

State of Missouri
Office of Secretary of State

Case No. AP-07-36

IN THE MATTER OF:

PLANET EV'S, INC.;
DAREN LUEDTKE; *and*
DANNY DOUGLAS,

Respondents.

Serve:

Planet EV's Inc.,
Daren Luedtke and
Danny Douglas at
2075 Hwy B
Mansfield, Missouri 65704

Consent Order

I. SUMMARY OF ENFORCEMENT SECTION'S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division has alleged that Respondents sold unregistered securities and omitted to disclose material facts to investors in violation of Sections 409.3-301 and 409.5-501, RSMo. (Cum. Supp. 2006).
2. Respondents and the Securities Division desire to settle the allegations and the matters raised by the Securities Division relating to Respondents' alleged activities.

II. CONSENT TO JURISDICTION

3. Respondents and the Securities Division stipulate and agree that the Commissioner has jurisdiction over these Respondents and these matters pursuant to Chapter 409, *et seq.*
4. Respondents and the Division stipulate and agree that the Commissioner has authority to enter this Consent Order pursuant to Section 409.6-604(h), RSMo. (Cum. Supp. 2006), which provides:

The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.

III. WAIVER AND EXCEPTION

5. Respondents waive their rights to a hearing with respect to this matter.
6. Respondents waive any rights that they may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner of Securities and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.

IV. CONSENT TO COMMISSIONER'S ORDER

7. Respondents and the Securities Division stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
8. Respondents neither admit nor deny the allegations made by the Securities Division but consent to the Commissioner's Findings of Fact or Conclusions of Law as set forth below solely for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.
9. Respondents agree not to take any action or to make or permit to be made any public statement creating the impression that this Order is without a factual basis. Nothing in this paragraph affects Respondents' (a) testimonial obligations; or (b) right to take legal or factual position in defense of litigation or in defense of other legal proceedings in which the Commissioner of Securities is not a party.
10. Respondents agree that Respondents are not the prevailing parties in this action since the parties have reached a good faith settlement.

**V. COMMISSIONER'S FINDINGS OF FACT,
CONCLUSIONS OF LAW AND ORDER**

A. FINDINGS OF FACT

1. The Respondents and Other Related Parties

11. Planet EV's, Inc. ("Planet") is a Missouri corporation and has a business address of Rt. 1 Box 75-4, Macomb, Missouri 65702. Planet is purportedly working on the development of electric vehicle technology under a license arrangement with the holder of patent pending applications for a variable speed drive system.
12. Daren Luedtke ("Luedtke") is the chief executive officer of Planet and has a mailing address of 2075 Hwy B, Mansfield, Missouri 65704.
13. Danny Douglas ("Douglas") is the president of Planet and has a mailing address of 2075 Hwy B, Mansfield, Missouri 65704.
14. Jeannie Darton ("Darton") was the vice-president of Planet and has a last known residential mailing address of 5563 Cottengim Road, Norwood, Missouri 65717. Darton resigned from the company on October 10, 2006.
15. As used in this document, the term "Respondents" refers to Planet, Luedtke, and Douglas.

2. Missouri Resident ("MR1")

16. Sometime in early July 2006, a Missouri resident ("MR1") learned about an investment opportunity in Planet.
17. MR1 understood that Planet was selling stock to raise money to build an electric vehicle.
18. MR1 telephoned the Planet offices to inquire about the investment opportunity.
19. On or about July 19, 2006, MR1 met Luedtke at the offices of Planet. At this July 19, 2006 meeting, Luedtke, among other things, told MR1 that:
 - a. Planet was raising money to build an electric vehicle;
 - b. Planet was selling shares of stock in the company for fifty dollars (\$50.00) per share;
 - c. investors would receive a "certain amount" from the profit of the sale of the electric vehicle as a return on the investment;
 - d. the first investors would receive an electric vehicle when the vehicle went into production; and
 - e. a patent was pending on the technology of Planet's electric vehicle.
20. MR1 decided to purchase shares of stock in Planet. Luedtke introduced MR1 to Darton and told MR1 that Darton would assist MR1 in filling out the paperwork. Darton presented MR1 a document titled, "Confidential Disclosure Agreement" (the "Disclosure Agreement").
21. On or before August 8, 2006, MR1 wrote a check for two hundred fifty dollars (\$250.00) made payable to Planet for the purchase of five (5) shares of stock, and MR1 executed the Disclosure Agreement and mailed the document to Planet.
22. Sometime between July 19, 2006 and August 8, 2006, MR1 received a stock certificate from Planet indicating that MR1 had purchased five (5) shares of stock in Planet.
23. MR1 received two (2) update letters dated August 1, 2006 and September 12, 2006, from Planet. The September 12, 2006 letter stated, among other things, the following:

"We were thrown off our schedule having to wait for the computer, but the individual component testing is going extremely well and we still anticipate selling the technology and having a signed contract before Christmas.

....

We will continue to update you and will send a letter to each of you one week before we go public with the test results.

We also wanted to let you know that all current shareholders can still purchase additional stock until the car is ready to test. We can't give a specific date, but anticipate completion within 2-4 weeks. Additional stock can be purchased, but there is a 20 share or \$1000.00 minimum purchase."
24. On or about November 27, 2006, Planet sent a letter to MR1 that stated, among other things, the following:

"We regret to inform you that due to inaccurate information provided to us by the Missouri Secretary of States [sic] Office,

we have recently discovered that we are limited in the number of possible stockholders without first being registered with the Federal Securities and Exchange Commission as a "Private Corporation". We are therefore refunding your investment on a temporary basis to allow us the time necessary to accomplish legal registration with the Federal SEC....

....

[Y]ou will also find below, a schedule of interest showing the method of calculation. The Board decided to pay a flat 10% APR on the investment amount. Then, the ease of calculation, this amount was then prorated over seven months presenting the time that we began accepting investments (May 2006) through the end of November for each of our share holders, regardless of when you actually invested.

We apologize for the confusion and inconvenience. The State of Missouri recently repealed all laws concerning stock regulation that were enacted under the Sec. of States Office and formed a Missouri Securities and Exchange Commissioner with a new set of laws and regulations. When we were incorporating and called the Sec. of States Office they informed us that the laws had been repealed, but failed to inform us that they were forming a state Securities and Exchange Commission here in Missouri. Since we have found out, we are taking all the necessary steps to follow the law...

Sincerely,

Printed Name: Daren Luedtke, Chairman of the Board

Printed Name: Danny Douglas, President

Printed Name: Jeannie Darton, Vice President

Interest Schedule [this included MR1's initial investment and the total refunded amount]"

25. On or about November 26, 2006, MR1 received a refund check from Planet in the amount of two hundred sixty four dollars and fifty-eight cents (\$264.58).[\[1\]](#)

3. Missouri Resident ("MR2")

26. Sometime in the summer of 2006, MR2 learned of an investment opportunity in Planet and received documents outlining this investment.
27. Shortly after reviewing this literature, MR2 contacted Luedtke regarding investing in Planet. Luedtke told MR2, among other things, that:
- a. Planet was raising money to build an electric vehicle;
 - b. Planet was selling shares of stock in the company for fifty dollars (\$50.00) per share;
 - c. the return on MR2's investment could "potentially be great;" and
 - d. a patent was pending on the technology of Planet's electric vehicle.
28. MR2 gave Luedtke a check in the amount of two thousand dollars (\$2,000.00) for forty (40) shares of stock in Planet. MR2 also signed a Disclosure Agreement.
29. Shortly after making an investment in Planet, MR2 received a stock certificate indicating that MR2 had purchased forty (40) shares of stock in Planet.
30. MR2 received a letter from Planet dated November 27, 2006 stating, among other things, that Planet was issuing refunds to its investors.
31. Sometime in late 2006, MR2 received a refund check from Planet that included MR2's original investment amount and payment of interest.

4. The Respondents' Answer to the Division

32. On or about December 1, 2006, the Missouri Securities Division received information that indicated that Respondents allegedly offered and sold nonexempt and unregistered securities in the State of Missouri.
33. On December 12, 2006, the Division sent a letter, via certified mail, to Planet and Luedtke. The letter asked Respondents to provide the exclusion from definition or registration exemption upon which Respondents had relied in allegedly offering unregistered securities. The letter also requested additional information about the alleged offers.
34. During a December 7, 2006 telephone conversation, an investigator with the Enforcement Section of the Securities Division questioned Luedtke regarding Planet. Luedtke stated, among other things, that:
- a. he had been working on an electric vehicle technology for approximately two (2) years and that a law firm in St. Louis

[Missouri] was working with him to patent the technology;

- b. he incorporated Planet in April 2006. Luedtke stated that a representative of the Corporations Division of the Missouri Secretary of State's Office informed him that it was fine to raise money because all securities laws were being repealed;
 - c. Planet raised approximately two hundred thousand dollars (\$200,000.00) from ninety-seven (97) investors and of those, five (5) did not reside in the State of Missouri;
 - d. he was working on refunding investor funds due to certain limitations of the securities laws and that approximately twenty two thousand dollars (\$22,000.00) with ten percent (10%) interest had been released to thirty-six (36) investors;
 - e. he realized that he may have violated the securities laws after consulting with an attorney;
 - f. the building of the electric vehicle prototype had been completed in his home garage;
 - g. the vehicle was ninety percent (90%) complete;
 - h. he had spoken with a vice-president of the electric vehicle division of Chrysler in Pontiac, Michigan regarding the marketing of his electric vehicle technology; and
 - i. he had connections to "millionaires" that are willing to invest in his company.
35. On December 12, 2006, an attorney representing Planet provided copies of documents to the Division. Among the documents was a 4-page document titled "Planet EV's Risk Factors." In addition, Planet provided a document containing a list of the names, addresses, and telephone numbers of Planet investors. Accompanying these documents was a letter indicating that Planet wanted to resolve the matter with the Division.
36. On or about June 11, 2007, Respondents provided additional information regarding among other things, the expenditures of investor funds. Information provided by the Respondents indicated that Planet collected a total of three hundred six thousand, four dollars and twenty-two cents (\$306,004.22) from investors between May 13, 2006 and September 1, 2006.
37. An accounting of investor funds identified in documents provided by Planet indicated that Respondents used these investor funds for, among other things, the following:
- a. nine (9) entries totaling approximately fifty thousand dollars (\$50,000.00) dated between June 25, 2006 and July 17, 2006, were paid to Luedtke under the "category-payment on equity position on patent;"
 - b. sixteen (16) entries totaling approximately seven thousand dollars (\$7,000.00) dated between May 16, 2006 and October 14, 2006, were paid under the category of "cash slush fund;"
 - c. fifty-three (53) entries totaling approximately seventy-six thousand, five hundred forty-nine dollars and six cents (\$76,549.06) dated between July 30, 2006 and December 6, 2006, were paid to various individuals under the category "security;" and
 - d. one hundred twelve (112) entries totaling approximately forty-three thousand, one hundred twelve dollars and eighty-eight cents (\$43,112.88) dated between May 12, 2006 and December 6, 2006, were paid to various individuals under the category "payroll."
38. Information contained in other documents provided in the June 11, 2007 correspondence by Respondents indicated that Respondents refunded a total of twenty-one thousand, nine hundred fifty-seven dollars and ninety-five cents (\$21,957.95) to thirty-six (36) investors, of which five (5) were investors outside the State of Missouri.
39. A review of Planet's account transactions concerning the receivables and expenditures of investor funds revealed that Planet possessed an account balance of twenty thousand, six hundred ninety-two dollars and fifty-one cents (\$20,692.51) as of December 1, 2006.
40. The Division received no information in regards to the refunds of the remaining sixty-one (61) investors.

B. CONCLUSIONS OF LAW

41. A check of the records maintained by the Missouri Commissioner of Securities revealed no registration, granted exemption or notice filing indicating status as a "federal covered security" for any of the securities offered by Respondents in or from Missouri.
42. Respondents were not registered to offer and sell securities in or from the State of Missouri.
43. The securities offered and sold by the Respondents were not federal covered securities.

44. In connection with the offer, sale or purchase of this investment, Respondents omitted to state to investors:
 - a. that the Respondents were not registered to sell securities in or from the State of Missouri;
 - b. that the securities were not registered in the State of Missouri;
 - c. facts or information regarding the financial condition of Planet;
 - d. facts or information regarding the background, history and experience of Luedtke, Darton and Douglas; or
 - e. facts or information regarding the risks of the investment.
45. In connection with the offer, sale or purchase of this investment, Respondents misrepresented to investors and to the State of Missouri Securities Division that a representative of the Corporations Division with the Missouri Secretary of State had informed Luedtke that it was fine to raise money because all securities laws were being repealed, when in fact, this was not true.
46. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondents and the Securities Division, finds and concludes that the Commissioner has jurisdiction over these matters and these Respondents and that the following Order is in the public interest, necessary for the protection of public investors, and consistent with the purposes intended by the Missouri Securities Act of 2003.

ORDER

NOW, THEREFORE, it is hereby ordered that:

1. Respondents, their agents, employees and servants are prohibited from violating Sections 409.3-301, and 409.5-501, RSMo. (Cum. Supp. 2006), by offering or selling securities in Missouri without registering or qualifying for an applicable exemption or omitting to disclose material facts in connection with the offer or sale of securities;
2. Respondent Planet will offer rescission within ninety (90) days of the execution of this Consent Order to all investors in Planet. This offer of rescission will be in compliance with Section 409.5-509, RSMo. (Cum. Supp. 2006), and 15 CSR 30-52.260;
3. In addition to other documents required by Section 409.5-509, RSMo. (Cum. Supp. 2006), and 15 CSR 30-52.260, Respondents shall send a copy of this Consent Order to each investor;
4. At least ten (10) days before sending out this rescission offer, Respondents will provide to the Division a copy of the proposed rescission offer and all attachments to be sent to the investors. The letter and attachments will not be unacceptable to the Commissioner;
5. Within one hundred and sixty (160) days of the execution of this Consent Order, Respondents shall file documentation with the Division evidencing the names, addresses and telephone numbers of the investors who received such offer of rescission and those investors who accepted this offer and the date and amount they were paid, as well as the names, addresses and telephone numbers of the investors who chose not to request rescission;
6. Respondent Planet shall pay to the Missouri Secretary of State's Investor Education and Protection Fund the sum of fifty thousand dollars (\$50,000.00). Ten thousand dollars (\$10,000.00) of this amount will be waived provided the Respondents comply with the other provisions of this Order. The remaining forty thousand dollars (\$40,000.00) will be made payable to the Missouri Secretary of State's Investor Education and Protection Fund and sent to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101. This amount will be paid in eleven equal monthly installments of three thousand three hundred and thirty-three dollars (\$3,333.00) each and a twelfth installment of three thousand three hundred and thirty-seven dollars (\$3,337.00). The first installment will be due within thirty (30) days of the execution of this Consent Order. The second installment will be due on February 15, 2008, and all remaining installments shall be due on the 15th of each month with the last installment due on December 15, 2008. If Respondent Planet fails to offer rescission as described in paragraphs 2 through 5 above, or fails to make any payment described in this paragraph, the full amount remaining, including the waived amount, shall be immediately due and payable after five days notice to cure, and if any amount remains unpaid after such five-day cure period, the Commissioner may refer this matter for enforcement as provided in Sections 409.6-603 and 409-6-604, RSMo. (Cum. Supp. 2006);
7. Respondents Luedtke and Douglas shall pay to the Missouri Secretary of State's Investor Education and Protection Fund, jointly and severally, the sum of ten thousand dollars (\$10,000.00). This amount will be sent to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101. This amount will be waived provided that the Respondents comply with the other provisions of this Consent Order. This amount will be immediately due and payable after five days notice to cure if any obligation remains unperformed after such five-day cure period. If any amount remains unpaid after such five-day cure period, the Commissioner may refer this matter for enforcement as provided in Sections 409.6-603 and 409-6-604, RSMo. (Cum. Supp. 2006);

8. Respondents will pay their own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 20TH DAY OF DECEMBER, 2007.

ROBIN CARNAHAN
SECRETARY OF STATE

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

Consented to by:

Missouri Securities Division

Mary S. Hosmer
Assistant Commissioner of Securities

PLANET EV'S, INC.

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By:
Daren Luedtke, CEO, Individually and
for the Corporation

By:
Danny Douglas, President, Individually
and for the Corporation

Approved as to Form:
Glenn P. Green, Attorney for Respondents

[1] MR1 received a refund on principal in the amount of \$250.00 and an additional \$14.58 for interest earned on the investment for the period May 1, 2006 through November 30, 2006.