

State of Missouri  
Office of Secretary of State

Case No. AP-10-19

IN THE MATTER OF:

RONALD W. SHEPARD, et al.,

Respondents.

**FINAL ORDER TO CEASE AND DESIST AND ORDER IMPOSING CIVIL  
PENALTIES AND AWARDING COSTS**

On August 8, 2011, the Enforcement Section of the Securities Division of the Office of Secretary of State (the "Enforcement Section"), by and through Assistant Commissioner, Mary Hosmer, submitted a Petition for Final Order to Cease and Desist and Payment of Civil Penalties and Costs as to All Respondents (the "Petition"). After reviewing the Petition, the Commissioner issues the following findings of facts, conclusion of law and order:

**PROCEDURAL BACKGROUND**

1. On May 14, 2010, Nathan Soendker, then Chief Enforcement Counsel for the Securities Division and on behalf of the Enforcement Section, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties and Costs Should Not Be Imposed (the "C&D Petition") in the above-styled matter.
2. On May 19, 2010, the Commissioner issued an Order to Cease and Desist and Order to Show Cause Why Civil Penalties and Costs Should Not Be Imposed (the "C&D Order") against Respondents.
3. On June 21, 2010, Respondents Ronald W. Shepard ("Shepard"), The Real Estate LLC ("TRE"), and Safety Solutions USA, LLC ("Safety Solutions"), submitted a Request for Hearing through their counsel, Robert N. Calbi.
4. On June 24, 2010, the Commissioner issued an order setting a hearing in this matter for September 16, 2010, and a pre-hearing conference for August 10, 2010.
5. On August 6, 2010, the Respondents filed an Answer.
6. On August 10, 2010, the pre-hearing conference was held, and all parties agreed to continue the pre-hearing conference and to reconvene on September 23, 2010, at 11:00 am.
7. From September 23, 2010 to July 2011, this matter was continued at the request of all parties.
8. On July 12, 2011, Mr. Calbi, on behalf of Respondents, sent a letter to the Commissioner, stating that his clients Shepard, TRE, and Safety Solutions, were withdrawing their request for a hearing in this matter.
9. In the Petition, the Enforcement Section requested a Final Order to Cease and Desist as to all Respondents.
10. In the Petition, the Enforcement Section requested that the Commissioner issue an order imposing a civil penalty in the amount of ten thousand dollars (\$10,000) against each Respondent for multiple violations of Section 409.3-301, RSMo. (Cum. Supp. 2009).
11. In the Petition, the Enforcement Section requested that the Commissioner issue an order imposing a civil penalty in the amount of ten thousand dollars (\$10,000) against Respondent Shepard for multiple violations of Section 409.4-402(a), RSMo. (Cum. Supp. 2009).
12. In the Petition, the Enforcement Section requested that the Commissioner issue an order imposing a civil penalty in the amount of ten thousand dollars (\$10,000) against Respondent TRE and Respondent Safety Solutions for multiple violations of Section 409.4-402(d), RSMo. (Cum. Supp. 2009).
13. In the Petition, the Enforcement Section requested that the Commissioner issue an order imposing a civil penalty in the amount of ten thousand dollars (\$10,000) against each Respondent for multiple violations of Section 409.5-501, RSMo. (Cum. Supp. 2009).
14. In the Petition, the Enforcement Section requested that the Commissioner issue an order requiring each Respondent, jointly and severally, to pay the costs of the investigation in this matter in the amount of ten thousand five hundred ninety-five dollars (\$10,595).

**FINDINGS OF FACT**

18. The Commissioner adopts and incorporates the Findings of Fact, paragraphs 1 - 54, in the C&D Order.

### CONCLUSION OF LAW

19. The Commissioner adopts and incorporates the Conclusions of Law, paragraphs 67 – 89, in the C&D Order.

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

### ORDER

**NOW, THEREFORE**, it is hereby **ORDERED** that:

- A. The Cease and Desist Order entered in Case Number AP-10-19 on May 19, 2010, is **FINAL** as to all Respondents.
- B. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), Respondent Shepard shall pay a civil penalty in the amount of ten thousand dollars (\$10,000) to the State of Missouri for multiple violations of Section 409.3-301, RSMo. (Cum. Supp. 2009). This amount shall be made payable to the State of Missouri and paid within thirty (30) days of the date of this Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent Shepard shall deliver this payment to the Securities Division, 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- C. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), Respondent TRE shall pay a civil penalty in the amount of four thousand dollars (\$4,000) to the State of Missouri for multiple violations of Section 409.3-301, RSMo. (Cum. Supp. 2009). This amount shall be made payable to the State of Missouri and paid within thirty (30) days of the date of this Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent TRE shall deliver this payment to the Securities Division, 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- D. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), Respondent Safety Solutions shall pay a civil penalty in the amount of four thousand dollars (\$4,000) to the State of Missouri for multiple violations of Section 409.3-301, RSMo. (Cum. Supp. 2009). This amount shall be made payable to the State of Missouri and paid within thirty (30) days of the date of this Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent Safety Solutions shall deliver this payment to the Securities Division, 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- E. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), Respondent Shepard shall pay a civil penalty in the amount of ten thousand dollars (\$10,000) to the State of Missouri for multiple violations of Section 409.4-402(a), RSMo. (Cum. Supp. 2009). This amount shall be made payable to the State of Missouri and paid within thirty (30) days of the date of this Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent Shepard shall deliver this payment to the Securities Division, 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- F. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), Respondent TRE shall pay a civil penalty in the amount of one thousand dollars (\$1,000) to the State of Missouri for violation of Section 409.4-402(d), RSMo. (Cum. Supp. 2009). This amount shall be made payable to the State of Missouri and paid within thirty (30) days of the date of this Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent TRE shall deliver this payment to the Securities Division, 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- G. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), Respondent Safety Solutions shall pay a civil penalty in the amount of one thousand dollars (\$1,000) to the State of Missouri for violation of Section 409.4-402(d), RSMo. (Cum. Supp. 2009). This amount shall be made payable to the State of Missouri and paid within thirty (30) days of the date of this Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent Safety Solutions shall deliver this payment to the Securities Division, 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- H. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), Respondent Shepard shall pay a civil penalty in the amount of ten thousand dollars (\$10,000) to the State of Missouri for multiple violations of Section 409.5-501(1), RSMo. (Cum. Supp. 2009). This amount shall be made payable to the State of Missouri and paid within thirty (30) days of the date of this Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent Shepard shall deliver this payment to the Securities Division, 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- I. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), Respondent TRE shall pay a civil penalty in the amount of eight thousand dollars (\$8,000) to the State of Missouri for multiple violations of Section 409.5-501(1), RSMo. (Cum. Supp. 2009). This amount shall be made payable to the State of Missouri and paid within thirty (30) days of the date of this Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent TRE shall deliver this payment to the Securities

Division, 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

- J. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), Respondent Safety Solutions shall pay a civil penalty in the amount of eight thousand dollars (\$8,000) to the State of Missouri for multiple violations of Section 409.5-501(1), RSMo. (Cum. Supp. 2009). This amount shall be made payable to the State of Missouri and paid within thirty (30) days of the date of this Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent Safety Solutions shall deliver this payment to the Securities Division, 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- K. Pursuant to Section 409.6-604(e), RSMo. (Cum. Supp. 2009), Respondent Shepard, Respondent TRE, and Respondent Safety Solutions shall pay, within thirty (30) days from the date of this Order, the additional sum of ten thousand five hundred ninety five dollars (\$10,595) as reimbursement for costs of the investigation and administration of this matter. Respondent Shepard, Respondent TRE, and Respondent Safety Solutions shall be jointly and severally liable for this amount. This amount shall be made payable to the Missouri Secretary of State's Investor Education and Protection Fund. Respondent Shepard, Respondent TRE, and Respondent Safety Solutions shall deliver this payment to the Securities Division, 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- L. Pursuant to Section 409.6-604(f), RSMo. (Cum. Supp. 2009), this matter shall be referred to the Missouri Attorney General's Office to collect the penalties and costs described in the Order, as necessary.
- M. Respondents shall pay their own costs and attorney's fees with respect to this matter.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 18<sup>TH</sup> DAY OF AUGUST, 2011.

ROBIN CARNAHAN  
SECRETARY OF STATE

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

CERTIFICATE OF SERVICE

I hereby certify that on this 18<sup>th</sup> day of August, 2011, a copy of the foregoing Final Order in the above styled case was **mailed by U.S. certified mail to:**

Robert N. Calbi  
Law Offices of Calbi & Yotz, P.C.  
819 Walnut, Suite 401  
Kansas City, MO 64109-1810  
COUNSEL FOR RESPONDENTS

**and by hand-delivery to:**

Mary S. Hosmer  
Assistant Commissioner  
Securities Division

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John Hale, Specialist