

State of Missouri
Office of Secretary of State

Case No. AP-07-56

IN THE MATTER OF:

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

Respondents.

CONSENT ORDER

I. SUMMARY OF SECURITIES DIVISION'S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division ("Securities Division") has alleged that Respondents offered and sold unregistered securities, have made untrue statements and omitted to state material facts in connection with the offer or sale of a security, and made false and misleading statements in a record filed under the Missouri Securities Act of 2003, in violation of Sections 409.3-301, 409.5-501 and 409.5-505, 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 activity.

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 the Missouri Securities Act, Chapter 409, et seq.
4. Respondents and the Securities Division stipulate and agree that the Commissioner has authority to enter this Consent Order (the "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 releases 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.
7. Respondents and the Securities Division stipulate and agree that, should the facts contained herein prove to be false or incomplete, the Missouri Securities Division reserves the right to pursue any and all legal or administrative remedies at its disposal.

IV. CONSENT TO COMMISSIONER'S ORDER

8. 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.
9. Respondents consent to the Commissioner's Findings of Fact and Conclusions of Law as set forth below solely for the purposes of this proceeding and any other proceeding that may be brought to enforce the terms of this Consent Order.
10. 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.

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

A. FINDINGS OF FACT

11. R.A.M. Developments, LLC ("RAMD") is a Colorado limited liability company with an address at 151 E. Highway 54, 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.

12. 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.
13. 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.
14. On or about December 3, 2005, RAMD and Ray Larson (the “Respondents”) created or caused to be created an Internet website at 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.

15. 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.”
16. 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.”
17. 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.”
18. 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.
19. 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”).
20. The blocks of CCI were not registered or exempt from registration in the State of Missouri.
21. 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.”
22. The Circular failed to disclose how RAMD was planning to “guarantee” a return on investment of at least fourteen percent (14%).

23. 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.
24. The Circular failed to disclose conflicts of interest which exist between RAMD and [\[1\]](#) Hope for Families, an affiliate of RAMD.
25. 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.
26. In the May 18th Response, Ray Larson acting on behalf of RAMD, stated that the Circular was used to solicit investors from October 18, 2006 to January 18, 2007.
27. On or about January 6, 2006, RAMD 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").
28. 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.
29. Note 1 was not registered or exempt from registration in the State of Missouri.
30. On or about June 28, 2006, RAMD 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").
31. 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.
32. Note 2 was not registered or exempt from registration in the State of Missouri.
33. 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.
34. MR3 entered into the Investment Contract with RAMD for investment purposes and the expectation of profits were to be derived primarily from the efforts of RAMD. At all times pertinent, the Sturgeon Property was managed and controlled by RAMD.
35. An 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)

B. CONCLUSIONS OF LAW

36. 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.
37. The securities offered and sold by the Respondents were not federal covered securities.
38. In connection with the offer, sale or purchase securities, Respondents failed to disclose to investors:
 39. that the securities were not registered in the State of Missouri;
 40. facts or information regarding the financial condition of RAMD;
 41. facts or information regarding the risks of the investment.
42. In connection with the offer, sale or purchase of securities, Respondents made or caused to be made untrue statements of material fact regarding the safety of investing in RAMD securities.
43. Respondents made or caused to be made a false statement in a record filed with the Securities Division concerning the general solicitation made in offering RAMD securities.
44. 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.

C. ORDER

NOW, THEREFORE, it is hereby Ordered that:

- A. 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 failing to disclose or making false statements of material facts in connection with the offer or sale of securities.
- B. Respondents shall deliver a cashier's check to the Securities Division in the amount of twenty-five thousand dollars (\$25,000.00) made payable to the Missouri Secretary of State's Investor Education and Protection Fund. Such amount shall be due and payable within thirty (30) calendar days from the date of this Order.
- C. 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 28TH DAY OF JANUARY, 2008.

ROBIN CARNAHAN
SECRETARY OF STATE

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

Consented to by:

Nathan J. Soendker
Chief Registration Counsel
Missouri Securities Division

R.A.M. Developments, LLC

Ray E. Larson

[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.