

State of Missouri
Office of Secretary of State

Case No. AP-08-32

IN THE MATTER OF:

GREENLEAF COMPANIES, LLC;
THE REAL ESTATE COMPANY OF MISSOURI;
ERIC C. GAGNEPAIN;
AND
SCOTT A. DASAL,

Respondents.

Serve: Greenleaf Companies, LLC at:
c/o Scott A. Dasal
3645 South Avenue
Springfield, Missouri 65807

The Real Estate Company, LLC. at:
c/o Scott A. Dasal
3645 South Avenue
Springfield, Missouri 65807

Eric C. Gagnepain at:
5333 South Honeysuckle Lane
Battlefield, Missouri 65619-8291

Scott A. Dasal at:
5329 South Honeysuckle Lane
Battlefield, Missouri 65619

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

On December 8, 2008, the Enforcement Section of the Securities Division of the Office of Secretary of State (the "Division"), through its Assistant Commissioner of Securities Mary S. Hosmer, 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:

FINDINGS OF FACT

1. Greenleaf Companies, LLC, formerly known as Christian Brothers Companies, LLC, now known as Greenleaf Holding, LLC ("Greenleaf"), is a limited liability company organized in Missouri on May 30, 2003. Greenleaf was organized for the purpose of investing in real estate and commercial enterprises. Greenleaf has an address at 3645 South Avenue, Springfield, Missouri 65807.
2. The Real Estate Company, LLC, formerly known as Christian Brothers Properties, LLC, ("REC") is a limited liability company organized in Missouri on December 1, 2003. REC is a licensed real estate brokerage firm regulated by the Missouri Real Estate Commission.
3. Eric C. Gagnepain ("Gagnepain") is an organizer and manager of Greenleaf and REC and has an address at 5333 South Honeysuckle Lane, Battlefield, Missouri 65619.
4. Scott A. Dasal ("Dasal") is an organizer and manager of Greenleaf and REC. Dasal is the registered agent for Greenleaf and REC. Dasal has an address at 5329 South Honeysuckle Lane, Battlefield, Missouri 65619.
5. As used in this order, the term "Respondents" refers to Greenleaf, REC, Gagnepain and Dasal.
6. On or about February 16, 2007, the Division received information from the Missouri Real Estate Commission about investment activities by Greenleaf, an affiliate of REC. According to this information:
 - a. investors were solicited to use their credit to secure funds for the "purchase" of a house or houses identified by Greenleaf;

- b. this property would then be managed by REC for three (3) years. All principal, interest, taxes and insurance on the investors' loans were to be paid by Respondents;
 - c. at the end of three (3) years Greenleaf would purchase the property from the investor or sell it to a third party for the balance outstanding on the investor's loan; and
 - d. the investor would receive ten thousand dollars (\$10,000) as "Risk Investment Compensation."
7. On March 13 and 14, 2007, the Division sent inquiries to Respondents regarding these offerings requesting, among other things, any claim of exemption relied upon in offering or selling securities in the State of Missouri.
8. On or about April 16, 2007, the Division received a response from Respondents that included, among other things, the following:
- a. A description of the current Greenleaf investment program ("Investment Program"):

"Greenleaf finds home builders with which it wishes to establish a relationship. Thereafter, Greenleaf finds real estate investors interested in investing in one or more single-family houses constructed or to be constructed by such builders (each a "Home"). Each real estate investor enters into an Investor Agreement with Greenleaf. Under the terms of the Investor Agreement, Greenleaf recommends to the real estate investor Homes for purchase. The purchase price is 100 percent of the appraised fair market value of the Home. The real estate investor is given the opportunity to finance the purchase of the Home with a lender with which Greenleaf has established a relationship or to arrange his or her own financing. The purchase loan from the lender with whom Greenleaf has a relationship will be for 90 percent of the appraised fair market value of the Home. If the real estate investor determines to buy the Home and if the real estate investor also elects to use the additional services to be provided by Greenleaf described below, Greenleaf will pay the investor a sum equal to 10 % of the purchase price for the Homes plus closing costs. If the real estate investor receives 90% financing, that, plus the payment made by Greenleaf enables the real estate investor to acquire full title to the Home without any out-of-pocket payment.." (Emphasis in original);

- b. a document about the Investment Program titled *Frequently Asked Questions*. This document stated, in part, as follows:

Question: *What does it take to become an investor?*

We look for responsible homeowners with solid income, good credit, verifiable assets, and the desire to move forward with their portfolio of investments.

Question: *What will it cost me?*

The program is designed to create a solid investment at virtually no cost to the Investor. The Company has established relationships with lenders capable of financing all monies needed to complete a transaction.

Question: *How much can I make?*

We guarantee returns of a minimum of \$10,000 per transaction.

Question: *How does the company benefit?*

Our business's gross revenue includes, but is not limited to, all performance fees earned by ...[REC] ... and income derived from fees charged to builders for allowing access to our investors' buying power. ...

Question: *Who are the typical Buyers?*

1. Conventional Home Buyers
2. Buyers in need of Owner Financing.

We focus our efforts in the \$150K-plus housing market. In doing so, we are able to naturally eliminate the majority of unqualified buyers. Many of our customers desire owner financing because of a specific life event that has negatively affected their borrowing ability for the short term. Example: divorce, relocation, injury, self-employment, etc. Our conventional customers are drawn to our homes for their distinctive quality and value, as well as our attractive financing terms.

Question: *Do I receive the rest of the \$10,000 when the buyer gains permanent financing?*

Yes. When the Company sells a home to a Buyer, it insures that the Buyer's loan amount exceeds what is owed on the home by the Investor. When the Buyer obtains permanent financing, the remainder of the guaranteed minimum of \$10,000 is paid to the investor.

Question: *What are my responsibilities during the three year contract period?*

The Investor makes the monthly P.I.T.I. (principal, interest, taxes and, insurance) payments. **The company will guarantee the P.I.T.I. payments for the entire contract period.** Regardless of whether the home is sold, the Company will send the investor the P.I.T.I. payment for every month on the 20th (or the first business day immediately

following the 20th) of the month before the payment is due.

Question: What is the worst that could happen?

Scenario 1: If for any reason, Greenleaf Companies, L.L.C. or any of its subsidiaries went out of business, you would still own a real estate asset with a probable 10% equity position based on stable market conditions.

Scenario 2: The three year contract expires and the home isn't sold. You have a contract with Greenleaf Companies, LLC that guarantees that we will buy the property back from you for what you owe against it. You will still receive the remainder of the minimum \$10,000 Greenleaf Guarantee. ****Assumes no new or additional loans taken out against the property by investor.**** (Emphasis in original)

9. On or about April 17, 2007, the Division sent a supplemental inquiry to Respondents requesting additional information about these offerings.
10. On or about May 2, 2007, the Division received additional information from Respondents. This information revealed that Respondents had used three (3) different forms over the years to facilitate Greenleaf's Investment Program
 1. an untitled agreement;
 2. a contract for deed; and
 3. an investor agreement with private placement memorandum
11. In November 2007, the Division verbally requested information that had not been received pursuant to its earlier requests regarding the Investment Program
12. On November 26, 2007, the Division received information from Respondents' attorney that indicated that from May 11, 2004 through September 24, 2007, sixty-six (66) Missouri residents invested approximately fifteen million dollars (\$15,000,000) in Respondents' Investment Program through Untitled Agreements (defined below).
13. Records received from Respondents indicate that from May 11, 2004, through December 12, 2005, thirteen (13) individuals invested unspecified amounts in the Investment Program and were given untitled agreements (the "Untitled Agreements").
14. Pursuant to the Untitled Agreements:
 - a. Greenleaf was to locate a suitable real estate property or properties (the "Property");
 - b. the investor was to use the investor's credit-worthiness to obtain a loan to purchase this Property ("Purchase Loan");
 - c. the investor was to receive three thousand dollars (\$3,000) as Risk Investment Compensation when the investor obtained the Purchase Loan;
 - d. Property was to be maintained and managed by REC for three (3) years;
 - e. during the management period REC and/or Greenleaf would pay to the investor funds sufficient to pay the principal, interest, taxes, and insurance on the Purchase Loan; and
 - f. at the end of three (3) years Greenleaf would to sell the Property, pay off the Purchase Loan and the investor would receive an additional seven thousand dollars (\$7,000) in Risk Investment Compensation.
15. Records received from Respondents indicate that from November 7, 2006, through January 31, 2007, thirty (30) investors invested seven million three hundred ninety-eight thousand six hundred seventy-five dollars (\$7,398,675) in Respondents' Investment Program through a Contract for Deed ("Contract Deeds").
16. Pursuant to the Contract Deeds:
 - a. Greenleaf was to locate a suitable real estate property or properties (the "Property");
 - b. the investor was to use the investor's credit-worthiness to obtain a loan to purchase this Property ("Purchase Loan");
 - c. the investor was to receive three thousand dollars (\$3,000) as Risk Investment Compensation when the investor obtained the Purchase Loan;
 - d. the Property was to be maintained and managed by REC for three (3) years;
 - e. during the management period REC and/or Greenleaf would pay to the investor funds sufficient to pay the principal, interest, taxes, and insurance on the Purchase Loan; and
 - f. at the end of three (3) years Greenleaf would to sell the Property, pay off the Purchase Loan and the investor would receive an additional seven thousand dollars (\$7,000) in Risk Investment Compensation.

17. Records received from Respondents indicate that twenty-three (23) investors invested in an investor agreement (“Investor Agreement”) through a Private Placement Memorandum (“PPM”).
18. Pursuant to the Investor Agreements and the PPMs:
 - a. Greenleaf was to locate suitable Property for participation in the program;
 - b. the investor was to use the investor’s credit-worthiness to obtain a Purchase Loan;
 - c. the investor would turn over management of the Property to REC for three (3) years;
 - d. during the management period REC and/or Greenleaf would pay to the investor funds sufficient to pay the principal, interest, taxes, and insurance on the Purchase Loan;
 - e. at the end of the management period Greenleaf would sell the Property and pay off the Purchase Loan; and
 - f. the investor would receive seven thousand dollars (\$7,000), when the Property sold.
19. Respondents also provided to the Division copies of the PPMs for offerings that were sold to Missouri residents. Twenty-three (23) Missouri residents invested in the following offerings:
 - a. Parke Estates I, LLC;
 - b. Kensington Hills II, LLC;
 - c. White Oaks, LLC;
 - d. Tuscany Family First Addition, LLC;
 - e. 14 Park Place, LLC;
 - f. Bent Tree, LLC;
 - g. Countryland Phase IV, LLC; and
 - h. Emory Creek, LLC.”
20. The PPMs were all essentially the same and provided that:
 - a. The investor was to pay one hundred percent (100%) of the purchase price of the Property plus closing costs. The investor was to receive ten percent (10%) of purchase price plus closing costs.
 - b. At closing, the LLC pays the investor three thousand dollars (\$3,000) which includes the first month’s payment due from the investor on the purchase money financed, or one thousand dollars (\$1,000) plus the first monthly payment due, whichever is greater. Each subsequent month the LLC will pay to the investor an amount equal to the purchase money financed.
 - c. The LLC was also responsible for the payment of all repairs and maintenance costs of the house as well as providing funds to pay real estate fees and taxes on the house.
 - d. When the house was purchased by a third-party, the LLC would pay the investor a second (and final) fee so that investment risk compensation would total ten thousand dollars (\$10,000).
21. These PPMs did not disclose, among other things, the following:
 - a. the current cash flow statements, balance sheets and other financial information for Greenleaf and REC since their inception in 2003;
 - b. the criteria used in approving individuals to lease the homes;
 - c. how the purchase prices were determined for each Property included in the Investment Program; or
 - d. the impact of any downturn in the housing market on the LLC, Greenleaf, REC and/or the investor.
22. During the investigation a representative of the Division talked to a Missouri resident (the “Lessor”) who leased one of the Properties in Greenleaf’s Investment Program. The Lessor stated, among other things, the following:
 - a. he had not been able to obtain conventional financing to purchase a home due to credit problems;
 - b. he heard one of Greenleaf’s radio advertisements which stated that even if an individual had been turned down for a conventional loan and had a bad credit rating, Greenleaf could arrange financing to allow the individual to

- lease/purchase a Property in Greenleaf's program;
 - c. he contacted Greenleaf and subsequently entered into a lease/purchase agreement on a Property with Greenleaf;
 - d. he paid Greenleaf three thousand dollars (\$3,000) for participation in the program;
 - e. he paid Greenleaf one thousand, eight hundred dollars (\$1,800) per month for eighteen (18) months on this Property (this payment was increased to two thousand, one hundred dollars (\$2,100) in February 2008);
 - f. during the lease period, Greenleaf was to work with the Lessor and his creditors so that the Lessor would be able to obtain conventional financing to buy the Property at the end of the management period; and
 - g. he made all payments, however, the Property is scheduled for foreclosure.
23. On or about December 7, 2007, a Missouri resident ("MR1") entered into a Contract Deed with Greenleaf. MR1 was told by Respondents, among other things, that:
- a. she would earn ten thousand dollars (\$10,000) by participating in the Investment Program;
 - b. all she had to do was use her credit worthiness to obtain financing for one of the Properties in Greenleaf's program;
 - c. Greenleaf was to manage leasing of the Property for three (3) years;
 - d. if the home didn't sell at the end of the management period, Greenleaf would buy the Property from her; and
 - e. she did not recall that anyone disclosed any risks to her about the Investment Program.
24. MR1 stated among other things, that:
- a. she has never seen the Property she purchased;
 - b. she did not know if the Property she purchased was leased;
 - c. she did not know whether the Lessor's money was pooled by Greenleaf; however, the monthly payment check to MR1 was always written on a Greenleaf account;
 - d. she did not know how Greenleaf made money;
 - e. she was not told that Greenleaf would be leasing the Property to Lessors who were unable to obtain conventional financing; and
 - f. she did not recall receiving a PPM or other offering materials.
25. MR1 was not told and did not receive written material describing:
- a. the financial status or background information for Greenleaf or REC;
 - b. Greenleaf's relationship with third parties;
 - c. the criteria for selecting Lessors; or
 - d. the vacancy rates of other Property in the Investment Program.
26. MR1 received regular checks from Greenleaf until April 4, 2008. The only payment received since that date was on June 25, 2008. MR1 was not able to make the monthly payments on the loan without the funds from Greenleaf, and the Property is scheduled for foreclosure.
27. MR1 stated that she worked hard to keep a good credit rating. She is now worried that the foreclosure on the Property she acquired through Greenleaf will cause her to lose her personal residence.
28. On or about December 16, 2005, a Missouri resident ("MR2") invested in Greenleaf's Investment Program. MR2 entered into an Untitled Agreement with Greenleaf.
29. MR2 stated, among other things, that:
- a. he was told that he would get three thousand dollars (\$3,000) if he applied for financing of a Property located by Greenleaf;
 - b. all he was required to do was to use his credit worthiness to obtain financing for one or more Property in Greenleaf's program;

- c. Greenleaf was to manage the Property for three (3) years;
 - d. MR2 was to receive monthly payments from Greenleaf and these payments were not contingent on the Property being leased;
 - e. if the Property did not sell during the management period, Greenleaf would buy the Property from MR2;
 - f. MR2 did not remember receiving any written material from Greenleaf or REC regarding the investment;
 - g. MR2 was not given any written information concerning Greenleaf's relationship with third parties;
 - h. MR2 understood that Greenleaf earned money through the management of various Properties;
 - i. MR2 understood that Greenleaf was experiencing a high vacancy rate on the Property in its programs and it has not been able to make payments to him since April 2008; and
 - j. MR2 has been making the payments on the Property to avoid foreclosure.
30. On or about April 20, 2006, a Missouri resident ("MR3") invested in Greenleaf's Investment Program by entering into an Untitled Agreement. MR3 stated, among other things, that:
- a. he learned about the Investment Program through a friend that had invested in the program;
 - b. he talked to Gagnepain, Dasal and others at Greenleaf about the Investment Program;
 - c. he understood all he had to do was use his credit worthiness to obtain financing for a Property;
 - d. Greenleaf would manage the Property for three (3) years and send monthly payments to MR3 to cover the Purchase Loan;
 - e. he was to receive three thousand dollars (\$3,000) when he obtained the Purchase Loan. When the Property sold (within 3 years) he would receive additional compensation. In total he was to receive ten thousand dollars (\$10,000) for each Property in which he invested;
 - f. he wasn't given any written material or other information describing the financial status or background information on Greenleaf or REC;
 - g. he never received any information concerning material agreements between Greenleaf and any third parties;
 - h. he was aware that Greenleaf would be leasing to individuals who were unable to obtain conventional financing, but he did not receive any information regarding specific criteria for selecting those individuals; and
 - i. he understood that Greenleaf earned money to make payments to investors by the commissions Greenleaf earned from the contractors who built the homes utilized by the Investment Program.
31. MR3 invested in two (2) Greenleaf Properties:
- a. In April 2006, MR3 invested in a Property in Nixa, Missouri. Greenleaf arranged financing for MR3 at an interest rate of a little over eleven percent (11.163%). The total amount of the loan on this Property was shown to be two hundred thousand six hundred twenty dollars and seventy one cents (\$200,620.71). However, the total amount paid back at the end of the mortgage period would be seven hundred and six thousand two hundred and twenty dollars and twenty eight cents (\$706,220.28). The Contract Deed for this transaction was not entered into until December 2006; and
 - b. In September 2006, MR3 invested in a Property in Springfield, Missouri. Greenleaf arranged financing for MR3. Two separate mortgages were taken to finance this Property. One mortgage was for one hundred eighty thousand, five hundred fifty-one dollars and six cents (\$180,551.06) with eight and nine tenths percent (8.9%) interest and another one for thirty six thousand, fifty-five dollars and sixty eight cents (\$36,055.68) with twelve and six tenths percent (12.6%) interest. On the two mortgages taken for the purchase of this Property, the total amount paid back at the end of the mortgage periods would be approximately six hundred fifty-seven thousand dollars (\$657,000).
32. MR3 stated that Greenleaf handled the entire transaction and, among other things, Greenleaf:
- a. located suitable Property;
 - b. obtained appraisals for the Property;
 - c. selected the mortgage company; and
 - d. negotiated the interest rate to be charged to the investor.

33. On December 6, 2007, the Division requested supplemental information from Respondents.
34. On December 12, 2007, Respondents' attorney provided additional information regarding the status of payments to Missouri investors. In addition, the Respondents' attorney provided information that nine (9) of the Properties owned by Missouri investors were vacant.
35. On or about May 2008, the Division re-requested information concerning more specific information regarding payments to investors.
36. In September 2008, Respondents' attorney provided information indicating that all of the Missouri investors, including the nine whose Property was not leased, had received regular monthly payments through April 2008.
37. No payments were made in May 2008 and some were made in June 2008. No payments have been received by Missouri investors since June 2008.
38. Analysis of the records maintained by the Missouri Commissioner of Securities revealed:
 - a. Respondents were not registered to offer or sell securities in or from the State of Missouri; and
 - b. Respondents did not file a Notice under Regulation D until June 1, 2007, indicating status as a "federal covered security" for the securities offered under the PPMs.
39. Respondents did not disclose the following material information to investors with Untitled Agreements or the Contract for Deeds:
 - a. Greenleaf's performance with previous investors;
 - b. the financial condition of Greenleaf from its inception in 2003;
 - c. the financial condition of REC from its inception in 2003;
 - d. Greenleaf's material contracts or relationships with third parties;
 - e. REC's material contracts or relationships with third parties;
 - f. background information for Greenleaf and REC;
 - g. the risks of the investment;
 - h. background information for Greenleaf and REC directors, officers or other persons having similar status or performing similar functions, including but not limited to, their:
 - i. principal occupations for the previous five years;
 - ii. ownership or interest held in each entity; or
 - iii. remuneration received during the previous twelve months and estimated to be received during the next twelve months;
 - i. material information describing how a Property was selected for the Investment Program;
 - j. criteria used in selecting individuals to lease a Property;
 - k. the vacancy rates of each Property in the Investment Program;
 - l. how the purchase price was determined for a Property included in the Investment Program; or
 - m. income and cash flow information of Greenleaf and REC.
40. Respondents did not disclose the following material information to investors who invested in the Investor Agreements and received a PPM:
 - a. the current cash flow statements, balance sheets and other financial information for Greenleaf and REC since their inception in 2003;
 - b. the criteria used in approving individuals to lease the homes;
 - c. how the purchase price was determined for a Property included in the Investment Program; and
 - d. the impact of any downturn in the housing market on the LLC, Greenleaf, REC and/or the investor.

41. This order is in the public interest and consistent with the purposes intended by the Missouri Securities Act of 2003.

II. STATUTORY PROVISIONS

42. Section 409.1-102(26), RSMo. (Cum. Supp. 2007), 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.”

43. Section 409.1-102(28), RSMo. (Cum. Supp. 2007), includes, in part, any “certificate of interest or participation in a profit-sharing agreement,” and “investment contract” within the definition of a security.

44. Section 409.3-301, RSMo. (Cum. Supp. 2007), 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.

45. Section 409.4-402, RSMo. (Cum. Supp. 2007), states:

It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent under subsection (b).

46. Section 409.4-402(d), RSMo. (Cum. Supp. 2007), states:

It is unlawful for any broker-dealer or an issuer engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered under subsection (a) or exempt from registration under subsection (b).

47. Section 409.5-501, RSMo. (Cum. Supp. 2007), 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.

48. Section 409.6-604(a), RSMo. (Cum. Supp. 2007), 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 . . . 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

49. Section 409.6-604(d), RSMo. (Cum. Supp. 2007), states: “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.”

50. Section 409.6-604(e), RSMo. (Cum. Supp. 2007), states: “In a final order, the commissioner may charge the actual cost of an investigation or proceeding for a violation of this act These funds may be paid into the investor education and protection fund.”

51. The Missouri Commissioner of Securities is empowered to issue such orders as he may deem just. Section 409.6-604(a), RSMo. (Cum. Supp. 2007).

III. CONCLUSIONS OF LAW

Multiple Violations of Offering or Selling Nonexempt, Unregistered Securities

52. Paragraphs 1 through 51 are incorporated by reference as though fully set forth herein.
53. The investments, investment contracts, and certificates of interest or participation of profit-sharing agreements offered and sold by the Respondents come under the definition of “securities” contained in Section 409.1-102(28), RSMo. (Cum. Supp. 2007).
54. The Respondents’ actions in offering and selling securities from Missouri satisfies the definition of “offer to sell” and “sale” under Section 409.1-102(26), RSMo. (Cum. Supp. 2007).
55. At all times relevant, 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 security allegedly offered or sold by Respondents.
56. The Respondents violated Section 409.3-301, RSMo. (Cum. Supp. 2007), when they offered or sold securities in Missouri without the securities being (1) a federal-covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-202, RSMo. (Cum. Supp. 2007), or (3) registered under the Missouri Securities Act of 2003.
57. Respondents’ actions in offering or selling unregistered securities, constitute an illegal act, practice, or course of business under Section 409.6-604(a), RSMo. (Cum. Supp. 2007).

Multiple Violations of Transacting Business as an Unregistered Agent by Gagnepain and Dasal

58. Paragraphs 1 through 51 are incorporated by reference as though fully set forth herein.
59. At all times relevant, records maintained by the Missouri Commissioner of Securities contained no registration or granted exemption for Respondents Gagnepain or Dasal to transact business as issuer agents in the State of Missouri.
60. Respondents Gagnepain and Dasal violated Section 409.4-402(a), RSMo. (Cum. Supp. 2007), when they offered or sold securities in the State of Missouri without being registered or exempt from registration as agents.
61. Respondents Gagnepain and Dasal’s actions in transacting business as unregistered agents constitute an illegal act, practice, or course of business under Section 409.6-604(a), RSMo. (Cum. Supp. 2007).

Multiple Violations by Respondent Greenleaf and/or REC of Employing Unregistered Agents

62. Paragraphs 1 through 51 are incorporated by reference as though fully set forth herein.
63. Respondent Greenleaf and/or Respondent REC created the stock offered and sold in this matter and are thus the issuer of these securities as that term is defined under Section 409.1-102(17), RSMo. (Cum. Supp. 2007).
64. As the issuers, Respondent Greenleaf and/or Respondent REC employed Gagnepain and/or Dasal who solicited investors in Missouri on numerous occasions to purchase a security. These solicitations constitute transacting business in the State of Missouri.
65. Respondents Greenleaf and/or REC have not registered any issuer agents in the State of Missouri.
66. Respondents Greenleaf and/or REC violated Section 409.4-402(d), RSMo. (Cum. Supp. 2007), when they employed unregistered agents who transacted business in the State of Missouri.
67. Employing unregistered agents who transact business in this state constitutes an illegal act, practice, or course of business under Section 409.6-604(a), RSMo. (Cum. Supp. 2007).

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

68. Paragraphs 1 through 51 are incorporated by reference as though fully set forth herein.
69. The Respondents violated Section 409.5-501(2), RSMo. (Cum. Supp. 2007), when, in connection with the offer and sale of securities to investors in the Untitled Agreements and the Contract Deeds, they omitted to state 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. Greenleaf's performance with previous investors;
 - b. the financial condition of Greenleaf from its inception in 2003;
 - c. the financial condition of REC from its inception in 2003;
 - d. Greenleaf's material contracts or relationships with third parties;
 - e. REC's material contracts or relationships with third parties;
 - f. background information for Greenleaf and REC;
 - g. the risks of the investment;
 - h. background information for Greenleaf and REC directors, officers or other persons having similar status or performing similar functions, including but not limited to, their:
 - i. principal occupations for the previous five years;
 - ii. ownership or interest held in each entity; or
 - iii. remuneration received during the previous twelve months and estimated to be received during the next twelve months;
 - i. material information describing how a Property was selected for the Investment Program;
 - j. criteria used in selecting individuals to lease a Property;
 - k. the vacancy rates of each Property in the Investment Program;
 - l. how the purchase price was determined for a Property included in the Investment Program; or
 - m. income and cash flow information of Greenleaf and REC.
70. The Respondents violated Section 409.5-501(2), RSMo. (Cum. Supp. 2007), when, in connection with the offer and sale of securities to investors with Investor Agreements, they omitted to state 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 current cash flow statements, balance sheets and other financial information for Greenleaf and REC since their inception in 2003;
 - b. the criteria used in approving individuals to lease the homes;
 - c. how the purchase price was determined for a Property included in the Investment Program; and
 - d. the impact of any downturn in the housing market on the LLC, Greenleaf, REC and/or the investor.
71. Respondents' actions in omitting to state a material fact necessary to make the statements made not misleading, in connection with the offer, sale or purchase of a security, constitute an illegal act, practice, or course of business under Section 409.6-604(a), RSMo. (Cum. Supp. 2007).

ORDER

NOW THEREFORE, it is hereby order 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 any securities as defined by Section 409.1-102(28), RSMo. (Cum. Supp. 2007), 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 Section 409.3-304;
- B. transacting business as an unregistered agent in violation of Section 409.4-402, RSMo. (Cum. Supp. 2007);
- C. employing an unregistered agent in violation of Section 409.4-402, RSMo. (Cum. Supp. 2007); and
- D. violating or materially aiding in any violation of Section 409.5-501, RSMo. (Cum. Supp. 2007), by, in connection with the offer or sale of securities, 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 Section 409.6-604(d), RSMo. (Cum. Supp. 2007), the Commissioner will determine whether to grant the Enforcement Sections's petition for an imposition of a civil penalty of up to ten thousand dollars

(\$10,000) against each Respondent individually for multiple violations of Section 409.3-301, RSMo. (Cum. Supp. 2007), in a final order, unless Respondents request a hearing and show cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2007), 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 of Respondent Gagnepain and Respondent Dasal for multiple violations of Section 409.4-402(a), RSMo. (Cum. Supp. 2007), in a final order, unless such Respondents request a hearing and show cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2007), 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 of Respondent Greenleaf and Respondent REC for multiple violations of Section 409.4-402(d), RSMo. (Cum. Supp. 2007), in a final order, unless such Respondents request a hearing and show cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2007), 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 409.5-501(2), RSMo. (Cum. Supp. 2007), 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 for the 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. 2007), awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondents request 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 16TH DAY OF DECEMBER, 2008.

ROBIN CARNAHAN
SECRETARY OF STATE

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

State of Missouri
Office of Secretary of State

Case No. AP-08-32

IN THE MATTER OF:

GREENLEAF COMPANIES, LLC;
THE REAL ESTATE COMPANY OF MISSOURI;
ERIC C. GAGNEPAIN; *and*
SCOTT A. DASAL,

Respondents.

Serve: Greenleaf Companies, LLC at:
c/o Scott A. Dasal
3645 South Avenue
Springfield, Missouri 65807

The Real Estate Company, LLC. at:
c/o Scott A. Dasal
3645 South Avenue
Springfield, Missouri 65807

Eric C. Gagnepain at:
5333 South Honeysuckle Lane
Battlefield, Missouri 65619-8291

Scott A. Dasal at:
5329 South Honeysuckle Lane
Battlefield, Missouri 65619

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. 2007), and 15 CSR 30-55.020.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this order, the Commissioner will schedule this matter for a hearing.

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
600 West Main Street, Room 229
Jefferson City, Missouri, 65102.**

CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of December, 2008, copies of the foregoing Order and Notice in the above styled case was **mailed by certified U.S. Mail, postage prepaid, to:**

Greenleaf Companies, LLC
c/o Scott A. Dasal
3645 South Avenue
Springfield, Missouri 65807

The Real Estate Company, LLC
c/o Scott A. Dasal
3645 South Avenue
Springfield, Missouri 65807

Eric C. Gagnepain
5333 South Honeysuckle Lane
Battlefield, Missouri 65619-8291

Scott A. Dasal
5329 South Honeysuckle Lane
Battlefield, Missouri 65619

And hand delivered to:

Mary Hosmer
Assistant Commissioner
Securities Division

John Hale, Specialist

¹ In November 2006, Dasal also organized "The Buyer's Agency, LLC" in the State of Missouri. Its purpose was to represent buyers and sellers in the purchase and sale of residential and commercial real estate. In August 2005 Dasal and Gagnepain organized "GreenLeaf Processing Center LLC" in the State of Missouri. Its purpose was to process paperwork for loan contracts. As of January 2007 a new entity, Greenleaf Holding, LLC became the 100 percent owner of Greenleaf, REC, Greenleaf Processing Center, LLC and The Buyer's Agency, LLC.

² Each of the PPMs for the LLCs listed at paragraph 18 a-h identifies Greenleaf Companies, LLC as the Parent Company and sole member of the LLC. Each PPM lists the respective LLC's principal office at Greenleaf's address of 3645 South Avenue, Springfield, Missouri 65807.