MR1 that within thirty (30) days the investors would receive approximately \$1,500,000, when this was not true;
 - e. telling MR1 that the investment was a short-term investment that involved platform trading, when this was not true;
 - f. failing to conduct due diligence of the offering;
 - g. failing to conduct due diligence of Green;
 - h. sending KR1's and KR2's investment funds to Green, a convicted felon;

- i. soliciting KR3 to send investment funds to Green, a convicted felon;
 - j. offering and/or selling securities that were not registered or exempt from registration in the State of Missouri;
 - k. offering and/or selling securities when Phillips was not registered to offer or sell securities in the State of Missouri;
 - l. receiving MR1's investment funds in the First Option Account that was not associated with the offering;
 - m. commingling MR1's investor funds with First Option's funds and/or Phillips's personal funds;
 - n. using MR1's investment funds for Phillips's own benefit; and/or
 - o. lulling MR1 in order to obtain additional investment funds and/or avoid or delay detection by sending an e-mail to MR1 in 2011, which stated, among other things, that the investment would be "closing...tomorrow and [I] hope to have...[the] funds very soon" without disclosing that Phillips had not invested MR1's funds.
43. Respondent Phillips 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.
44. Respondent Phillips' conduct in violation Section 409.5-501 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.
45. 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 are 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; and
- C. 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.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), Respondent Phillips shall pay a civil penalty in the amount of \$10,000 for multiple violations of Section 409.3-301. This amount shall be made payable to the State of Missouri. 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, P.O. Box 1276, Jefferson City, Missouri 65201, within 30 days from the date of this Final Order.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), Respondent First Option shall pay a civil penalty in the amount of \$1,000 for materially aiding Respondent Phillips violation of Section 409.3-301. This amount shall be made payable to the State of Missouri. 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, P.O. Box 1276, Jefferson City, Missouri 65201, within 30 days from the date of this Final Order.

IT IS FURTHER ORDERED that, Respondent Phillips shall pay a civil penalty in the amount of \$10,000 for multiple violations of Section 409.4-402. This amount shall be made payable to the State of Missouri. 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, P.O. Box 1276, Jefferson City, Missouri 65201, within 30 days from the date of this Final Order.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), Respondent Phillips shall pay a civil penalty in the amount of \$10,000 for multiple violations of Section 409.5-501. This amount shall be made payable to the State of Missouri. 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, P.O. Box 1276, Jefferson City, Missouri 65201, within 30 days from the date of this Final Order.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), Respondents shall pay jointly and severally restitution to MR1 in the amount of \$50,000. 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 MR1. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65201, within 30 days from the date of this Final Order.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(e), Respondents shall jointly and severally pay \$4,647.94 in actual costs for investigation into, and the proceedings associated with, this matter. This amount shall be made payable to the Investor Education and Protection Fund. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65201, within 30 days of the date of this Final Order.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS SIXTEENTH DAY OF DECEMBER, 2015.



JASON KANDER
SECRETARY OF STATE

Andrew M. Hartnett

ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES

CERTIFICATE OF SERVICE

I hereby certify that on this 16 day of December, 2015, a copy of the foregoing Final Order to Cease and Desist and Order Awarding Restitution, Civil Penalties, and Costs in the above styled case was **mailed by Certified U.S. mail, Return Receipt Requested, to:**

First Option, LLC d/b/a First Option Realty
12268 Prinster Drive
St. Louis, Missouri 63146

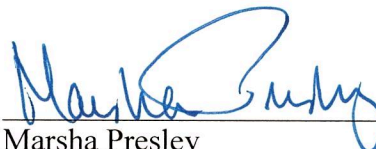
Sylvester A. Phillips
d/b/a Innovative Investments, LLC
12268 Prinster Drive
St. Louis, Missouri 63146

and by e-mail to:

sylvester.phillips@ymail.com

and by hand-deliver to:

Mary S. Hosmer
Assistant Commissioner
Missouri Securities Division



Marsha Presley
Securities Office Manager