

State of Missouri  
Office of Secretary of State

Case No. AP-06-10

IN THE MATTER OF:

DENNIS V. EDWARDS

*Respondent.*

Serve:

Dennis V. Edwards  
18921 G. East Valley View # 256  
Independence, MO 64055

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

On the 11th day of August 2006, the Enforcement Section of the Missouri Securities Division (the “Division”), through Mary S. Hosmer, Assistant Commissioner, submitted a petition requesting a cease and desist order and other administrative relief. After reviewing the petition, the Commissioner issues the following findings of fact, conclusions of law and order:

**I. JURISDICTIONAL STATEMENT**

Respondent Dennis Edwards (“Edwards”) offered and sold unregistered, nonexempt securities in the form of promissory notes to three (3) individuals between 2003 and 2005 totaling at least \$228,000. During the offer and sale of these securities, Edwards omitted to state, among other things, that Edwards was the subject of three (3) prior cease and desist orders from the Division. Edwards deposited some of the money from these investors into an account of his son, Jordan Edwards. Jordan Edwards signed blank checks that his father, Edwards, later used. After the sales in this matter Edwards pleaded guilty to a felony charge filed by the U.S. Attorney’s Office stemming from the previous investigations of Edwards by the Division. Edwards is currently awaiting sentencing on this matter.

**II. FINDINGS OF FACT**

**Respondent Edwards and Related Entities and Individuals**

1. Edwards purported to be the president of Alliance Advisors Marketing, LLC (“Alliance”), and the owner of Financial Insurance Wholesalers (“FIW”) and had a business address of 18921 G. East Valley View # 256, Independence, MO 64055.
2. Edwards organized Alliance as a Missouri limited liability company. Alliance was organized “to borrow or raise moneys for any of the purposes of the limited liability company, to execute and issue promissory notes....” Alliance was administratively dissolved September 20, 2005. Alliance had a business address of 11004 E. U.S. 40 HWY, Independence, Missouri 64055.
3. FIW purported to be an insurance company that had contracts with other major insurance companies to recruit financial representatives and purportedly received a portion of the commissions from the sales made by these recruits. FIW had a business address of 11004 E. U.S. 40 HWY, Independence, Missouri 64055.
4. Jordan Edwards was a licensed insurance agent with the Missouri Department of Insurance and has an address of 545 Glenrock Ave. Apt. 303, Los Angeles, California 90024.
5. As used in this Cease and Desist Order, the term “Respondent” refers to Edwards.

**Edwards’ Prior Cease and Desist Orders and Criminal Conviction**

6. On January 14, 1993, the Missouri Commissioner of Securities issued a cease and desist order against Respondent Edwards for selling unregistered securities in the form of evidences of indebtedness. *In the matter of Capital Funding Group, Dennis Edwards*, File No. CD-93-03, January 14, 1993, 1993 WL 836723 (Mo.Div.Sec.).
7. On September 19, 2003, the Missouri Commissioner of Securities issued a cease and desist order against Respondent Edwards for selling unregistered securities. Edwards sold investments in Trinity Registered Limited Liability Partnership (RLLP), which was created to purchase uncollected pools of consumer debt or consumer debt charged off by financial institutions. Investor losses in this matter exceeded \$1.4 million. *In the matter of Trinity Financial Group, LLC, Dennis V. Edwards*, File No. CD-03-14, September 19, 2003 (Mo.Div.Sec.).

8. On September 19, 2003, the Missouri Commissioner of Securities issued a second cease and desist order against Edwards and his sales agent for offering and selling more than \$766,000 in unregistered investments in customer-owned payphones in or from the state of Missouri. *In the matter of Trinity Financial Group, LLC, Dennis V. Edwards*, File No. CD-03-15, September 19, 2003 (Mo.Div.Sec.).
9. On April 20, 2006, Edwards pleaded guilty in the United States District Court for the Western District of Missouri to one Class D felony count of mail fraud in connection with the Trinity Financial Scheme. *US v. Dennis V. Edwards Case No. 06-CR-00164-GAF*. Edwards is awaiting sentencing on this matter.

### Missouri Resident 1

10. In October 2003, Edwards asked an 82-year-old Missouri resident (“MR1”) to invest in a promissory note in the amount of twenty-two thousand dollars (\$22,000). MR1 stated that Edwards came to MR1’s home in Jackson County asking for funds. Edwards gave MR1 a promissory note. The promissory note stated, in part:

“For Value received, the undersigned promise(s) to pay to the order of.... [MR1] .... (hereinafter ‘Holder’), in legal tender, the sum of \$22,000. This Note commences on 10/21/03 (hereinafter ‘Commencement Date’), and all obligations set forth herein are measured from this date. This Note is payable in one payment of \$27,000 due on 03/01/04.”

This note was dated October 2, 2003, and was signed by MR1 and Edwards.

11. In early 2005, MR1’s son contacted Edwards regarding repayment of the \$27,000 owed on the above-mentioned note. Edwards told MR1’s son that Edwards had a plan as to how he was going to repay MR1 and that MR1 was in a “rock solid investment.” Edwards also stated that if it did not work out, Edwards would pay MR1 out of his own pocket. To date, MR1 has not received any payment on the promissory note.

### Missouri Resident 2

12. In early July 2004, a Missouri resident (“MR2”) visited Edwards at Edwards’ office in Jackson County, Missouri. Edwards asked MR2 for fifty thousand dollars (\$50,000) and told MR2 that Edwards needed the money as his business partnership was splitting up. Edwards told MR2 that Edwards would need the money in the form of a bank check made payable to Edwards’ son, Jordan Edwards.
13. On July 23, 2004, MR2 gave Edwards a check for fifty thousand dollars (\$50,000) made payable to Jordan Edwards and received a promissory note from Edwards that stated, in part, as follows:

“For Value received, the undersigned promise(s) to pay to the order of.... [MR2] .... (Hereinafter ‘Holder’), in legal tender, the sum of \$50,000.00. This Note commences on 07/30/04 (hereinafter ‘Commencement Date’), and all obligations set forth herein are measured from this date. This Note is payable in 1 payment of \$57,000 (principal plus 10% interest). The payment shall be due on 01/30/06.”

**“[MR2] .... gave me a check for \$50,000 made payable to Jordan Edwards. I Dennis Edwards assume full responsibility to repay this amount plus interest.” (Emphasis in original.)**

The note was dated July 30, 2004 and was signed by MR2 and Edwards in Jackson County, Missouri.

14. In April 2005, Edwards telephoned MR2 and asked MR2 for fifty-six thousand dollars (\$56,000). Edwards told MR2 that Edwards would give MR2 a promissory note that would pay 10% interest on this note. Edwards stated that this money was needed for Edwards’ partnership.
15. On April 23, 2005, MR2 met Edwards at a bank in Jackson County, Missouri and gave Edwards a check for fifty-six thousand dollars (\$56,000) made payable to Jordan Edwards. MR2 received a promissory note that stated, in part, as follows:

“For Value received, the undersigned promise(s) to pay to the order of.... [MR2] .... (Hereinafter ‘Holder’), in legal tender, the sum of \$56,000.00. This Note commences on 04/23/05 (hereinafter ‘Commencement Date’), and all obligations set forth herein are measured from this date. This Note is payable in 1 payment of \$57,500 (principal plus 10% interest). The payment shall be due on 10/23/05.”

**“[MR2] .... gave me a check for \$50,000 [a line was drawn through the \$50,000 and the number \$56,000 was handwritten above and initialed by Edwards] made payable to Jordan Edwards. I Dennis Edwards assume full responsibility to repay this amount plus interest.”**

The note was dated April 23, 2005 and signed by MR2 and Edwards.

16. Late in 2005 and up through January 26, 2006, MR2 telephoned Edwards when MR2 did not receive the promised returns on MR2's notes. When Edwards returned MR2's telephone calls, Edwards assured MR2 that all of the money was safe. MR2 told Edwards that MR2 needed MR2's money for retirement. To date, MR2 has not received the return of MR2's principal and has not received any interest payments.

### **Missouri Resident 3**

17. In September 2004, Edwards, asked another Missouri resident ("MR3") to invest with Edwards so that Edwards could sell Edwards' business in FIW. Edwards told MR3, among other things, the following:
  - a. FIW operated in forty (40) states and Edwards owned seventy-five percent (75%) of FIW and Edwards' partner in Tucson, Arizona owned twenty-five percent (25%). The company had nine (9) employees and had four hundred (400) contracted representatives;
  - b. FIW contracted with major insurance companies to recruit financial representatives;
  - c. FIW received a portion of the commissions on insurance products these representatives' sold;
  - d. FIW was a web-based company and the representatives averaged four million dollars in sales;
  - e. FIW had over thirty (30) insurance carriers, however, FIW did most of the work with four of these carriers;
  - f. Edwards had several individuals lined up to put in several million dollars in FIW and they planned to expand into all financial fields;
  - g. Edwards stated that he would have to go into bankruptcy before MR3 would lose money;
  - h. Edwards planned to sell FIW in the next twenty-four (24) months; and
  - i. Edwards needed one hundred thousand dollars (\$100,000) to pursue the sale of the FIW business and would pay MR3 ten percent (10%) interest on the principal and would repay the principal and interest in six (6) months on March 17, 2005;
18. On September 17, 2004, MR3 gave Edwards two (2) checks. The first check was made payable to Edwards in the amount of seventy-five thousand dollars (\$75,000) and the second check was made payable to Jordan Edwards, in the amount of twenty-five thousand dollars (\$25,000). Edwards told MR3 that Edwards was helping out his son who would be graduating from college in the near future and Edwards would include the entire \$100,000 in MR3's promissory note from Edwards.
19. On September 17, 2004, Edwards and MR3 signed the promissory note dated September 17, 2004, that stated, in part, the following:
  - a. "For Value received, the undersigned promise(s) to pay to the order of ... [MR3] .... (hereinafter 'Holder'), in legal tender, the sum of \$100,000.00. This Note commences on 09/17/04 (hereinafter 'Commencement Date'), and all obligations set forth herein are measured from this date. This Note is payable in 1 payment of \$105,000 (principal plus 10% interest). The payment shall be due on 03/17/05."
  - b. "Borrower agrees to pay ½ of 1% of the gross proceeds of the sale of borrowers 'lead generation / appointments setting business' to the lender. Payment will be all due and payable two weeks from the closing of the sale," and
  - c. "Should the lender choose to extend the term of this note to coincide with the closing of the sale of the 'lead generation / appointment setting business' borrower will pay the lender 2% of the gross proceeds of the sale of the business."
20. Edwards did not repay MR3. MR3 has contacted Edwards on numerous occasions to ask for repayment of MR3's principal and interest. Edwards has told MR3 the money "is coming" but, to date, MR3 has not received MR3's principal or interest.

### **Additional Findings of Fact**

21. In March 2006, the Division received information that indicated that Respondent Edwards had offered unregistered and nonexempt securities in the State of Missouri
22. 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 Respondent in the State of Missouri.
23. On March 7, 2006, the Division sent a letter of inquiry to Respondent Edwards that requested a claim of exemption from registration or exception from definition upon which Respondent 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 Respondent 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.
24. On March 9, 2006, an agent for Respondent signed for the letter from the Division. To date, the Division has not received a response from Respondent.
25. On July 19 and 20, 2006, Jordan Edwards told representatives of the Securities Division and the Department of Insurance the following:
- a. He attended college from 2002 to May 2006, and worked in a clerical position for his father during the summers of 2003 and 2004;
  - b. He did not know anything about the insurance business and did not know about his father's business dealings;
  - c. He became licensed as an insurance agent in Missouri in September 2003 at the insistence of his father. Jordan understood that his father could obtain more insurance business through Alliance if Jordan was licensed;
  - d. He never attempted to sell any insurance products to any individual;
  - e. Edwards told Jordan to open two bank accounts in Jordan Edwards' name at Bank of America. One account, the Campus Edge Account ("Campus Account") at Bank of America was to be used by Jordan to pay his day to day expenses. The second account at Bank of America (referred to here as "Business Account") would be used by Edwards.
  - f. Edwards had Jordan Edwards sign entire books of blank checks so that Edwards could transfer money to and from Jordan's Business Account. Jordan was not aware of the transactions that took place within the Business Account and he did not review statements or transactions within the Business Account.
  - g. He does not know MR1, MR2 or MR3 and was not aware that any Missouri resident wrote checks to Jordan Edwards or that these checks were deposited into the Business Account; and
  - h. He stated that he would relinquish his Missouri insurance license.
26. In connection with the offer or sale of securities to these Missouri investors, Respondent Edwards omitted to state the following:
- a. The securities offered and sold by Respondent were not registered in the State of Missouri;
  - b. Edwards was not registered to sell securities in Missouri;
  - c. Information about the background and history of Edwards;
  - d. The actual use of the investment proceeds;
  - e. That Edwards was the subject of a 1993 Cease and Desist Order from the State of Missouri for selling unregistered securities in the form of an evidence of indebtedness;
  - f. That Edwards was the subject of a 2003 Cease and Desist Order from the State of Missouri for selling unregistered securities in a debt collection partnership;
  - g. That Edwards was the subject of a 2003 Cease and Desist Order from the State of Missouri for selling unregistered securities in customer-owned pay telephones;
  - h. That Edwards had sold investments in Trinity Financial Group, LLC that had resulted in over a million dollars of investor loss;
  - i. The names, addresses, and financial condition of the "several buyers" that were "lined up to pay several million dollars" to purchase FIW;
  - j. Any risks associated with the investment; and/or
  - k. That Edwards did not have a Missouri insurance license.
27. In connection with the offer and sale of securities to Missouri investors, Respondent made untrue statement of material fact, including, but not limited to the following:  
Edwards would have to go into bankruptcy before MR3 would lose money, when in fact this was not true.
28. This Order is in the public interest.

### **III. STATUTORY PROVISIONS**

29. § 409.1-102(28), RSMo, includes “notes; stock . . . evidence of indebtedness; certificate of interest or participation in any profit-sharing agreement . . . [and an] investment contract” within the definition of a security.
30. § 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.”
31. § 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 sections 409.2-201 to 409.2-203; or
  - (3) The security is registered under this act.”
32. § 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.”
33. § 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 or that a person has materially aided, is materially aiding, or is about to materially aid 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 . . . .”
34. § 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.”
35. § 409.6-604(d), RSMo, states that, “In a final order . . . 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.”
36. 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.”
37. § 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.”
38. The Missouri Commissioner of Securities is empowered to issue such orders as he may deem just pursuant to § 409.6-604(a), RSMo.

## **IV CONCLUSIONS OF LAW**

### **Multiple Violations of Offering or Selling Nonexempt, Unregistered Securities**

39. The Commissioner incorporates by reference paragraphs 1 through 38 as though fully set forth herein.
40. Respondent's promissory notes described above qualify as "securities" under § 409.1-102(28), RSMo.
41. 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 Respondent in Missouri.
42. Respondent repeatedly violated § 409.3-301, RSMo, when he offered or sold securities in Missouri 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.

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

43. The Commissioner incorporates by reference paragraphs 1 through 38 as though fully set forth herein.
44. Respondent Edwards repeatedly violated § 409.5-501(2), RSMo, when, in connection with the offer and sale of securities, he omitted to state to Missouri residents the following material facts necessary in order to make certain statements that were 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 Respondent were not registered in the State of Missouri;
  - b. Edwards was not registered to sell securities in Missouri;
  - c. Alliance and FIW were not registered to sell securities in Missouri;
  - d. Information about the background and history of Edwards;
  - e. The actual use of the investment proceeds;
  - f. That Edwards was the subject of a 1993 Cease and Desist Order from the State of Missouri for selling unregistered securities in the form of an evidence of indebtedness;
  - g. That Edwards was the subject of a 2003 Cease and Desist Order from the State of Missouri for selling unregistered securities in a debt collection partnership;
  - h. That Edwards was the subject of a 2003 Cease and Desist Order from the State of Missouri for selling unregistered securities in customer-owned pay telephones;
  - i. That Edwards had sold investments in Trinity Financial Group, LLC that had resulted in over a million dollars of investor loss;
  - j. The names, addresses, and financial condition of the "several buyers" that were "lined up to pay several million dollars" to purchase FIW;
  - k. Any risks associated with the investment; and/or
  - l. That Edwards did not have a Missouri insurance license.

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

45. The Commissioner incorporates by reference paragraphs 1 through 38 as though fully set forth herein.
46. Respondent Edwards repeatedly violated § 409.5-501(2), RSMo, when, in connection with the offer and sale of securities to Missouri residents, they made untrue statements of material fact, including, but not limited to Edwards would have to go into bankruptcy before MR3 would lose money, when in fact this was not true.

**V. ORDER**

**NOW, THEREFORE**, it is hereby ordered that Respondent, his 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 any securities as defined by § 409.1-102(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 § 409.1-102(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 ten thousand dollars (\$10,000) against Respondent, for multiple violations of § 409.3-301, RSMo, in a final order after hearing, unless Respondent requests a hearing and show 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 ten thousand dollars (\$10,000) against each Respondent for multiple violations of § 409.5-501(2), RSMo, in a final order after hearing, unless Respondent requests a hearing and show cause why the penalty should not be imposed.

**IT IS FURTHER ORDERED** that the Enforcement Section has petitioned for an award for costs of the investigation, jointly and severally, 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 show cause why an award should not be made to the agency.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 21<sup>ST</sup> DAY OF AUGUST, 2006.

State of Missouri  
Office of Secretary of State

Case No. AP-06-10

ROBIN CARNAHAN  
SECRETARY OF STATE  
  
(Signed/Sealed)  
MATTHEW D. KITZI  
COMMISSIONER OF SECURITIES

IN THE MATTER OF:

DENNIS V. EDWARDS

*Respondent.*

Serve Dennis V. Edwards  
18921 G. East Valley View # 256  
Independence, MO 64055

**NOTICE**

**TO: Respondent 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. 2005, and 15 CSR 30-55.020.

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 21<sup>st</sup> day of August, 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 Respondent at the above listed addresses.

Beth Perkins  
Administrative Aide