

State of Missouri
Office of Secretary of State

Case No. AP-06-09

IN THE MATTER OF:

CRT ENTERPRISES, LLC;
PLATINUM FINANCIAL ADVISORS, LLC,
aka PLATINUM-STERLING FINANCIAL ADVISORS, LLC;
STERLING-MERIDIAN, LLC;
RONALD J. LINN;
GLENN E. MASKE;
CARL R. TODD; and
RICHARD E. RINER

Respondents.

Serve CRT Enterprises, LLC and Carl R. Todd at:
1801 Harold Drive
Raymore, Missouri 64083

Serve Sterling-Meridian, LLC, Ronald J. Linn, and Glenn E. Maske at:
101 Convention Center Drive #700
Las Vegas, Nevada 89109; and at

P.O. Box 277440
Las Vegas, Nevada 89109

Serve Platinum Financial Advisors, LLC, aka Platinum-Sterling
Financial Advisors, LLC, and Richard Riner, at
125 Monroe Street Suite 103
San Marcos, Texas 78666

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

On the 5th day of July 2006, Mary S. Hosmer, Assistant Commissioner of the Securities Division submitted a Petition for Order to Cease and Desist and Other Administrative Remedies (the "Petition"). After reviewing the Petition, the Commissioner issues the following findings of fact, conclusions of law and order:

I. FINDINGS OF FACT

Respondents

1. CRT Enterprises, LLC ("CRT") is a Missouri limited liability company and has a mailing address of 1801 Harold Drive, Raymore, Missouri 64083.
2. Platinum Financial Advisors, LLC, aka Platinum-Sterling Financial Advisors, LLC ("Platinum") is a Nevada limited liability company with a mailing address of 125 Monroe Street, Suite 103, San Marcos, Texas 78666 and has a registered agent at 101 Convention Center Drive #700 Las Vegas, Nevada 89109. Platinum purported to be a successor of CRT.
3. Sterling-Meridian, LLC ("Sterling") is a Nevada limited liability company that purported to engage in a bank trading program. Sterling-Meridian was formed on March 14, 2003 and has an address of P.O. Box 27740 Las Vegas Nevada 89126 and has a registered agent at 101 Convention Center Drive #700 Las Vegas, Nevada 89109.
4. Ronald J. Linn ("Linn") is a managing member of Sterling and has a business address P.O. Box 27740, Las Vegas, Nevada 89109.
5. Glenn E. Maske ("Maske") is a managing member of Sterling and has a business address of P.O. Box 27740, Las Vegas, Nevada 89109.
6. Carl R. Todd ("Todd") is the owner and registered agent of CRT and a managing member of Platinum. Todd is engaged in the business of financial planning and has an address of 1801 Harold Drive, Raymore, Missouri 64083.
7. Richard E. Riner ("Riner") is a managing member of Platinum. Riner is engaged in the business of financial planning and has a business address of 125 Monroe Street, Suite 103, San Marcos, Texas 78666.

8. As used in this Cease and Desist Order, the term “Respondents” refers to CRT, Platinum, Sterling, Linn, Maske, Todd and Riner.

Missouri Residents 1-5

9. In 2001, a 72-year-old Missouri resident (“MR1”) invested money with Todd and CRT in a vacation resort. MR1 paid for this investment with checks that were made payable to CRT.
10. During a meeting in May 2004 between MR1, MR1’s children and Todd, MR1 asked Todd for a return of MR1’s vacation resort investment. Todd stated that Todd was working on getting MR1’s money back from the vacation resort investment; however, Todd had another investment in a bank trading program through a certificate of deposit with Wells Fargo Bank.
11. MR1’s daughter (“MR2”) stated that on May 7, 2004, MR1 gave Todd a check for one hundred thousand dollars (\$100,000) for an investment in this bank trading program. This check was dated May 7, 2004, and was made payable to CRT. MR2 stated that MR1 received monthly interest payments on this investment for several months.
12. MR2 stated that in September 2004, MR1 received one hundred two thousand dollars (\$102,000) as a partial return of MR1’s investment in the vacation resort. MR2 deposited this money into MR1’s checking account.
13. In 2004, after the September return of the \$102,000 vacation resort investment, MR1 was diagnosed with dementia and hospitalized due to a heart attack. MR2 stated that Todd visited MR1 while MR1 was in the hospital and told MR1 to give Todd the \$102,000 to invest in Todd’s company. MR1’s records indicate that MR1 invested \$102,000 in CRT in 2004.
14. On September 6, 2004, Todd met with MR1 and MR1’s children, “MR2,” “MR3,” and “MR4.” Another Missouri resident, a friend of MR1’s (“MR5”), was also present at this September meeting where Todd stated, among other things:
- MR1 was receiving monthly interest payments from the investments that MR1 had made through Todd, CRT and Platinum;
 - The investments were in a “certificate of deposit in Wells Fargo” and then that money was invested through Platinum, a company that Todd owned;
 - The investment was a safe investment and investors would not lose their money;
 - The invested money would be combined with other investors’ money until the combined amount reached \$1,000,000, and then this amount would be invested in a bank trading program;
 - The investors earned interest when another bank borrowed this money and paid interest to the first bank. This process was repeated several times and would provide the investors with an 18% return annually;
 - MR1 was earning this interest; and
 - MR1 could get MR1’s principal back after one year.
15. During this September 6, 2004 presentation, Todd solicited those at the meeting and provided handouts that included, among others, a document entitled, *A Brief Introduction to History of Money* (attached as Exhibit A to the Petition) and a document entitled, *Fractional Reserve Banking International Bank Forfeiting (Trading) Programs* (attached as Exhibit B to the Petition). These documents purport to describe how modern banking came into existence and how banks, through “off-balance sheet banking,” made fractional reserve bank trading possible. These documents stated, among other things, that:
- A bank trading program is an investment vehicle commonly used by the very wealthy where the principal investment is fully secured by a “Bank Endorsed Guarantee.”
 - There is no risk of losing the investor’s principal investment.
 - “The money invested would be put in a Fractional Reserve Banking . . . Program;”
 - “Regulation of the international banking industry is under the authority of de [sic] international chamber of Commerce in Paris, France, and has been in existence for over 100 years. The I.C.C. is the world’s monetary policeman and exerts tremendous authority in establishing the policies and procedures under which all international banking transactions take place.”
 - “Fractional banking or fractional lending is **the ability to create money from nothing, lend it to the government or someone else and charge interest to boot.**” (Emphasis added.)
16. On September 6, 2004, MR3, MR4 and MR5 each invested \$30,000 in this bank trading program through Todd, CRT and Platinum. In 2005, MR2 invested \$33,333 in this program through Todd, CRT and Platinum.

17. Todd appears to have copied documents relating to the bank trading program from emails he received which were forwarded to Todd's investors.
18. One document entitled, *NON-SOLICITATION* ("Non-Solicitation document") purports to be from the investor and is addressed to the Program Managers/Facilitators. In this document the investor purportedly requests confidential information and documentation regarding the "Private Investment Program." The document, however, has instructions in parenthesis at the center top of that states, "On the Letterhead of the Participant." The investor included no letterhead and the parenthetical instructions remain as the heading to the letter. (A copy of this letter is attached as Exhibit C to the Petition, with the investor's name redacted).
19. In this Non-Solicitation document, the investor asserts that it would not disclose any information received to any third party.
20. On September 6, 2004, MR3 and MR5 each signed a Non-Solicitation document and Todd notarized the document.
21. MR1 died on January 16, 2005.
22. On or about February 24, 2005, MR1's children received a letter from Platinum that stated, among other things, that the value of MR1's investment was \$202,000 on the date of MR1's death. This letter was signed by Platinum's Office Manager.
23. In early April 2006, all investors previously mentioned received from Platinum an unsigned letter dated April 6, 2006, postmarked from Kansas City, Missouri. This letter stated, in part:

"Platinum Financial Advisors notified you and other clients that they should receive a return of your funds by the 10th of April. We do not believe this will happen, but it could. In conference today, we were assured that the remaining funds, owed to our clients, would be returned in the next 7 to 21 days. Your funds were forwarded originally to another company, they do not have your funds, [sic] they forwarded them to the bank trustee. We are doing all that we can to return everyone's funds to them."

24. In late April 2006, all investors previously mention received a letter from Riner and Platinum dated April 21, 2006, that stated in part:

"Platinum Financial is contacting you, with respect to your participation in the program for trading bank debentures

"If you put money into this program, your money was deposited in Platinum's accounts, at Platinum's office in San Marcos, Texas. As you know, your money was to be transferred to a company actively involved in the trading of bank debentures. Platinum did transfer your money to Sterling-Meridian, LLC, as it did for all participants' money. Platinum itself has very few assets.

"At the beginning of this program, a few individuals participated through CRT Enterprises, LLC. Platinum succeeded this company. The same executives, who were involved in this company, also founded Platinum. Platinum has administered these participations in a manner that is identical to the participations that it originated

"At this time, Platinum has not received any money from Sterling-Meridian. In short, there is no money at Platinum to return your participation, or anyone's participation, for that matter.

"Platinum has a responsibility to obtain the return of your participation. So far, our efforts to obtain the return of your funds from Sterling-Meridian have been without any positive result, Platinum does have some information that indicates that it may receive your funds by the end of this month. If Platinum does not receive your funds by that time, Platinum will take whatever steps are necessary to hold Sterling-Meridian responsible."

25. To date, MR1, MR2, MR3, MR4 and MR5 have not received a return of their principal or interest.

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26. On September 2, 2004, Todd visited a Missouri resident ("MR6") at MR6's home in Barry County, Missouri, to discuss MR6's prior investments with Todd. Todd told MR6 that MR6 could reinvest some of MR6's money into a new program that would provide a greater return than MR6 was currently getting on MR6's investments. Todd told MR6, among other things, that:
 - a. Todd could place MR6's investment in a certificate of deposit in a Wells Fargo bank;
 - b. MR6 would be investing in fractional reserve banking and earn interest on MR6's assets;
 - c. If MR6 invested \$50,000 in this program MR6 would earn \$750 a month in interest, or 18% the first year; and
 - d. If MR6 kept the money invested for a second year, MR6 would earn \$1,000 a month interest and would still be able to get MR6's principal returned at the end of that second year.

27. On September 5, 2004, MR6 gave Todd a check payable to CRT for fifty thousand dollars (\$50,000) to invest in the bank trading program through Platinum.

28. On or about October 8, 2004, MR6 received a booklet from Platinum, containing a letter that stated in part:

“Disbursement checks will be issued once each month. Platinum Financial Advisors LLC received monthly proceeds for this program according to the schedule on the attached disbursement calendar You have provided us with a donation in the amount of \$50,000.00 and you will receive \$750.00 return per month on that amount for 12 months.” (Emphasis in original.)

The booklet contained, among other things, “The Non-solicitation of Funds Agreement and Non-Disclosure Affidavit, your One Year Funds Management Agreement with Platinum Advisors LLC and Trading Program outlines.”

29. In early December 2005, MR6 received a letter from Platinum that stated that MR6 would receive \$1,000 a month interest on MR6’s \$50,000 investment.

30. In late 2004 and throughout 2005, MR6 received interest payments totaling seven thousand nine hundred and sixty two dollars (\$7,962), an amount less than the at least nine thousand dollars in interest MR6 should have received as described in Paragraph 28.

31. In 2006, MR6 did not receive any interest checks and contacted Todd. Todd told MR6 that there was a slight delay, but the interest checks would be paid.

32. On or about April 26, 2006, Riner sent MR6 a letter that stated, in part:

“If you put your money into this program, your money was deposited in Platinum’s accounts, at Platinum’s office in San Marcos, Texas. As you know, your money was to be transferred to a company actively involved in the trading of bank debentures. Platinum did transfer your money to Sterling-Meridian, LLC as it did for all participants’ money. Platinum itself has very few assets At the beginning of this program, a few individuals participated through CRT Enterprises, LLC. Platinum succeeded this company. The same executives, who were involved in this company, also founded Platinum. . . . At this time Platinum has not received any money from Sterling-Meridian. In short, there is no money at Platinum to return your participation, or anyone’s participation, for that matter.”

33. Riner sent MR6 a letter dated May 1, 2006, which stated in part, “Platinum has not received any of your money from Sterling-Meridian, LLC or otherwise. The same is true for all participants. In short, we have received nothing We have learned that these individuals are being investigated by the Securities and Exchange Commission. The SEC has charged these individual with taking this money for their own personal benefit. In other words, there is no money because these individuals stole it.”

34. To date, MR6 has not received any further interest payments or a return of MR6’s principal.

Missouri Resident 7

35. In the summer 2004, Todd visited with an 84-year-old Missouri resident (“MR7”) about investing in a bank trading program that would pay high interest. Todd told MR7, among other things, that:

- a. The investment money would go into a certificate of deposit and pay 1.5% per month or 18% interest per year;M
- b. MR7’s investment money would be placed in a certificate of deposit in a Wells Fargo Bank in San Marcos, Texas, and would stay there;
- c. MR7 would have to leave MR7’s money in the account for 1 year; and
- d. MR7 could have the monthly interest deposited into MR7’s home bank account or could let it accumulate and draw additional interest.

36. On July 5, 2004, MR7 gave Todd a check for \$60,000 made payable to CRT Enterprises, LLC noting “CD Deposit—IMF/World Bk.”

37. On September 1, 2004, Platinum sent MR7 a letter that stated, in part:

“You have provided us with \$60,000.00 and you will receive 1.5% or \$900.00 return per month on that amount for 12 months Also enclosed are copies of the following documents for your files: The Non-Solicitation of Funds Agreement and Non-Disclosure Affidavit, your One Year Funds Management Agreement with Platinum Financial Advisors LLC and Trading Program outlines”

38. In October 2004, Todd told MR7 that MR7 could cash in MR7’s seventy thousand dollar (\$70,000) fixed annuity and invest this \$70,000 into the bank trading program through Todd, CRT and Platinum.

39. In October 2004, MR7 cashed MR7's \$70,000 annuity and incurred a \$3,000 surrender penalty for early withdrawal. MR7 signed the check from the annuity company and gave this check to Todd to invest through CRT and Platinum.
40. On December 6, 2004, Platinum sent MR7 a letter that stated, among other things, "You have provided us with a donation in the amount of \$70,000.00 and you will receive approximately \$1,050.00 return per month on that amount for 12 months." (Emphasis in original.) The same documents described in MR7's earlier investment were enclosed in the December 6, 2004 letter.
41. On January 27, 2005, upon Todd's suggestion, MR7 gave Todd another \$25,000 to invest with Platinum making MR7's check payable to CRT Enterprises.
42. On April 5, 2005, Platinum sent MR7 a letter that stated, among other things, "You have provided us with a donation in the amount of \$25,000.00 and you will receive approximately \$375.00 return per month on that amount for 12 months." (Emphasis in original.)
43. In 2004, Todd gave MR7 a book entitled, *Ordinary People Extraordinary Wealth*. In this book, the author listed eight secrets individuals used to become successful investors. The number one secret was that investors carried a mortgage on their homes even though they could afford to pay them off. These investors then used that money to invest.
44. In 2004, MR7 had no mortgage on MR7's home. After reading this book that Todd recommended, however, MR7 mortgaged MR7's home for one hundred and fifty thousand dollars (\$150,000), and invested the proceeds in the bank trading program through CRT, Todd and Platinum.
45. On May 23, 2005, MR7 signed over a check from Stewart Title of Kansas City, Inc. (Escrow Account) to Todd in the amount of \$150,170.40 to invest in the bank trading program through CRT and Platinum.
46. On March 6, 2006, Platinum sent MR7 a letter "Re: Secured Asset Management Program." This letter stated, "Platinum Financial Advisors was advised today that all funds will be returned to all clients in the next 7-21 days. Your funds were forwarded originally to another company, [sic] they do not have your funds, [sic] they forwarded them to the trustee. We are doing all that we can to return everyone's funds to them as soon as possible." MR7 did not receive a return of MR7's investments.
47. On April 21, 2006, Platinum and Riner sent MR7 a letter substantially similar to the letter sent to MR5 and described in Paragraph 24 above.
48. On May 1, 2006, Platinum sent MR7 a letter that stated, in part, "Platinum has not received any of your money from Sterling-Meridian, LLC or otherwise. The same is true for all participants. In short, we have received nothing." To date MR7 has not received a return of MR7's investment principal.

Additional Findings of Fact

49. High-yield bank trading programs have been the subject of numerous investor alerts and state and federal actions.
50. On October 21, 1993, the federal financial institution supervisory agencies issued an interagency advisory to financial institutions concerning "Prime Bank" schemes.¹ This advisory stated, in part, that:
 - a. "Individuals have been improperly using the names of large, well-known domestic and foreign banks, the World Bank, and central banks in connection with . . . [these] schemes."
 - b. "The staffs of the federal supervisory agencies are unaware of the legitimate use of any financial instrument called a 'Prime Bank' note, guarantee, letter of credit, debenture, or similar type of financial instrument."
 - c. "These schemes do not involve the offer or sale of financial instruments issued by any financial institution having the word 'prime' in its name; rather, that word (or a synonym, as in the phrase 'top fifty world banks') is used to refer, generically, to financial institutions of purportedly high repute and financial soundness."
51. [Intentionally Omitted]
52. On February 16, 2006, the North American Securities Administrators Association ("NASAA") issued an investor alert on the 13 most common investment schemes in 2006.² **Prime bank schemes were listed as one of these thirteen schemes.** NASAA's alert stated among other things that prime bank schemes:

"... often promise high-yield, tax-free returns that are said to result from 'off-shore trades of bank debentures.' Investors are told that only very wealthy people can get the benefit of these programs but the promoter is able to make it available to the victim. Sometimes the victim is required to execute a 'confidentiality agreement' in order to invest and is told not to consult an attorney, accountant or financial planner because they keep these programs for the 'big boys' and will deny that they exist. There are no such programs, no such debentures and no such high-yield trades. These prime bank schemes are the securities equivalent of a purse snatch. Once the seller has

your money, it's gone 'off shore' forever.”

53. The Federal Bureau of Investigation's website contains information on common fraud schemes³ and states, in part, as follows:

“International fraud artists have invented an investment scheme that offers extremely high yields in a relatively short period of time. In this scheme, they purport to have access to ‘bank guarantees’ which they can buy at a discount and sell at a premium. By reselling the ‘bank guarantees’ several times, they claim to be able to produce exceptional returns on investment. . . . **Legal documents associated with such schemes often require the victim to enter into nondisclosure and non circumvention agreements . . . and claim to use forms required by the International Chamber of Commerce (ICC). In fact, the ICC has issued a warning to all potential investors that no such investments exist. . . .**

The purpose of these frauds is generally to encourage the victim to send money to a foreign bank where it is eventually transferred to an off-shore account that is in the control of the con artist. From there, the victim's money is used for the perpetrator's personal expenses or is laundered in an effort to make it disappear.

While foreign banks use instruments called ‘bank guarantees’ in the same manner that U.S. banks use letters of credit to insure payment for goods in international trade, such bank guarantees are never traded or sold on any kind of market.”

(Emphasis added.)

54. Bank records indicate that Respondents offered and sold a bank trading program on at least 25 different occasions to at least 20 individuals, 17 of whom were from Missouri. Bank records further indicate that Todd and CRT received approximately \$2,700,000 through the offer and sale of these securities. In less than a two-year period, Todd withdrew approximately two hundred and sixty seven thousand dollars (\$267,000) from the CRT account for salary and expenses.
55. In March 2006, the Missouri Securities Division received information that indicated that the Respondents offered unregistered and nonexempt securities in the State of Missouri.
56. A check of the records maintained by the Missouri Commissioner of Securities confirmed no registration, granted exemption or notice filing indicating status as a “federal covered security” for any of the securities offered by the Respondents in the State of Missouri.
57. On March 7, 2006, the Securities Division sent a letter of inquiry to Respondents Todd, Platinum and Riner that requested a claim of exemption from registration or exception from definition upon which Respondents relied in offering unregistered securities or any claim that the securities were federal covered securities. The letter also requested additional information about the offers to Missouri residents and advised Respondents that failure to respond within a reasonable time as set by the Commissioner constituted proper grounds for the entry of an order suspending the right to offer and sell securities in the State of Missouri.
58. On March 20, 2006, Todd telephoned the Division and stated that he had just received the communication from the Division on March 19, 2006 and that he would not be able to respond to the Division's questions or appear for a scheduled deposition until his new attorney was able to review the Division's letters and meet with Todd.
59. To date, the Division has not received a written response from Respondent Todd regarding the offer and sale of the above-mentioned securities.
60. On March 28, 2006, counsel for Riner telephoned the Division and stated that Riner would provide information to the Division and cooperate in the investigation.
61. In connection with the offer, sale or purchase of a security to Missouri investors, Respondents provided investors information, as stated above, about a bank trading program. This information included, but was not limited to, the following: i) an investment in the bank trading program carried no risk of losing the investor's principal; ii) offered an 18% annual return; and iii) was offered through CRT and Platinum. In providing this information, Respondents omitted to state the following facts:
- a. The securities offered and sold by Respondents were not registered in the State of Missouri;
 - b. Riner and Todd were not registered to offer or sell securities in Missouri;
 - c. Platinum and CRT were not registered to offer or sell securities in Missouri;
 - d. Platinum was not registered as an investment adviser in the state of Missouri;
 - e. A portion of the investors' money would be forwarded to Sterling-Meridian;
 - f. Information about the operating history of Sterling-Meridian;
 - g. Information about the background and history of Linn and Maske, Sterling-Meridian's managing members;

- h. The true source of any purported interest payments made to investors;
 - i. The true nature of Respondents' intended and actual use of the security proceeds;
 - j. That in less than a two-year period, Todd would withdraw money from the CRT account for salary and expenses of over two hundred and fifty thousand dollars (\$250,000); or
 - k. The risks of the investment.
62. In connection with the offer, sale or purchase of a security to Missouri investors, Respondents made untrue statements of facts, including, but not limited to:
- a. The investment proceeds would be placed in a certificate of deposit in a Wells Fargo Bank when, in fact, a portion of the investor money was transferred to Platinum and then sent on to Sterling-Meridian;
 - b. There was no risk of losing the investor's principal investment when, in fact, these funds were at risk;
 - c. The bank trading program was commonly used by the very wealthy when, in fact, these programs do not exist; and
 - d. The Federal Reserve Banking System membership "makes it legal for them to create money from nothing and lend it to you."
 - e. This Order is in the public interest.

II. CONCLUSIONS OF LAW

A. Applicable Statutes

64. § 409.1-102(28), RSMo, includes "note; stock . . . evidence of indebtedness; certificate of interest or participation in any profit-sharing agreement . . . [and an] investment contract" within the definition of a security.
65. § 409.1-102(26), RSMo, defines "sale" to include, "every contract of sale, contract to sell, or disposition of, a security or interest in a security for value . . ." That same section defines "offer to sell" as "every attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value."
66. Pursuant to § 409.1-102 (28) (D), RSMo, an investment contract includes "an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor . . ."
67. § 409.3-301, RSMo, reads as follows:
- It is unlawful for a person to offer or sell a security in this state unless:
- 1. the security is a federal covered security;
 - 2. The security, transaction, or offer is exempted from registration under §§ 409.2-201 to 409.2-203; or
 - 3. The security is registered under this act.
68. § 409.5-501, RSMo, reads as follows:
- It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:
- 1. To employ a device, scheme, or artifice to defraud;
 - 2. To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or
 - 3. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.
69. § 409.5-508(a), RSMo, establishes criminal penalties upon conviction for "[a] person that willfully violates this act, or a rule adopted or order issued under this act . . . or that willfully violates section 409.5-505 knowing the statement made to be false or misleading in a material respect."
70. § 409.6-604(a), RSMo, reads as follows:

If the commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act . . . the commissioner may:

1. Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act . . .

71. § 409.6-604(b), RSMo, reads as follows:

An order under subsection (a) is effective on the date of issuance . . . [i]f a person subject to the order does not request a hearing and none is ordered by the commissioner within thirty days after the date of service of the order, the order becomes final as to that person by operation of law.

72. § 409.6-604(c), RSMo, states that, “The final order may make final, vacate, or modify the order issued unless under subsection (a).”

73. § 409.6-604(d), RSMo, states that, “In a final order under subsection (c), the commissioner may impose a civil penalty up to one thousand dollars for a single violation or up to ten thousand dollars for more than one violation.”

74. § 409.6-604(e), RSMo, states that, “In a final order, the commissioner may charge the actual cost of an investigation or proceeding for a violation of this act . . . [t]hese funds may be paid into the investor education and protection fund.”

75. § 409.6-604(g), RSMo, provides that:

If a person does not comply with an order under this section, the commissioner may petition a court of competent jurisdiction to enforce the order . . . [i]f the court finds, after service and opportunity for hearing, that the person was not in compliance with the order, the court may adjudge the person in civil contempt of the order. The court may impose a further civil penalty against the person for contempt in an amount not less than five thousand dollars but not greater than one hundred thousand dollars for each violation and may grant any other relief the court determines is just and proper in the circumstance.

76. Omitting to state a material fact necessary to make the statement made not misleading, in connection with the offer, sale or purchase of a security, constitutes an illegal act, practice or course of business under § 409.6-604(a), RSMo.

77. Making an untrue statement of material fact, in connection with the offer, sale or purchase of a security, constitutes an illegal act, practice or course of business under § 409.6-604(a), RSMo.

78. The offer or sale of unregistered securities as described in the above findings of fact constitutes an illegal act, practice or course of business under § 409.6-604(a), RSMo.

79. The Missouri Commissioner of Securities is empowered to issue such orders as he may deem just pursuant to § 409.6-604(a), RSMo.

B. Statutory Violations

COUNT I:

Offering or Selling Nonexempt, Unregistered Securities

80. The Commissioner incorporates by reference paragraphs 1 through 79 as though fully set forth herein.

81. Respondents violated § 409.3-301, RSMo, when they offered or sold securities in Missouri to MR1, MR2, MR3, MR4, MR5, MR6 and MR7 without those securities being: (1) federal-covered securities; (2) exempt from registration under §§ 409.2-201 or 409.2-202, RSMo; or (3) registered under the Missouri Securities Act of 2003.

82. Respondents’ “bank trading program” investments qualify as “securities” under § 409.1-102(28), RSMo.

83. Respondents’ actions of offering their securities to MR1, MR2, MR3, MR4, MR5, MR6 and MR7 was an “attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value,” which satisfies the definition of “offer to sell” under § 409.1-102(26), RSMo.

84. Respondents’ separate actions of selling their securities to MR1, MR2, MR3, MR4, MR5, MR6 and MR7 is a disposition of a security or interest in a security for value which satisfies the definition of “sale” under § 409.1-102(26), RSMo.

85. At all times relevant to this Order, the records maintained by the Missouri Commissioner of Securities contained no registration, granted exemption or notice filing indicating status as a “federal covered security” for any of the securities allegedly issued, offered or sold by Respondents in Missouri.

COUNT II:

Omitting to State Material Facts in Connection with the Sale of a Security

86. The Commissioner incorporates by reference paragraphs 1 through 79 as though fully set forth herein.

87. Respondents violated § 409.5-501(2), RSMo, when, in connection with the offer and sale of securities, they omitted to state to MR1, MR2, MR3, MR4, MR5, MR6 and MR7 the following material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to:
- a. The securities offered and sold by Respondents were not registered in the State of Missouri;
 - b. Riner and Todd were not registered to sell securities in Missouri;
 - c. Platinum and CRT were not registered to sell securities in Missouri;
 - d. Platinum was not registered as an investment adviser in the state of Missouri;
 - e. A portion of the investors' money would be forwarded to Sterling-Meridian;
 - f. Information about the operating history of Sterling-Meridian;
 - g. Information about the background and history of Linn and Maske, Sterling-Meridian's managing members;
 - h. The true source of any purported interest payments made to investors;
 - i. The true nature of Respondents' intended and actual use of the security proceeds;
 - j. That in less than a two-year period, Todd would withdraw money from the CRT account for salary and expenses of over two hundred and fifty thousand dollars (\$250,000); or
 - k. The risks of the investment.

COUNT III:

Making an Untrue Statement of a Material Fact in Connection with the Sale of a Security

88. The Commissioner incorporates by reference paragraphs 1 through 79 as though fully set forth herein.
89. Respondents violated § 409.5-501(2), RSMo, when, in connection with the offer and sale of securities to MR1, MR2, MR3, MR4, MR5, MR6 and MR7, they made untrue statements of material fact, including, but not limited to:
- a. The investment proceeds would be placed in a certificate of deposit in a Wells Fargo Bank when, in fact, a portion of the investor money was transferred to Platinum and then sent on to Sterling-Meridian;
 - b. There was no risk of losing the investor's principal investment when in fact these funds were at risk;
 - c. The bank trading program was commonly used by the very wealthy when in fact these programs do not exist; or
 - d. The Federal Reserve Banking System membership "makes it legal for them to create money from nothing and lend it to you."

V. 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:

- A. offering or selling securities, including "bank trading program" investments or any other securities as defined by § 400.9-102(28), RSMo, 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 § 409.3-304, RSMo; and
- B. violating or materially aiding in any violation of § 409.5-501, RSMo, by, in connection with the offer or sale of securities as defined by § 400.9-102(28), RSMo, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading.

IT IS FURTHER ORDERED that, pursuant to § 409.6-604(d), RSMo., the Commissioner will determine whether to grant the Enforcement Division's petition for an imposition of a civil penalty of up to one thousand dollars for a single violation, or up to ten thousand dollars for more than one violation, against each Respondent, for violations of § 409.3-301, RSMo., in a final order, unless Respondent requests a hearing and shows cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to § 409.6-604(d), RSMo., the Commissioner will determine whether to grant the Enforcement Division's petition for an imposition of a civil penalty of up to one thousand dollars for a single violation, or up to ten thousand dollars for more than one violation, against each Respondent, for violations of § 409.5-501, RSMo., in a final order, unless Respondent requests a hearing and shows cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that as the Enforcement Section has petitioned for an award for costs of the investigation against

Respondent in this proceeding, the Commissioner will issue a final order awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondent requests a hearing and shows cause why an award should not be made.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 5TH DAY OF JULY, 2006.

State of Missouri
Office of Secretary of State

ROBIN CARNAHAN
SECRETARY OF STATE

(Signed/Sealed)
MATTHEW D. KITZI
COMMISSIONER OF SECURITIES

Case No. AP-06-09

IN THE MATTER OF:

CRT ENTERPRISES, LLC;
PLATINUM FINANCIAL ADVISORS, LLC,
aka PLATINUM-STERLING FINANCIAL ADVISORS, LLC;
STERLING-MERIDIAN, LLC;
RONALD J. LINN;
GLENN E. MASKE;
CARL R. TODD; and
RICHARD E. RINER

Respondents.

Serve CRT Enterprises, LLC and Carl R. Todd at:
1801 Harold Drive
Raymore, Missouri 64083

Serve Sterling-Meridian, LLC, Ronald J. Linn, and Glenn E. Maske at:
101 Convention Center Drive #700
Las Vegas, Nevada 89109; and at

P.O. Box 277440
Las Vegas, Nevada 89109

Serve Platinum Financial Advisors, LLC, aka Platinum-Sterling
Financial Advisors, LLC, and Richard Riner, at
125 Monroe Street Suite 103
San Marcos, Texas 78666

NOTICE

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

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to § 409.6-604(b), RSMo Supp.2003, and 15 CSR 30-55.020. If you do request a hearing, then within fifteen (15) days of the Commissioner's receipt of such request, a hearing date will be scheduled for this matter.

A request for a hearing must be mailed or delivered, in writing, to:

Matthew D. Kitzi, Commissioner of Securities
Office of the Secretary of State, Missouri
Kirkpatrick State Information Center
600 West Main Street, Jefferson, Room 229
Jefferson City, Missouri, 65102.

CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of July, 2006, a copy of the foregoing Notice, Order and Petition filed the above styled case was mailed by certified U.S. Mail, postage prepaid to Respondents at the above listed addresses.

Beth Perkins

¹ Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, Office of Thrift Supervision, *Interagency Advisory: Warning Concerning "Prime Bank" Notes, Guarantees, and Letters of Credit and Similar Financial Instruments*, (October 21, 1993), available at <http://www.federalreserve.gov/boarddocs/srletters/1993/SR9361.HTM>

² NASAA, *State Securities Regulators Release "Unlucky 13" Investor Traps* (February 16, 2006), available at: http://www.nasaa.org/nasaa_newsroom/current_nasaa_headlines/4240.cfm.

³ Federal Bureau of Investigation Website, *Common Investment Schemes*, available at: <http://www.fbi.gov/majcases/fraud/fraudschemes.htm>.