



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
)  
RIVERSIDE LEASE, LLC; )  
TERINA K. CARNEY, Individually ) Case No. AP-15-03  
and d/b/a Riverside Lease, LLC; and )  
CHRISTOPHER SCHAFER, )  
)  
*Respondents.* )

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

Now on the 27th day of June 2016, the Commissioner, having reviewed this matter issues the following finding and order:

**I. PROCEDURAL BACKGROUND**

1. On January 15, 2015, the Enforcement Section of the Securities Division of the Office of the Secretary of State (“Enforcement Section”), through Enforcement Counsel Tyler McCormick submitted a Petition for Order to Cease and Desist and Order to Show Cause why Restitution, Civil Penalties, and Costs Should not be Imposed.
2. On January 22, 2015, the Commissioner issued an Order to Cease and Desist and Order to Show Cause why Restitution, Civil Penalties, and Costs Should not be Imposed (“Order”). The Office of the Commissioner sent, via certified U.S. mail, return service requested, a copy of the Order and Notice of Right to Request a Hearing to the Respondents. The documents were returned to the Commissioner by the U.S. Postal Service on January 30, 2015, marked as, return to sender, unable to forward.
3. On February 26, 2015, the Order was personally served upon Respondents Terina K. Carney (“Carney”) and Christopher Schafer (“Schafer”) at 100 W. 3<sup>rd</sup> St., Purcell, Missouri 64857.
4. On May 28, 2015, the Commissioner was served pursuant to Section 409.6-611(b),

RSMo. (Cum. Supp. 2013),<sup>1</sup> by providing a copy of the process to the Office of the Commissioner. The Office of the Commissioner sent, via U.S. certified mail, return receipt requested, a Notice of Service of Process and a copy of the process to all Respondents.

5. On June 2, 2015, Petitioner filed the Affidavit of Compliance with Section 409.6-611, demonstrating that the Enforcement Section had exercised reasonable steps to give notice to Respondent Riverside Lease, LLC (“Riverside Lease”) and that substitute service on the Commissioner was justified.
6. On July 1, 2015 the Enforcement Section, submitted a Motion for Final Order. Attached to that motion was an affidavit in support of motion (“Affidavit in Support of Motion for Final Order”) and a statement of penalties, costs, and restitution in this matter (“Statement of Penalties, Costs, and Restitution”), including further allegations of violations against Respondents and summarizing the amounts that Respondents owed to different victims and investors in this case.
7. To date, the Respondents have failed to respond to the Motion for Final Order.
8. Respondents failed to request a hearing within the time allowed by Section 409.6-604.
9. The Commissioner has not ordered a hearing in this matter pursuant to Section 409.6-604.

## **II. FINDINGS OF FACT**

### **A. Respondents and Related Parties**

10. Carney is a 49-year-old Missouri resident with a last known address of 33 Rose Wind Lane, Brumley, Missouri 65017. Carney did business as Riverside Lease, LLC and held herself out as a representative of Riverside Lease, LLC.
11. Riverside Lease is a Missouri limited liability company organized on December 12, 2012. A check of the records of the Missouri Secretary of State Business Services Division (“Missouri Business Services Division”) indicates that the registered agent of Riverside Lease is “Terina Humphrey” with a mailing address of PO Box 175, 4430 Sunset Dr., Kaiser, Missouri 65047.<sup>2</sup>
12. Schafer is a 47-year-old Missouri resident with a last known address of 33 Rose Wind Lane, Brumley, Missouri 65017. Schafer held himself out as a representative of Riverside Lease.

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

<sup>2</sup> Terina Carney used the alias Terina Humphrey.

13. As used herein, the term “Respondents” refers to Carney, Schafer, and Riverside Lease.
14. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, Carney, Schafer, and/or Riverside Lease have never been registered with the State of Missouri as investment advisers, investment adviser representatives, broker-dealers, broker-dealer agents, and/or issuer agents.
15. 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/or sold by Carney, Schafer, and/or Riverside Lease.

**B. Enforcement Section Investigation**

**Arkansas Resident**

16. On or before March 8, 2013, Carney, on behalf of Riverside Lease, spoke with a 28-year-old Pea Ridge, Arkansas resident (“AR”) about an investment opportunity with Riverside Lease. With regard to the investment opportunity, Carney:
  - a. told AR that AR’s funds would be used as an advance payment to secure a lease on behalf of an approved third-party;
  - b. told AR that AR’s funds were guaranteed as they would be taken straight from the funds released by Lease One;<sup>3</sup>
  - c. told AR the third-party would not have possession of the funds at any time;
  - d. promised AR a 20% return; and
  - e. provided AR with an agreement (“AR Agreement”).
17. Carney, on behalf of Riverside Lease, provided AR with the AR Agreement that set forth, among other things, the following:
  - a. AR would receive the principal from AR’s investment plus a compensation fee of 20%;
  - b. all of AR’s funds would be returned to AR two months from the date of the investment; and

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<sup>3</sup> Lease One Corp. (“Lease One”) is a Massachusetts corporation incorporated on June 24, 1991. A check of the records of the Secretary of the Commonwealth of Massachusetts, Corporations Division, indicates that the registered agent of Lease One is Joseph Angelo, Jr., with an address of 220 Broadway Suite 102, Lynnfield, Massachusetts 01940. Lease One is described on its website as a financial services company that provides asset-based financing for clients.

- c. AR's funds would be used as an advance payment on behalf of a third-party business in order for that business to secure a fully funded lease.
18. On or around March 8, 2013, AR executed the AR Agreement with Carney and Riverside Lease and wired \$6,000 into a Schafer Financial Services ("Schafer Financial") bank account at US Bank in Lebanon, Missouri ("Schafer Financial Account").<sup>4</sup>
19. A review of the bank records for the Schafer Financial Account revealed, among other things, that:
  - a. the Schafer Financial Account was opened on November 14, 2012;
  - b. on March 7, 2013, the Schafer Financial Account had a balance of \$4,694.01;
  - c. on March 8, 2013, AR made a wire transfer of \$6,000 into the Schafer Financial Account;
  - d. investment funds from AR were commingled with other funds in the Schafer Financial Account and on March 8, 2013, used for, among other things, the following activity:
    - i. a wire transfer of \$6,000 from the Schafer Financial Account to the bank account of another investor;
    - ii. purchases from "AVP AVON" totaling more than \$75;
    - iii. in excess of \$260 paid to Wal-Mart;
    - iv. in excess of \$550 paid to U-HAUL; and
  - e. on March 8, 2013, the Schafer Financial Account had an ending balance of \$3,784.50.
20. On or about March 31, 2013, Riverside Lease sent AR a statement that set forth, among other things, the following:
  - a. AR would receive a statement at the end of every month; and
  - b. AR's ending balance on March 31, 2013, was \$7,200.
21. On or before June 10, 2013, Riverside Lease sent AR a letter stating, among other things, the following:

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<sup>4</sup> Schafer Financial is registered as a fictitious name with the Missouri Business Services Division. The owner of Schafer Financial Services is "Terina Schafer" with a mailing address of 33 Rose Wind Lane, Brumley, Missouri 65017. Terina Carney used the alias Terina Schafer.

- a. “As some of you may know, there have been significant delays in the pay out of fees due to you from leasing transactions. I want to reassure everyone that I am doing my best to return funds to you and to alleviate your concerns.”; and
  - b. “Many changes have taken place in the leasing Industry in the last few months and those changes have caused significant delays within financial institutions and the timeliness in which they process leasing application for funding.”
22. On or about June 30, 2013, Riverside Lease sent AR a statement that set forth, among other things, AR’s ending balance on June 30, 2013, was \$12,441.60.
  23. AR has not received a return on AR’s investment and was never repaid the principal from AR’s investment.

**Missouri Resident 1**

- a. told MR1 that the risk would be minimal because all of the projects were to be thoroughly “vetted” before funding;
  - b. told MR1 that MR1’s funds would be used for projects that require short term financing while awaiting the long-term bank loan;
  - c. promised MR1 a 30% return on the first project and a 20% return on all other projects; and
  - d. provided MR1 with an agreement (“MR1 Agreement”).
24. In or around February 2013, a representative of Riverside Lease spoke with a 79-year-old Webb City, Missouri resident (“MR1”) about an investment opportunity with Riverside Lease. With regard to the investment opportunity, a representative of Riverside Lease:
    - a. MR1 would receive the principal from MR1’s investment plus a compensation fee of 20%;
    - b. MR1’s compensation fee would be wired to MR1 every 45 days;
    - c. all of MR1’s funds would be returned to MR1 two months from the date of the investment; and
    - d. MR1’s funds would be used as an advance payment on behalf of a third-party business in order for that business to secure a fully funded lease.
  25. The MR1 Agreement set forth, among other things, the following:
    - a. MR1 would receive the principal from MR1’s investment plus a compensation fee of 20%;
    - b. MR1’s compensation fee would be wired to MR1 every 45 days;
    - c. all of MR1’s funds would be returned to MR1 two months from the date of the investment; and
    - d. MR1’s funds would be used as an advance payment on behalf of a third-party business in order for that business to secure a fully funded lease.
  26. On or around February 20, 2013, MR1 executed the MR1 Agreement with Carney and Riverside Lease and wrote a check for \$5,000 to a representative of Riverside Lease.

27. A review of the bank records for a Riverside Lease bank account at US Bank in Lebanon, Missouri (“Riverside Lease Account”) revealed, among other things, that:
- a. Carney opened the Riverside Lease Account on January 28, 2013;
  - b. Carney and SH<sup>5</sup> were listed as the signatories on the Riverside Lease Bank Account;
  - c. on February 20, 2013, the Riverside Lease Account had a balance of \$2,134.09;
  - d. on February 21, 2013, a representative of Riverside Lease wired \$5,000 into the Riverside Lease Account;
  - e. investment funds from MR1 were commingled with other funds in the Riverside Lease Account and between February 21, 2013, and February 27, 2013, used for, among other things, the following activity:
    - i. in excess of \$500 paid to Lakers Eagle Store, Twin Oaks, Madison Street, and Kohl’s;
    - ii. in excess of \$380 paid to AT&T;
    - iii. five electronic withdrawals totaling more than \$7,120 by Elavon (a company that provides merchant services to small businesses); and
    - iv. a \$35.00 overdraft charge; and
  - f. On February 27, 2013, the Riverside Lease Account had an ending balance of negative \$913.76.
28. On or about March 31, 2013, Riverside Lease sent MR1 a statement that set forth, among other things, the following:
- a. MR1 would receive a statement at the end of every month; and
  - b. MR1’s ending balance on March 31, 2013, was \$6,500.
29. On or before June 10, 2013, Carney, on behalf of Riverside Lease, sent MR1 a letter stating, among other things, the following:
- a. “As some of you may know, there have been significant delays in the pay out of fees due to you from leasing transactions. I want to reassure everyone that I am

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<sup>5</sup> SH is a 64-year-old Illinois resident. SH met Carney in July 2012 and had a personal relationship with Carney until August 2013. SH was unaware that Carney had opened multiple bank accounts and businesses using SH’s name until after separating and moving away from Carney. SH’s mail was then forwarded to Illinois and SH began receiving calls from banks regarding collections.

doing my best to return funds to you and to alleviate your concerns.”;

- b. “Many changes have taken place in the leasing Industry in the last few months and those changes have caused significant delays within financial institutions and the timeliness in which they process leasing application for funding.”;
  - c. “As these new guidelines are being implemented, I have had to daily pursue the lending institutions to close leases that involved your funds. I have spent countless hours with these lending Institutions and have finally gotten them to consider closing out these leases. Most will close by the 10th of June and others by the 25th of June.”; and
  - d. “Again, I cannot express enough my gratitude for the patience that each of you have given in this matter. Please know that I will seek extra compensation for those clients that this has affected.”
30. On or about June 30, 2013, Riverside Lease sent MR1 a statement that set forth, among other things, MR1’s ending balance on June 30, 2013, was \$10,140.
31. On or about July 31, 2013, Riverside Lease sent MR1 a statement that set forth, among other things, MR1’s ending balance on July 31, 2013, was \$12,168.
32. MR1 asked if MR1 could withdraw any of MR1’s investment, and a representative of Riverside Lease told MR1, “not at this time.”
33. MR1 has not received a return on MR1’s investment and was never repaid the principal from MR1’s investment.

### **Missouri Resident 2**

34. On or before August 16, 2013, Carney, on behalf of Riverside Lease, spoke with a 59-year-old Neosho, Missouri resident (“MR2”) about an investment opportunity with Riverside Lease. With regard to the investment opportunity, Carney:
- a. met with MR2 at MR2’s residence in Missouri to discuss the investment opportunity;
  - b. told MR2 that government contractors needed additional funds to complete government jobs;
  - c. told MR2 that MR2’s funds would be used over and over again for different projects and returned with interest at the date specified in the agreement; and
  - d. provided MR2 with an agreement (“MR2 Agreement”).
35. Carney, on behalf of Riverside Lease, provided MR2 with the MR2 Agreement that set

forth, among other things, the following:

- a. MR2 would receive the principal from MR2's investment plus a compensation fee of 10%;
  - b. all of MR2's funds would be returned to MR2 nine months from the date of the investment; and
  - c. MR2's funds would be used as an advance payment on behalf of a third-party business in order for that business to secure a fully funded lease.
36. On or around August 16, 2013, MR2 executed the MR2 Agreement with Carney and Riverside Lease and wired \$65,000 into a Carney DBA Riverside Lease bank account at US Bank in Lebanon, Missouri ("Carney DBA Riverside Lease Account").
37. A review of the bank records for the Carney DBA Riverside Lease Account revealed, among other things, that:
- a. Carney opened the Carney DBA Riverside Lease Account on May 7, 2013;
  - b. Carney was listed as the sole signatory on the Carney DBA Riverside Lease Account;
  - c. on August 14, 2013, the Carney DBA Riverside Lease Account had a balance of negative \$339.68;
  - d. on August 16, 2013, MR2 made a wire transfer of \$65,000 into the Carney DBA Riverside Lease Account;
  - e. investment funds from MR2 were commingled with other funds in the Carney DBA Riverside Lease Account and on August 16, 2013, used for, among other things, wire transfers from the Carney DBA Riverside Lease Account totaling at least \$29,000 to at least two other investors; and
  - f. on August 16, 2013, the Carney DBA Riverside Lease Account had an ending balance of \$22,910.32.
38. On October 7, 2013, Carney, on behalf of Riverside Lease, sent MR2 an e-mail stating, among other things, the following:
- a. "You will be receiving a statement in about two days.";
  - b. "Everything is going well."; and
  - c. "Just closed the first lease out at 12.5% and getting the next going at 12.8%."



39. On or about October 12, 2013, Riverside Lease sent MR2 a statement that set forth, among other things, the following:
  - a. MR2 would receive a statement at the closing of every lease; and
  - b. MR2's ending balance on October 12, 2013, was \$73,125.
40. On October 13, 2013, Carney sent MR2 an e-mail stating, among other things, the following:
  - a. "You earned 12.5%."; and
  - b. "I have selected another lease and you will receive 12.8% on the next one."
41. On or about December 3, 2013, Carney sent MR2 an e-mail with subject line of "GCP Bridge Summary.pdf" stating, among other things, the following:
  - a. "talked to Paul ...sent him the documents and here is your copy.";
  - b. "we are planning on trying to get everything complete [sic] Wednesday at the latest.";
  - c. "I can't tell you how much this means to me."; and
  - d. "This is the start of a lot of good things for you and it will help my business tremendously."
42. On or about December 10, 2013, Carney sent MR2 an e-mail stating, among other things, the following:
  - a. "Here is the statement that you requested earlier."; and
  - b. "Please let me know when Justin [Jeffries] and I can get in touch with you and your family.....we need to do it tomorrow please."<sup>6</sup>
43. Attached to the December 10, 2013, e-mail was a statement from Riverside Lease stating, among other things, MR2's ending balance on December 10, 2013, was \$82,265.63.
44. Between January 30, 2014 and April 11, 2014, MR2 attempted to contact Carney multiple times regarding MR2's investment, but has not received a response.
45. MR2 has not received a return on MR2's investment and was never repaid the principal from MR2's investment.

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<sup>6</sup> Justin Jeffries ("Jeffries") is a thirty-five (35) year-old Springfield, Missouri resident. On August 5, 2013, Jeffries pled guilty to the offense of knowingly committing false statements and entries in violation of 18 U.S.C. §§ 1001 and 2.

### **Missouri Resident 3**

46. On or before September 10, 2013, Carney, on behalf of Riverside Lease, spoke with a 53-year-old Chillicothe, Missouri resident (“MR3”) about an investment opportunity with Riverside Lease. With regard to the investment opportunity, Carney:
  - a. told MR3 that MR3’s funds would be used to fund a down payment to secure equipment leases;
  - b. told MR3 that MR3’s funds would only be needed until the lease was fully funded;
  - c. told MR3 that MR3’s investment would be returned in 45 days;
  - d. promised MR3 a 12% return;
  - e. told MR3 there was no risk as the bank that would be funding the lease secured the interest; and
  - f. provided MR3 with an agreement (“MR3 Agreement”).
47. Carney, on behalf of Riverside Lease, provided MR3 with the MR3 Agreement that set forth, among other things, the following:
  - a. MR3 would receive the principal from MR3’s investment plus a compensation fee of 12%;
  - b. all of MR3’s funds would be returned to MR3 three months from the date of the investment; and
  - c. MR3’s funds would be used as an advance payment on behalf of a third-party business in order for that business to secure a fully funded lease.
48. On or around September 6, 2013, MR3 executed the MR3 Agreement with Carney and Riverside Lease.
49. A review of the bank records for the Carney DBA Riverside Lease Account revealed, among other things, that:
  - a. on September 9, 2013, the Carney DBA Riverside Lease Account had a balance of \$1,362.50;
  - b. on September 10, 2013, MR3 made a wire transfer of \$12,200 into the Carney DBA Riverside Lease Account, and another Riverside Lease investor made a wire transfer of \$15,500 into the Carney DBA Riverside Lease Account;

- c. investment funds from MR3 were commingled with other funds in the Carney DBA Riverside Lease Account and between September 10, 2013 and September 30, 2013, used for, among other things, the following activity:
    - i. approximately \$3,300 in ATM withdrawals;
    - ii. approximately \$689.20 paid to Priceline.com;
    - iii. in excess of \$2,750 paid to “Sedona Pines Vac” and “Sedona Pines Gen”;
    - iv. in excess of \$400 paid to “Musicians Workshop”;
    - v. approximately \$760 paid to “Car Mart”;
    - vi. approximately \$862 paid to Wal-Mart;
    - vii. in excess of \$1,490 paid to “United”; and
    - viii. numerous other expenses that appear unrelated to any equipment leases; and
  - d. On September 30, 2013, the Carney DBA Riverside Lease Account had an ending balance of \$5,982.98.
50. On or about October 30, 2013, Riverside Lease sent MR3 a statement that set forth, among other things, the following:
- a. MR3 would receive a statement at the end of every month; and
  - b. MR3’s ending balance on October 30, 2013, was \$13,725.
51. On or about January 29, 2014, Carney, on behalf of Riverside Lease, sent MR3 an e-mail stating, among other things, the following:
- a. “I am so sorry for the lack of communication on my part.”;
  - b. “I was not happy with the lender when they reinvested your funds into a lease in December.”;
  - c. “I had it all set to be returned with my lender rep, who then reinvested it disregarding instructions.”; and
  - d. “I apologize for this.”
52. On or about February 13, 2014, Carney sent MR3 a text message stating, among other things, the following:

- a. I was hoping to close this lease yesterday and have your funds by tomorrow...”;
  - b. the lease has not closed because of “...some last minute changes on the equipment...”;
  - c. “the serial numbers didn’t match on the UCC filing...”;
  - d. without correct serial numbers, “...they will have no collateral for the lease...”; and
  - e. MR3 would receive “14.5% on this lease.”
53. On or about February 13, 2014, Carney sent MR3 a text message stating, among other things, the following:
- a. the serial numbers did not match the invoice the first time they were collected; and
  - b. “they are having to send someone...to visually look at the serial numbers.”
54. On or about February 19, 2014, Carney, on behalf of Riverside Lease, sent MR3 an e-mail stating, among other things, the following:
- a. at this time, “Your funds are in a project in Arizona...with a pipe fitting company that lays pipe for BP Oil.”;
  - b. “You are receiving 13.9% on this lease...but [I] realize you want your funds returned.”; and
  - c. “They are still working on the serial number problem and have sent someone out there to retake photos and re-document the serial numbers on approximately 37 pieces of equipment so this isn’t an easy job.”
55. On or about February 21, 2014, Carney sent MR3 a text message stating, among other things, the following:
- a. “My mistake YOURS is 14.5%...”;
  - b. “sorry I was looking at someone else’s...;” and
  - c. “Once again it is 14.5%.”
56. On or about March 3, 2014, Carney sent MR3 a text message stating, among other things, the following:

- a. "...we are a little off schedule...I expected to have an email today detailing your funds release but I do not have it yet..."; and
  - b. "...apparently they are behind on processing ..."
57. On or about April 1, 2014, Carney sent MR3 a text message stating, among other things, the following:
- a. "...just letting you know that I will either be pursuing a class action lawsuit against the lender or I will be speaking to an FBI agent later this week...maybe both not sure."; and
  - b. "I had hoped to close one of the Larger [sic] leases and be able to pay you back from my commission but time had run out on that option."
58. MR3 has requested the return of MR3's investment numerous times.
59. MR3 has not received a return on MR3's investment and was never repaid the principal from MR3's investment.

#### **Missouri Resident 4**

60. On or around November 18, 2013, Carney, on behalf of Riverside Lease, sent a 73-year-old Neosho, Missouri resident ("MR4") an e-mail stating the following:
- Good Morning,
- I have attached a contract for you to review. I would like to call you today to discuss investment [sic] because I have several leases that need funding asap. If you want to invest, now would be a good time to help out. I can come down later today to meet and get you set up...let me know...thank you
- Terina
61. On or before January 8, 2014, Carney, on behalf of Riverside Lease, spoke with MR4 about an investment opportunity with Riverside Lease. With regard to the investment opportunity, Carney:
- a. told MR4 that MR4 was investing in short-term leases;
  - b. told MR4 that MR4 would receive regular updates;
  - c. told MR4 that MR4 would receive 10% interest;

- d. told MR4 that the risk was nominal because of the fact that the leases were already approved; and
  - e. provided MR4 with an agreement (“MR4 Agreement”).
62. Carney, on behalf of Riverside Lease, provided MR4 with the MR4 Agreement that set forth, among other things, the following:
- a. MR4 would receive the principal from MR4’s investment plus a compensation fee of 10%;
  - b. all of MR4’s funds would be returned to MR4 six months from the date of the investment; and
  - c. MR4’s funds would be used as an advance payment on behalf of a third-party business in order for that business to secure a fully funded lease.
63. On or around January 8, 2014, MR4 wrote a check for \$20,000 payable to Riverside Lease and executed the MR4 Agreement with Carney and Riverside Lease.
64. A review of the bank records for the Carney DBA Riverside Lease Account revealed, among other things, that:
- a. on January 8, 2014, the Carney DBA Riverside Lease Account had a balance of negative \$277.10;
  - b. on or around January 9, 2014, MR4’s check for \$20,000 was deposited into the Carney DBA Riverside Lease Account;
  - c. investment funds from MR4 were commingled with other funds in the Carney DBA Riverside Lease Account including deposits totaling approximately \$16,620, and between January 9, 2014 and January 31, 2014, used for, among other things, the following activity:
    - i. approximately \$400 in ATM withdrawals;
    - ii. approximately \$400 paid to “Car Mart”;
    - iii. in excess of \$690 paid to “Marshalls”;
    - iv. in excess of \$390 paid to Universal Life;
    - v. in excess of \$400 paid to FFN.com Adult FriendFinder (an adult-oriented social network, online dating service and adult personals website);
    - vi. approximately \$750 paid to Schafer;

- vii. in excess of \$15,000 paid to “Justin Jeffries”;
  - viii. in excess of \$10,000 paid to Runway LLC;<sup>7</sup>
  - ix. withdrawals totaling in excess of \$3,800;
  - x. overdraft charges in excess of \$200; and
  - xi. numerous other expenses that appear unrelated to any leases; and
- d. On January 31, 2014, the Carney DBA Riverside Lease Account had an ending balance of negative \$163.39.
65. MR4 has been unable to contact Carney and has received no statements or updates.
66. MR4 has not received a return on MR4’s investment and was never repaid the principal from MR4’s investment.

**Missouri Resident 5**

67. On or before February 18, 2014, a 72-year-old Camdenton, Missouri resident (“MR5”) met with Carney and Schafer at a Waffle House in Springfield, Missouri. At the meeting, Carney and Schafer, on behalf of Riverside Lease, spoke with MR5 about an investment opportunity with Riverside Lease. With regard to the investment opportunity, Carney:
- a. told MR5 that Schafer was Carney’s husband;
  - b. explained to MR5 that various companies used the money for immediate settling of debts;
  - c. told MR5 that MR5’s investment would be returned in three months;
  - d. guaranteed MR5 returns of at least 8% per month;
  - e. provided MR5 with an agreement (“MR5 Agreement”); and
  - f. told MR5 that Carney needed the funds upfront before they could sign the agreement.
68. Carney, on behalf of Riverside Lease, provided MR5 with the MR5 Agreement that set forth, among other things, the following:
- a. MR5 would receive the principal from MR5’s investment plus a compensation fee

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<sup>7</sup> A check of the records of the Missouri Business Services Division indicates that no business registration has been filed for Runway LLC or Runway B&BS LLC. Justin Jeffries does business as Runway LLC and Runway B&BS LLC.

of 12%;

- b. all of MR5's funds would be returned to MR5 three months from the date of the investment; and
  - c. MR5's funds would be used as an advance payment on behalf of a third-party business in order for that business to secure a fully funded lease.
69. On or around February 19, 2014, MR5 executed the MR5 Agreement with Carney and Riverside Lease and wired \$12,000 into a Schafer bank account at Central Bank of the Lake of the Ozarks in Osage Beach, Missouri ("Schafer Personal Account").
70. A review of the bank records for the Schafer Personal Account revealed, among other things, that:
- a. Schafer opened the Schafer Personal Account on February 2, 2012;
  - b. Schafer was listed as the sole signatory on the Schafer Personal Account;
  - c. on February 14, 2014, the Schafer Personal Account had a balance of \$276.92;
  - d. on February 19, 2014, MR5 made a wire transfer of \$12,000 into the Schafer Personal Account;
  - e. investment funds from MR5 were commingled with other funds in the Schafer Personal Account and between February 19, 2014 and March 14, 2014, used for, among other things, the following activity:
    - i. approximately \$750 in withdrawals;
    - ii. in excess of \$1,500 paid to "Gascosage" (an electric cooperative);
    - iii. in excess of \$350 paid to "TLC One Stop";
    - iv. in excess of \$225 paid to "Dierberg's";
    - v. a transfer of approximately \$2,000 to another Schafer bank account;
    - vi. a wire transfer from the Schafer Personal Account of approximately \$7,000 to another investor; and
    - vii. numerous other expenses that appear unrelated to any leases; and
  - f. On March 14, 2014, the Schafer Personal Account had an ending balance of negative \$360.36.



71. MR5 has requested the return of MR5's investment.
72. MR5 has not received a return on MR5's investment and was never repaid the principal from MR5's investment.

**Missouri Resident 6**

73. On or before March 18, 2014, Carney, on behalf of Riverside, spoke with a 43-year-old Rogersville, Missouri resident ("MR6") about an investment opportunity with Riverside Lease. With regard to the investment opportunity, Carney:
  - a. told MR6 that MR6's funds would be used for start-up costs for an oil company;
  - b. told MR6 that MR6's investment would be returned in six months;
  - c. guaranteed MR6 a 12% return;
  - d. provided MR6 with an agreement ("MR6 Agreement");
  - e. told MR6 that Schafer was Carney's husband and for MR6 to wire the funds to Schafer's account because that was the account in which they did their business transactions;
  - f. asked MR6 if MR6 knew anyone else that could invest; and
  - g. told MR6 that Carney would pay MR6 \$500 for each investor MR6 put in.
74. Carney, on behalf of Riverside Lease, provided MR6 with the MR6 Agreement that set forth, among other things, the following:
  - a. MR6 would receive the principal from MR6's investment plus a compensation fee of 12%;
  - b. all of MR6's funds would be returned to MR6 six months from the date of the investment; and
  - c. MR6's funds would be used as an advance payment on behalf of a third-party business in order for that business to secure a fully funded lease.
75. On or around March 28, 2014, MR6 executed the MR6 Agreement with Carney and Riverside Lease.
76. A review of the bank records for the Schafer Personal Account revealed, among other things, that:

- a. on March 17, 2014, the Schafer Personal Account had a balance of negative \$360.36;
- b. on or around March 18, 2014, MR6 made a wire transfer of \$5,000 into the Schafer Personal Account;
- c. investment funds from MR6 were commingled with other funds in the Schafer Personal Account and between March 18, 2014 and April 14, 2014, used for, among other things, the following activity:
  - i. approximately \$1,400 in withdrawals;
  - ii. telephone transfers of approximately \$3,000;
  - iii. in excess of \$245 paid to “TLC One Stop”;
  - iv. overdraft and return check charges of approximately \$180; and
  - v. numerous other expenses that appear unrelated to any leases; and
- d. On April 14, 2014, the Schafer Personal Account had an ending balance of negative \$546.75.

77. MR6 has requested the return of MR6’s investment.

78. MR6 has not received a return on MR6’s investment and was never paid the principal from MR6’s investment.

#### **Additional Findings**

79. Public records indicate that Carney filed a joint voluntary Chapter 7 bankruptcy petition on February 21, 2012, in the Western District of Missouri.<sup>8</sup>

80. Public records indicate that Schafer filed a voluntary Chapter 13 bankruptcy petition on May 23, 2012, in the Western District of Missouri.<sup>9</sup>

81. In connection with the offer and/or sale of securities, Riverside Lease, Carney, and/or Schafer failed to disclose to AR, MR1, MR2, MR3, MR4, MR5 and/or MR6, among other things, the following:

- a. that Carney and Schafer were not registered to offer or sell securities in the State of Missouri;
- b. that the securities were neither registered nor exempt from registration in the State

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<sup>8</sup> *In re* Carney, Case No. 12-30072-can7 (Bank. W.D. Mo. February 21, 2012).

<sup>9</sup> *In re* Schafer, Case No. 12-20813-drd13 (Bank. W.D. Mo. May 23, 2012).

of Missouri;

- c. the specific risks associated with the investment including, but not limited to, the risks associated with Riverside Lease's business and/or industry;
  - d. specific information about the leases;
  - e. financial information to support the promised return on the investments;
  - f. the financial condition of Riverside Lease;
  - g. the financial condition of Lease One;
  - h. the financial condition of Carney;
  - i. the financial condition of Schafer;
  - j. that Carney had petitioned for bankruptcy;
  - k. that Schafer had petitioned for bankruptcy; and
  - l. that investment funds would be commingled with Carney's and/or Schafer's business and/or personal funds and used to pay personal expenses, to make cash withdrawals, to make payments to other investors, and/or to make payments to associates of Carney and Schafer.
82. The Affidavit in Support of Motion for Final Order stated that, in the course of this investigation, the Enforcement Section investigator assigned to this matter:
- a. discovered 17 individuals who were offered and sold securities by the Respondents in this matter;
  - b. the act, practice, and course of business engaged in by the Respondents to defraud investors, as detailed in the Petition and the Order, was typical of the conduct engaged in by the Respondents with all of these investors; and
  - c. in addition to conducting investor interviews, the Enforcement Section received contracts and other forms of documentation from investors that revealed these 17 individuals lost in excess of \$350,000.
83. The Affidavit in Support of Motion for Final Order stated that:
- a. on or around November 30, 2012, Carney, on behalf of Riverside Lease, offered or sold \$16,000 in securities to a 25-year-old Bella Vista, Arkansas resident ("AR2");

- b. on or around September 26, 2012, Carney, on behalf of Riverside Lease, offered or sold \$5,200 in securities to a 59-year-old Washburn, Missouri resident (“MR7”);
  - c. on or around January 22, 2013, Carney, on behalf of Riverside Lease, offered or sold \$55,000 in securities to a 30-year-old Rocky Comfort, Missouri resident (“MR8”), but later repaid \$4,000 to MR8, leaving \$51,000 still unpaid to MR8;
  - d. between November 2012 and February 2013, Carney, on behalf of Riverside Lease, offered or sold \$39,440 in securities to a 52-year-old Rocky Comfort, Missouri resident (“MR9”), but later repaid \$10,500 to MR9, leaving \$28,940 still unpaid to MR9;
  - e. between May 2013 and August 2013, Carney, on behalf of Riverside Lease, offered or sold \$22,500 in securities to a 72-year-old Lebanon, Missouri resident (“MR10”), but later repaid \$17,250 to MR10, leaving \$5,250 still unpaid to MR10;
  - f. on or around September 10, 2013, a representative of Riverside Lease offered or sold \$15,500 in securities to a 57-year-old Chillicothe, Missouri resident (“MR11”);
  - g. between October 2012 and January 2013, Carney offered or sold \$60,000 in securities to a 38-year-old Lake Ozark, Missouri resident (“MR12”), but later repaid \$25,000 to MR12, leaving \$35,000 still unpaid to MR12;
  - h. on or around October 16, 2013, a representative of Lease One and/or Riverside Lease offered or sold \$65,615 in securities to a 53-year-old Trivoli, Illinois resident (“ILR”);
  - i. on or around October 7, 2013, Carney, on behalf of Riverside Lease, offered or sold \$5,000 in securities to a 21-year-old Rogersville, Missouri resident (“MR13”); and
  - j. On or before October 7, 2013, a representative of Riverside Lease offered or sold \$5,000 in securities to a 54-year-old Rogersville, Missouri resident (“MR14”).
84. The Statement of Penalties, Costs, and Restitution stated that Respondents owed restitution to the victims in this matter in the following amounts, which included interest calculated at 8% annually from the date of investment (i.e., the date of the unregistered offer or sale):
- a. AR: \$6,480;
  - b. MR1: \$5,400;

- c. MR2: \$70,200;
- d. MR3: \$13,176;
- e. MR4: \$21,600;
- f. MR5: \$12,960;
- g. MR6: \$5,400;
- h. AR2: \$18,560;
- i. MR7: \$5,616;
- j. MR8: \$55,080;
- k. MR9: \$31,255.20;
- l. MR10: \$5,670;
- m. MR11: \$16,740;
- n. MR12: \$37,800;
- o. ILR: \$70,864.20;
- p. MR13: \$5,400; and
- q. MR14: \$5,400.

- 85. The Statement of Penalties, Costs, and Restitution stated that the total costs incurred in investigating this matter was \$12,404.47.
- 86. Respondents have submitted no documentation, affidavits, or other pleadings contradicting or in any way taking issue with these amounts.

### **III. CONCLUSIONS OF LAW**

- 87. **THE COMMISSIONER CONCLUDES** that because the 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 January 22, 2015, against the Respondents became **FINAL** by operation of law.
- 88. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.3-301 when they offered and sold a security in Missouri as those terms are

defined in Section 409.1-102(26) and (28), to AR; AR2; ILR; MR1; MR2; MR3; MR4; MR5; MR6; MR7; MR8; MR9; MR10; MR11; MR12; MR13; and MR14.

89. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents Carney and Schafer violated Section 409.4-402(a) when they transacted business as agents in Missouri without being registered or exempt from registration as an agent.
90. **THE COMMISSIONER FURTHER CONCLUDES** that Respondent Riverside Lease violated Section 409.4-402(d), when Riverside Lease employed and/or associated with Carney and Schafer, who offered and/or sold securities in the State of Missouri on behalf of Riverside Lease.
91. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.5-501(2), when, in connection with the offer, sale or purchase of a security to AR, MR1, MR2, MR3, MR4, MR5, or MR6, Respondents 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. Such statements and material omissions included, but were not limited to, the following:
  - a. telling AR that: (1) AR's funds would be used as an advance payment to secure a lease for an approved third-party; (2) AR's funds were guaranteed because the funds would be taken straight from the funds released by Lease One; and/or (3) AR would be repaid the principal and a compensation fee of 20% two months from the date of the investment. These statements, in light of the circumstances under which they were made, were misleading statements because Carney, on behalf of Riverside Lease, misrepresented or omitted to disclose the following material facts that could impact this return and the viability of AR's investment:
    - i. that Carney was not registered to offer or sell securities in the State of Missouri;
    - ii. that the securities were neither registered nor exempt from registration;
    - iii. the specific risks associated with the investment including, but not limited to, the risk associated with Riverside Lease's business and/or industry;
    - iv. specific information about the third-party leases;
    - v. financial information to support the promised return on the investment;
    - vi. the financial condition of Riverside Lease;
    - vii. the financial condition of Lease One;
    - viii. the financial condition of Carney;

- ix. the financial condition of Schafer;
  - x. that Carney had petitioned for bankruptcy;
  - xi. that Schafer had petitioned for bankruptcy; and/or
  - xii. that investor funds would be commingled with Carney's and/or Schafer's personal and/or business funds and used to pay personal expenses, to make cash withdrawals, and to pay returns to other investors;
- b. providing MR1 with the MR1 agreement that set forth that: (1) MR1's funds would be used as an advance payment on behalf of a third-party to secure a fully funded lease; (2) MR1 would be repaid the principal and a compensation fee of 20%; (3) MR1 would be wired the compensation fee every 45 days; and/or (4) MR1's funds would be returned two months from the date of the investment. These statements, in light of the circumstances under which they were made, were misleading statements because Carney, on behalf of Riverside Lease, misrepresented or omitted to disclose the following material facts that could impact this return and the viability of MR1's investment:
- i. that Carney was not registered to offer or sell securities in the State of Missouri;
  - ii. that the securities were neither registered nor exempt from registration;
  - iii. the specific risks associated with the investment including, but not limited to, the risk associated with Riverside Lease's business and/or industry;
  - iv. specific information about the third-party leases;
  - v. financial information to support the promised return on the investment;
  - vi. the financial condition of Riverside Lease;
  - vii. the financial condition of Carney;
  - viii. that Carney had petitioned for bankruptcy; and/or
  - ix. that investor funds would be commingled with Carney's personal and/or business funds and used to pay personal expenses;
- c. telling MR2 that: (1) MR2's funds would be used as an advance payment on behalf of a third-party to secure a fully funded lease; (2) MR2 would be repaid the principal and a compensation fee of 10%; and/or (3) MR2's funds would be returned nine months from the date of the investment. These statements, in light of the circumstances under which they were made, were misleading statements

because Carney, on behalf of Riverside Lease, misrepresented or omitted to disclose the following material facts that could impact this return and the viability of MR2's investment:

- i. that Carney was not registered to offer or sell securities in the State of Missouri;
  - ii. that the securities were required to be registered or exempt from registration;
  - iii. the specific risks associated with the investment including, but not limited to, the risk associated with Riverside Lease's business and/or industry;
  - iv. specific information about the third-party leases;
  - v. financial information to support the promised return on the investment;
  - vi. the financial condition of Riverside Lease;
  - vii. the financial condition of Carney;
  - viii. that Carney had petitioned for bankruptcy; and/or
  - ix. that investor funds would be commingled with Carney's personal and/or business funds and used to pay returns to other investors;
- d. telling MR3 that: (1) MR3's funds would be used to fund a down payment to secure equipment leases; (2) MR3 would be repaid the principal and a compensation fee of 12%; and/or (3) there was no risk as the bank that would be funding the lease secured the interest. These statements, in light of the circumstances under which they were made, were misleading statements because Carney, on behalf of Riverside Lease, misrepresented or omitted to disclose the following material facts that could impact this return and the viability of MR3's investment:
- i. that Carney was not registered to offer or sell securities in the State of Missouri;
  - ii. that the securities were neither registered nor exempt from registration;
  - iii. the specific risks associated with the investment including, but not limited to, the risk associated with Riverside Lease's business and/or industry;
  - iv. specific information about the equipment leases;
  - v. financial information to support the promised return on the investment;



- vi. the financial condition of Riverside Lease;
  - vii. the financial condition of Carney;
  - viii. that Carney had petitioned for bankruptcy; and/or
  - ix. that investor funds would be commingled with Carney's personal and/or business funds and used to pay personal expenses and to make cash withdrawals;
- e. telling MR4 that: (1) MR4's funds would be used to invest in short-term leases; (2) MR4 would be repaid the principal and a compensation fee of 10%; and/or (3) there was nominal risk because the leases were already approved. These statements, in light of the circumstances under which they were made, were misleading statements because Carney, on behalf of Riverside Lease, misrepresented or omitted to disclose the following material facts that could impact this return and the viability of MR4's investment:
- i. that Carney was not registered to offer or sell securities in the State of Missouri;
  - ii. that the securities were neither registered nor exempt from registration;
  - iii. the specific risks associated with the investment including, but not limited to, the risk associated with Riverside Lease's business and/or industry;
  - iv. specific information about the short-term leases;
  - v. financial information to support the promised return on the investment;
  - vi. the financial condition of Riverside Lease;
  - vii. the financial condition of Carney;
  - viii. that Carney had petitioned for bankruptcy; and/or
  - ix. that investor funds would be commingled with Carney's personal and/or business funds and used to pay personal expenses, to make cash withdrawals, and to pay associates of Carney;
- f. telling MR5 that: (1) various companies used the funds for immediate settling of debts; (2) MR5 would receive returns of at least 8% per month; and/or (3) MR5's investment would be returned in three months. These statements, in light of the circumstances under which they were made, were misleading statements because Carney and Schafer, on behalf of Riverside Lease, misrepresented or omitted to

disclose the following material facts that could impact this return and the viability of MR5's investment:

- i. that Carney and Schafer were not registered to offer or sell securities in the State of Missouri;
  - ii. that the securities were neither registered nor exempt from registration;
  - iii. the specific risks associated with the investment including, but not limited to, the risk associated with Riverside Lease's business and/or industry;
  - iv. specific information about the short-term leases;
  - v. financial information to support the promised return on the investment;
  - vi. the financial condition of Riverside Lease;
  - vii. the financial condition of Carney;
  - viii. the financial condition of Schafer;
  - ix. that Carney had petitioned for bankruptcy;
  - x. that Schafer had petitioned for bankruptcy; and/or
  - xi. that investor funds would be commingled with Schafer's personal and/or business funds and used to pay personal expenses, to make withdrawals, and used to pay returns to other investors; and
- g. telling MR6 that: (1) MR6's funds would be used to help an oil company get started up; (2) MR6 would receive a 12% return; and/or (3) MR6's investment would be returned in six months. These statements, in light of the circumstances under which they were made, were misleading statements because Carney and Schafer, on behalf of Riverside Lease, misrepresented or omitted to disclose the following material facts that could impact this return and the viability of MR6's investment:
- i. that Carney and Schafer were not registered to offer or sell securities in the State of Missouri;
  - ii. that the securities were neither registered nor exempt from registration;
  - iii. the specific risks associated with the investment including, but not limited to, the risk associated with Riverside Lease's business and/or industry;
  - iv. specific information about the oil company;

- v. financial information to support the promised return on the investment;
- vi. the financial condition of Riverside Lease;
- vii. the financial condition of Carney;
- viii. the financial condition of Schafer;
- ix. that Carney had petitioned for bankruptcy;
- x. that Schafer had petitioned for bankruptcy; and/or
- xi. that investor funds would be commingled with Schafer's personal and/or business funds and used to pay personal expenses and to make withdrawals.

92. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.5-501(3) when, in connection with the offer, sale or purchase of a security to AR, MR1, MR2, MR3, MR4, MR5, or MR6, Respondents engaged in an act, practice or course of business that would operate as a fraud or deceit upon AR, MR1, MR2, MR3, MR4, MR5, or MR6 by, among other things:

- a. commingling investor funds with Carney's and/or Schafer's personal and other business funds and using investor funds to pay personal expenses, to make cash withdrawals, to pay returns to other investors, and to pay associates of Carney and Schafer;
- b. lulling AR in order to avoid or delay detection by:
  - i. sending a statement on or around March 31, 2013, indicating that AR's balance had increased to \$7,000, when AR's funds had been used to pay personal expenses, to make cash withdrawals, and to pay returns to other investors; and/or
  - ii. sending a letter on or before June 10, 2013, in order to alleviate AR's concerns and reassure AR that Carney was doing her best to return the funds;
- c. lulling MR1 in order to avoid or delay detection by:
  - i. sending a statement on or around March 31, 2013, indicating that MR1's balance had increased to \$6,500, when MR1's funds had been used to pay Carney's personal expenses;

- ii. sending a letter on or before June 10, 2013, in order to alleviate MR1's concerns and reassure MR1 that Carney was doing her best to return the funds;
  - iii. sending a statement on or around June 30, 2013, indicating that MR1's balance had increased to \$10,140, when MR1's funds had been used to pay Carney's personal expenses; and/or
  - iv. sending a statement on or around July 31, 2013, indicating that MR1's balance had increased to \$12,168, when MR1's funds had been used to pay Carney's personal expenses;
- d. lulling MR2 in order to avoid or delay detection by:
- i. sending e-mails in October 2013, indicating that everything was going well and that the first lease had closed at "12.5%" and MR2 would be getting "12.8% on the next one," when MR2's funds had been used to pay returns to other investors;
  - ii. sending a statement on or around October 12, 2013, indicating that MR2's balance had increased to \$73,125, when MR2's funds had been used to pay returns to other investors; and/or
  - iii. sending a statement on or around December 10, 2013, indicating that MR2's balance had increased to \$82,265.63, when MR2's funds had been used to pay returns to other investors; and
- e. lulling MR3 in order to avoid or delay detection by:
- i. sending a statement on or around October 30, 2013, indicating that MR3's balance had increased to \$13,725, when MR3's funds had been used to pay Carney's personal expenses and to make cash withdrawals;
  - ii. sending e-mails and text messages in January and February of 2013, indicating that MR3's funds were being used in a project with a pipe fitting company in Arizona and that MR3 would receive a "14.5%" return, when MR3's funds had been used to pay Carney's personal expenses and to make cash withdrawals; and/or
  - iii. sending a text message on April 1, 2014, indicating that Carney would "be pursuing a class action lawsuit against the lender or...speaking to an FBI agent later this week..."

93. **THE COMMISSIONER FURTHER CONCLUDES** that at the time Respondents engaged in the above conduct MR1, MR4, and MR5 were over the age of 60 years old and were elderly persons as that term is defined under Section 409.6-604(d)(3)(B).

94. **THE COMMISSIONER FURTHER CONCLUDES** that, by violating Sections 409.3-301, 409.4-402(a), 409.4-402(d), and 409.5-501 in the State of Missouri, Respondents engaged in an illegal act, practice, or course of business in this State, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.
95. 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 unregistered, non-exempt securities;
- B. Section 409.4-402(a), by transacting business as an unregistered agent;
- C. Section 409.4-402(d), by employing or associating with an unregistered agent; and
- D. Section 409.5-501, by, in connection with the offer or sale of securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), each Respondent 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 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 Carney and Schafer each shall pay a civil penalty in the amount of \$10,000 for multiple violations of Section 409.4-402(a). 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), Respondent Riverside Lease shall pay a civil penalty in the amount of \$10,000 for multiple violations 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), each Respondent shall pay a civil penalty in the amount of \$25,000 for multiple violations of Section 409.5-501 when at least three of these violations were committed against MR1, MR4, and MR5 who were over the age of 60 years-old and were elderly persons. 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, jointly and severally, pay restitution pursuant to Section 409.6-604(d), in the amount of \$387,601.40, which includes the amount of any actual damages caused by Respondents' conduct and interest at the rate of eight percent (8%) per year, arising from violations of Sections 409.3-301, 409.4-402(a), 409.4-402(d), and 409.5-501. 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 those persons referenced in Exhibit 1. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, Jefferson City, Missouri 65101 within 30 days of the date of this Final Order.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(e), Respondents shall jointly and severally pay \$12,404.47 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 and sent to the Missouri Securities Division, at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102 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 TWENTY-SEVENTH DAY OF JUNE 2016.



JASON KANDER  
SECRETARY OF STATE

*Andrew M. Hartnett*

ANDREW M. HARTNETT  
COMMISSIONER OF SECURITIES

CERTIFICATE OF SERVICE

I hereby certify that on this 27<sup>th</sup> day of June, 2016, a copy of the foregoing Final Order To Cease and Desist and Order Awarding Restitution, Costs, and Civil Penalties in the above styled case was and **mailed by certified U.S. mail to:**

Riverside Lease, LLC  
c/o Terina Humphrey, Registered Agent  
P.O. Box 175  
4430 Sunset Drive  
Kaiser, Missouri 65047

Terina K. Carney  
33 Rose Wind Lane  
Brumley, Missouri 65017

Christopher Schafer  
33 Rose Wind Lane  
Brumley, Missouri 65017

Terina K. Carney  
100 W. 3<sup>rd</sup> St.  
Purcell, Missouri 64857

Christopher Schafer  
100 W. 3<sup>rd</sup> St.  
Purcell, Missouri 64857

**And by hand-delivery to:**

Tyler B. McCormick  
Enforcement Counsel  
Missouri Securities Division

  
\_\_\_\_\_  
Marsha Presley, Securities Office Manager