

State of Missouri  
Office of Secretary of State

Case No. AP-07-56

IN THE MATTER OF:

R.A.M. DEVELOPMENTS, LLC;  
BRANDON L. LARSON; and  
RAY E. LARSON,

*Respondents.*

Serve:

R.A.M. Developments, LLC at:  
151 East Highway 54, Suite 102  
Camdenton, Missouri 65020

Ray E. Larson at:  
6873 Creek Lane  
Osage Beach, Missouri 65065-3491

Brandon L. Larson at:  
1311 Springvalley Road  
Osage Beach, Missouri 65065

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

On October 4, 2007, the Enforcement Section of the Securities Division of the Office of Secretary of State, through its Chief Registration Counsel, Nathan J. Soendker, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties and Costs Should Not Be Imposed. After reviewing the petition, the Commissioner issues the following findings of fact, conclusions of law and order:

**I. FINDINGS OF FACT**

1. R.A.M. Developments, LLC (“RAMD”), is a Colorado limited liability company with an address of 151 E. Highway 54, Suite 102, Camdenton, Missouri 65020. RAMD was organized in the State of Colorado on or about April 17, 2002. RAMD was registered as a foreign limited liability company in Missouri on December 20, 2005.
2. Ray E. Larson (“Ray Larson”) is an individual with an address at 6873 Creek Lane, Osage Beach, Missouri 65065. At all times pertinent, Ray Larson acted as President and CEO of RAMD.
3. Brandon L. Larson (“Brandon Larson”) is an individual with an address at 1311 Spring Valley Road, Osage Beach, Missouri 65065. At all times pertinent, Brandon Larson acted as an account executive and registered agent for RAMD.
4. According to information obtained by the Securities Division, RAMD offered investors a “safe investment vehicle that allows an investor to make high yield returns” by investing in property owned and managed by RAMD. The property is purchased by RAMD at below-market value through pre-foreclosure sales and is then leased back to the original homeowner, who retains an option to purchase after a period of two (2) years.
5. On or about December 3, 2005, RAMD, Ray Larson, and Brandon Larson (the “Respondents”) created or caused to be created an Internet website at [www.ramdevelopments.com](http://www.ramdevelopments.com) (the “Website”). The Website states in part as follows:

*There is nothing safer and more secure than land secured by deeds of trust.*

. . . .

For the past two years, R.A.M. Developments has successfully earned the largest return on investment dollars secured by First [*sic*] deeds of trust; often two-and-a-half times that of treasury bills and other normal real estate investment vehicles.

We are focused on CARING CAPITALISM – keeping families in their homes while making great returns on the safest investment, always secured by First [*sic*] deeds of Trust.

. . . .

Savvy investors with caring hearts can see unprecedented returns while helping families in need and the economy as a whole. The investor will “win” because of spectacular returns safely secured by first deeds of trust.

....

Houses are purchased at a great discount, keeping related investor costs at least twenty percent below fair market value. This protects the investment from deflation and other associated risks.

#### WAYS TO PUT YOUR HARD EARNED DOLLARS TO WORK

- Self directed IRA’s allow you (under the direction of our outside SDIRA custodians) to direct where you invest those dollars.
- Utilize lines of credit available to you using your home equity or bank accounts.
- Use liquid capital you have at your disposal.

#### Apply Now to Invest with R.A.M.

6. The Website fails to disclose that investors risked losing some or all of their investment when stating that: “There is nothing safer and more secure than land secured by deeds of trust.”
7. The Website fails to disclose the source of information, or provide audited financial statements, balance sheets, or cash flow statements, evidencing the claim that: “For the past two years, R.A.M. Developments has successfully earned the largest return on investment dollars secured by First [*sic*] deeds of trust; often two-and-a-half times that of treasury bills and other normal real estate investment vehicles.”
8. The Website fails to disclose the criteria and processes RAMD uses to evaluate and purchase property at a “great discount” and how such methods protect the investment from “deflation and other associated risks.”
9. In a written response to an inquiry from the Securities Division, dated May 18, 2007 (“May 18th Response”), Ray Larson, acting on behalf of RAMD, stated RAMD’s securities were exempt from registration pursuant to Section 409.2-202(14), RSMo. (Cum. Supp. 2006), because it had solicited less than 25 investors in a calendar year and that there had never been a public offering of securities by RAMD.
10. The Securities Division obtained an offering circular (the “Circular”) which states that RAMD was seeking to raise two hundred and fifty thousand dollars (\$250,000) through the sale of blocks of “Common Corporate Interest” (“CCI”).
11. The blocks of CCI were not registered or exempt from registration in the State of Missouri.
12. The Summary of Interest Purchase Offering section of the Circular states that RAMD “will approach its investor base with a full package describing the home, the return, and the cost, with each investment being secured by a deed of trust with a guaranteed ROI of 14% to over 20% and share of annualized corporate net profits.”
13. The Circular failed to disclose how RAMD was planning to “guarantee” a return on investment of at least fourteen percent (14%).
14. The Circular failed to disclose specific material risks associated with the blocks of CCI, such as fluctuations in the occupancy rates of the underlying property or declines in valuation of the real estate.
15. The Circular failed to disclose conflicts of interest which exist between RAMD and Hope for Families,[\[1\]](#) an affiliate of RAMD.
16. The Circular states that RAMD was organized in 2006 in the State of Missouri, when it was in fact organized in 2002 under the laws of the State of Colorado.
17. In the May 18th Response, RAMD stated that the Circular was used to solicit investors from October 18, 2006 to January 18, 2007.
18. On or about January 6, 2006, RAMD and Brandon Larson sold or caused to be sold a promissory note (“Note 1”) in the amount of thirty-five thousand dollars (\$35,000), interest payable within 365 days at a flat rate of twenty thousand dollars (\$20,000), to a resident of the State of Missouri (“MR1”). MR1 was granted a security interest in property located at 815 S. Kansas, Springfield, Missouri 65802 (the “Springfield Property”).
19. Note 1 was purchased by MR1 for investment purposes with the expectation of profits to be derived primarily from the efforts of RAMD’s management and sale of the Springfield Property which was managed and controlled by RAMD at all times pertinent.
20. Note 1 was not registered or exempt from registration in the State of Missouri
21. On or about June 28, 2006, RAMD and Brandon Larson sold or caused to be sold a promissory note (“Note 2”) in the

amount of thirty-five thousand dollars (\$35,000), interest payable within 365 days at a flat rate of fourteen thousand dollars (\$14,000), to a resident of the State of Missouri ("MR2"). MR2 was granted a security interest in property located at 151 Old Ben Carter Road, Baxley, Georgia 31513 (the "Baxley Property").

22. Note 2 was purchased by MR2 for investment purposes with the expectation of profits to be derived primarily from the efforts of RAMD's management and sale of the Baxley Property which was managed and controlled by RAMD at all times pertinent.
23. Note 2 was not registered or exempt from registration in the State of Missouri.
24. On or about March 28, 2007, RAMD, through Ray Larson, entered into an investment contract (the "Investment Contract") with a resident of the State of Missouri ("MR3"). Under the terms of the Investment Contract, MR3 purchased a one-third (1/3) interest in property located at 202 N. Rollins, Sturgeon, Missouri 65284 (the "Sturgeon Property"), for the price of ten thousand dollars (\$10,000). MR3 was to receive one-third of the rental income derived from the property.
25. MR3 entered into the Investment Contract with RAMD for investment purposes with the expectation of profits to be derived primarily from the efforts of RAMD. At all times pertinent, the Sturgeon Property was managed and controlled by RAMD.
26. This order is in the public interest and consistent with the purposes intended by the Missouri Securities Act of 2003. See Section 409.6-605(b) RSMo. (Cum. Supp. 2006).

## II. STATUTORY PROVISIONS

27. Section 409.6-601(a), RSMo. (Cum. Supp. 2006), provides that the Missouri Securities Act of 2003 "shall be administered by the commissioner of securities who shall be appointed by and under the direction of the secretary of state . . . ."
28. Section 409.1-102(26), RSMo. (Cum. Supp. 2006), 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."
29. Section 409.1-102(28), RSMo. (Cum. Supp. 2006), includes "notes; stock . . . evidence of indebtedness; collateral trust certificate; certificate of interest or participation in any profit-sharing agreement . . . [and an] investment contract" within the definition of a security.
30. Section 409.2-202 RSMo. (Cum. Supp. 2006), states:

The following transactions are exempt from the requirements of sections 409.3-301 to 409.3-306 and 409.5-504:

. . . .

(14) A sale or an offer to sell securities of an issuer, if part of a single issue in which:

- (A) Not more than twenty-five purchasers are present in this state during any twelve consecutive months . . . .;
- (B) A general solicitation or general advertising is not made in connection with the offer to sell or sale of the securities;
- (C) A commission or other remuneration is not paid or given, directly or indirectly, to a person other than a broker-dealer registered under this act or an agent registered under this act for soliciting a prospective purchaser in this state; and
- (D) The issuer reasonably believes that all the purchasers in this state . . . are purchasing for investment;

. . . .

31. Section 409.3-301, RSMo (Cum. Supp. 2006), states:

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. Section 409.5-501, RSMo. (Cum. Supp. 2006), states:

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. Section 409.5-505, RSMo. (Cum. Supp. 2006), states:

It is unlawful for a person to make or cause to be made, in a record that is used in an action or proceeding or filed under this act, a statement that, at the time and in the light of the circumstances under which it is made . . . false or misleading in a material respect . . . .

34. Section 409.6-604(a), RSMo. (Cum. Supp. 2006), states:

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 . . . 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;
- (2) Issue an order denying, suspending, revoking or conditioning the exemptions for a broker-dealer under section 409.4-401(b)(1)(D) or (F) or an investment adviser under section 409.4-403(b)(1)(C); or
- (3) Issue an order under section 409.2-204.

35. Section 409.6-604(b), RSMo. (Cum. Supp. 2006), states:

An order under subsection (a) [of Section 409.6-604, RSMo.] is effective on the date of issuance . . . . If 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.

36. Section 409.6-604(c), RSMo. Cum. Supp. 2006, states:

If a hearing is requested or ordered pursuant to subsection (b) [of Section 409.6-604, RSMo.], a hearing before the commissioner must be provided. A final order may not be issued unless the commissioner makes findings of fact and conclusions of law in a record in accordance with the provisions of chapter 536, RSMo, and procedural rules promulgated by the commissioner. The final order may make final, vacate, or modify the order issued unless under subsection (a) [of Section 409.6-604, RSMo.].

37. Section 409.6-604(d), RSMo. (Cum. Supp. 2006), states:

In a final order under subsection (c) [of Section 409.6-604, RSMo.], the commissioner may impose a civil penalty up to one thousand dollars (\$1,000) for a single violation or up to ten thousand dollars (\$10,000) for more than one violation.

38. Section 409.6-604(e), RSMo. (Cum. Supp. 2006), states:

In a final order, the commissioner may charge the actual cost of an investigation or proceeding for a violation of this act or a rule adopted or order issued under this act. These funds may be paid into the investor education and protection fund.

### III. CONCLUSIONS OF LAW

#### *Offering Unregistered, Nonexempt Securities*

39. Paragraphs 1 through 38 are incorporated by reference as though fully set forth herein.

40. The investments offered by Respondents fall under the definition of “securities” found at Section 109.1-102(28), RSMo. (Cum. Supp. 2006).

41. Respondents “offered” to sell securities by:

- a. generally soliciting investors by offering securities through the Website;

- b. offering securities through the Circular;
  - c. selling or caused to be sold promissory notes to Missouri investors; and
  - d. entering into an investment contract with a Missouri investor.
42. At all times relevant, records maintained by the Commissioner of Securities contained no registration, granted exemption or notice filing indicating status as a “federal covered” security for any product offered or sold by Respondents.
43. The Respondents violated Section 409.3-301, RSMo. (Cum. Supp. 2006), when they offered or sold securities in Missouri without the securities being: (1) registered; (2) exempt from registration; or (3) federal-covered securities.
44. Respondents actions described in the paragraph immediately above constitute an illegal act, practice, or course of business under Section 409.6-604(a), RSMo. (Cum. Supp. 2006).

***Making Untrue Statements or Omitting to Provide Material Information in Connection with the Offer or Sale of a Security***

45. Paragraphs 1 through 38 are incorporated by reference as though fully set forth herein.
46. In connection with the offer, sale or purchase of securities, Respondents did the following:
- a. stated or caused to be stated on the Website that: “For the past two years, R.A.M. Developments has successfully earned the largest return on investment dollars secured by First [*sic*] deeds of trust; often two-and-a-half times that of treasury bills and other normal real estate investment vehicles” without disclosing material facts pertaining to the source of that information or the financial statements to support this statement;
  - b. stated or caused to be stated on the Website that: “Houses are purchased at a great discount, keeping related investor costs at least twenty percent below fair market value. This protects the investment from deflation and other associated risks,” without providing information on criteria and processes used in acquiring property and omitting to state how this protects the investment from “deflation and other associated risks.” Further, Respondents failed to state what was meant by the term “deflation” in this context and what risks were associated with the investment;
  - c. failed to provide on the Website any current audited financial statements, balance sheets, or cash flow statements;
  - d. omitted material facts necessary to make the following statement which appears on the Website not misleading: “Savvy investors with caring hearts can see unprecedented returns while helping families in need and the economy as a whole.” Respondents failed to provide a benchmark on which to gauge the alleged “unprecedented returns” claimed by Respondents;
  - e. omitted material facts on the Website which are necessary to make the statement that the investment is “safely secured” not misleading;
  - f. falsely stated on the Website that RAMD investments are the “safest of investments;”
  - g. failed to disclose the conflicts of interest which exist between RAMD and its affiliate;
  - h. falsely stated in the Circular that RAMD was organized in the State of Missouri in 2006;
  - i. omitted material facts in the Circular explaining how RAMD would provided “guaranteed ROI of 14% to over 20%,” or
  - j. failed in the Circular to disclose specific material risks associated with the blocks of CCI, such as fluctuations in the occupancy rates of the property or declines in valuation of the real estate.
47. The Respondents violated Section 409.5-501(2), RSMo. (Cum. Supp. 2006), when they made the untrue statements of material fact described in paragraphs 45 (f) and (h), above, and when they omitted to state material facts necessary in order to make other statements made, in light of the circumstances under which they were made, not misleading, as described in paragraphs 45 (a), (b), (c), (d), (e), (g), (i), and (j), above.
48. Respondents actions described in the paragraph immediately above constitute an illegal act, practice, or course of business under Section 409.6-604(a), RSMo. (Cum. Supp. 2006).

***Making a False Filing Under the Missouri Securities Act***

49. Paragraphs 1 through 38 are incorporated by reference as though fully set forth herein.
50. Ray Larson and RAMD made or caused to be made, in a record used and filed under the Missouri Securities Act of 2003, a statement that, at the time and in the light of the circumstances under which it was made, was false or misleading in a material

respect, when they stated in the May 18th Response that RAMD “never has presented a public offering,” even though RAMD offered investments to the general public through the Website.

51. Respondents RAMD and Ray Larson violated Section 409.5-505, RSMo. (Cum. Supp. 2006), when they made the false or misleading statement described in the paragraph directly above.
52. Respondents actions described in the paragraph immediately above constitute an illegal act, practice, or course of business under Section 409.6-604(a), RSMo. (Cum. Supp. 2006).

### **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 in or from the State of Missouri unless those securities are (1) registered with the Securities Division of the Office of the Secretary of State in accordance with the Missouri Securities Act of 2003; (2) a federal-covered security, or (3) exempt from registration under Sections 409.2-201 to 409.2-203, RSMo. (Cum. Supp. 2006);
- B. making untrue statements of material fact or omitting to state a material facts necessary in order to make statements made, in the light of the circumstances under which they are made, not misleading; and
- C. making or causing to be made, in a record filed under this act, a statement that, at the time and in the light of the circumstances under which it is made, is false or misleading in a material respect.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2006), the Commissioner will determine whether to grant the Enforcement Section’s petition for an imposition of a civil penalty of up to ten thousand dollars (\$10,000) against each Respondent for multiple violations of Section 409.3-301, 409.5-501(2), and 409.5-505, RSMo. (Cum. Supp. 2006), in a final order, unless Respondents request a hearing and show cause why the penalty should not be imposed.

**IT IS FURTHER ORDERED** that, as the Enforcement Section has petitioned for an award of costs of the investigation against Respondents in this proceeding, the Commissioner will issue a final order pursuant to Section 409.6-604(e), RSMo. (Cum. Supp. 2006), awarding an amount to be determined with such payment to be paid into the Investor Education and Protection Fund, after review of evidence submitted by the Enforcement Section, unless Respondents request a hearing and show cause why an award should not be made.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 15<sup>TH</sup> DAY OF OCTOBER, 2007.

ROBIN CARNAHAN  
SECRETARY OF STATE

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

State of Missouri  
Office of Secretary of State

Case No. AP-07-56

IN THE MATTER OF:

R.A.M. DEVELOPMENTS, LLC;  
BRANDON L. LARSON; and  
RAY E. LARSON,

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Serve:

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Ray E. Larson at:  
6873 Creek Lane  
Osage Beach, Missouri 65065-3491

Brandon L. Larson at:  
1311 Springvalley Road  
Osage Beach, Missouri 65065

## 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 Section 409.6-604(b), RSMo. (Cum. Supp. 2006), and 15 CSR 30-55.020.

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

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

## CERTIFICATE OF SERVICE

I hereby certify that on this 15<sup>th</sup> day of October, 2007, copies of the foregoing Order to Cease and Desist in the above styled case was **mailed by certified U.S. Mail, postage prepaid, to:**

R.A.M. Developments, LLC  
151 East Highway 54, Suite 102  
Camdenton, Missouri 65020

Ray E. Larson  
6873 Creek Lane  
Osage Beach, Missouri 65065-3491

Brandon L. Larson  
1311 Springvalley Road  
Osage Beach, Missouri 65065

**And hand delivered to:**  
Nathan J. Soendker  
Chief Registration Counsel  
Missouri Securities Division

John Hale  
Specialist

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[1] In 2003, Ray Larson and another individual created "Hope For Families," purportedly a faith-based non-profit housing counseling organization to assist families facing foreclosure or financial crisis. Hope For Families purportedly evaluates the client's situation and recommends one of four possible solutions. The lease/option solution through RAMD is always available to Hope For Families' clients.