

State of Missouri  
Office of Secretary of State

Case No. AP-11-21

IN THE MATTER OF:

DAVID C. GRAMMER;  
JANA BAXTER;  
Both d/b/a BOYDOPLEX,

Respondents.

Serve: David C. Grammer at:  
1902 West Shore Drive  
Macon, Missouri 63552-3674

Serve: Jana Baxter at:  
3222 Jenne Hill Drive  
Columbia, Missouri 65202

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

On May 23, 2011, the Enforcement Section of the Securities Division of the Office of Secretary of State (the "Enforcement Section"), through the Securities Division's Assistant Commissioner, Mary S. Hosmer, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties, Costs, and Restitution 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. Respondent David C. Grammer ("Grammer"), has an address of 1902 West Shore Drive, Macon, Missouri 63552. A check of the records maintained by the Commissioner indicates that Grammer has never been registered as an agent with the State of Missouri.
2. Respondent Jana Baxter ("J. Baxter"), has an address of 3222 Jenne Hill Drive, Columbia, Missouri 65202. A check of the records maintained by the Commissioner indicates that J. Baxter has never been registered as an agent with the State of Missouri.
3. Boyd Baxter ("B. Baxter") is the father of J. Baxter and is now deceased.
4. Grammer and J. Baxter jointly do business as Boydoplex ("Boydoplex"). Boydoplex is not registered as a business entity and is not authorized to transact business in Missouri. Neither Grammer nor J. Baxter has filed a fictitious name registration for Boydoplex in Missouri.
5. As used herein, the term "Respondents" refers to Grammer and J. Baxter doing business as Boydoplex.
6. In May 2010, the Commissioner, through the Enforcement Section, opened an investigation of J. Baxter and Grammer d/b/a Boydoplex.
7. During the Enforcement Section's investigation, it determined that Grammer and J. Baxter are purportedly conducting research to test a theory about electrical fluctuations developed by B. Baxter.
8. In addition, the Enforcement Section also determined that, since at least 2004, Grammer and J. Baxter, through Boydoplex, raised more than two million dollars (\$2,000,000) from more than thirty (30) investors from Missouri, North Carolina, Florida, and Australia.
9. On June 30, 2010, investigators with the Enforcement Section pursuant to Section 409.6-602, RSMo. (Cum. Supp. 2009), contacted both Grammer and J. Baxter and requested documents and information regarding Boydoplex.
10. On or about July 30, 2010, Grammer responded to the Enforcement Section's inquiry and stated, among other things, the following:
  - a. Boydoplex was not a "legal entity. Rather it is an intellectual conceptual theory for HVAC units;"
  - b. Grammer provided "engineering support to enable the completion of a [sic] R & D project that overcomes fluctuations in electrical supply to compressors typical of third world countries;"

- c. Grammer possessed no financial statements, cash flow statements, or balance sheets for Boydoplex and he did not believe any existed;
  - d. Grammer did not solicit any funds for Boydoplex;
  - e. J. Baxter "provided the financial support . . . and accounting for the expenses of" Boydoplex;
  - f. Grammer received investment funds from J. Baxter and B. Baxter and did not recall receiving money directly from investors;
  - g. Grammer and "the Baxter family" had an agreement that after the investors were repaid, the proceeds would be shared at fifty percent (50%) for Grammer and fifty percent (50%) to be divided by members of "the [Baxter] family;" and
  - h. Grammer had no investor notes or contracts.
11. On or about August 2, 2010, J. Baxter responded to the Enforcement Section's inquiry and stated, among other things, the following:
- a. Boydoplex was a research and development process started in 1992 by B. Baxter and Grammer. When B. Baxter died in 2004, J. Baxter worked with Grammer "to conclude the project and reach a point of sale for the intellectual conceptual process;"
  - b. Grammer and J. Baxter were researching the "means to overcome the ohms/voltage fluctuation issue inherent in the electrical supply of (typically) third world countries which causes compressors to burn out;"
  - c. from 2003<sup>1</sup> through 2009, J. Baxter had borrowed money from twenty-two (22) individuals to fund Boydoplex;
  - d. J. Baxter had not generated offering materials;
  - e. J. Baxter only solicited funds for Boydoplex when Grammer advised her of "an engineering situation;" and
  - f. investors were "kept in the loop on developments and know precisely where their dollars are spent."
12. On February 24, 2011, pursuant to Section 409.6-602, RSMo. (Cum. Supp. 2009), an investigator with the Enforcement Section requested that both J. Baxter and Grammer appear for on-the-record examinations at the Securities Division.
13. Representatives of the Enforcement Section attempted several times to schedule an on-the-record examination of Grammer. Grammer claimed that he could not appear for an examination by the Enforcement Section because of a medical condition.
14. On March 10, 2011, J. Baxter appeared at the Securities Division for an on-the-record examination by representatives of the Enforcement Section ("J. Baxter OTR").
15. During the J. Baxter OTR, J. Baxter stated, among other things, that:
- a. J. Baxter was the only person to raise funds through loans for Boydoplex;
  - b. J. Baxter raised one million eight hundred ninety-seven thousand seven hundred eighty-one dollars (\$1,897,781) for Boydoplex;
  - c. J. Baxter told investors<sup>2</sup> she did not believe the project would lose money and that the worst thing that could happen would be that investors would get their money back plus ten percent;
  - d. J. Baxter gave investors a loan document that evidenced that J. Baxter received the investors' funds. These loan documents provided "a best-case and a worst-case scenario;"<sup>3</sup>
  - e. J. Baxter gave the investors' funds to Grammer;
  - f. J. Baxter knew that the investor funds she gave to Grammer were deposited in Grammer's personal bank account and were commingled with Grammer's personal funds;
  - g. Grammer spent these investor funds "to build the prototype, to repair our prototype, to facilitate performance requirements to compliance standards;"
  - h. Grammer and J. Baxter accounted for expenditures through a "double journal entry;"
  - i. Grammer accounted "in detail for the monies that he spent;"
  - j. "[Grammer] cost codes and allocates the funds in detail for every-you know, every bolt, every nut, every screw that he buys;"

- k. Grammer worked on the Boydoplex prototype at a secure governmental compliance laboratory in Evansville, Indiana;
  - l. Grammer also worked on the Boydoplex prototype at a satellite facility near Hannibal, Missouri. This satellite facility was also a secure governmental compliance laboratory;
  - m. the buyer "Mary Princtor" had transferred one hundred twenty five million dollars (\$125,000,000) to an escrow account at the secure facility in Evansville, Indiana, to purchase Boydoplex;
  - n. J. Baxter did not have contact information for "Mary Princtor" or know where "Mary Princtor" lived;
  - o. a third-party representative<sup>4</sup> at the secure facility "documented, blue printed, and IDed" the buyer's funds;
  - p. "our sale wasn't going forward . . . So those funds were actually returned back to the buyer;"
  - q. two investors had requested a return of their funds;
  - r. J. Baxter did not return these funds to these investors because, "it was my belief . . . that they were trying to entrap me to where they could accuse me of being nothing more than a Ponzi scheme;"
  - s. the language in the loan document that indicated individuals would receive their funds back in six (6) months did not mean that individuals could have their money back within six (6) months. Rather, this language was intended to "express [J. Baxter's] hope, belief that this project was coming to a close;"
  - t. another buyer "Frank" would be "willing to buy the concept pretty much anywhere during its development phase for a sum of money and then shelf it as an intellectual, you know, commodity, curiosity type of thing;" and
  - u. Baxter did not know Frank's last name or contact information.
16. On March 15, 2011, the Enforcement Section, pursuant to Section 409.6-602, RSMo. (Cum. Supp. 2009), requested additional information from J. Baxter regarding Boydoplex. This requested information included, among other things, the names, addresses and contact information for the investors and the addresses and contact information for the secure laboratories. In addition, the letter requested the contact information for the purported buyer of Boydoplex, "Mary Princtor."
  17. On March 15, 2011, the Enforcement Section, pursuant to Section 409.6-602, RSMo. (Cum. Supp. 2009), requested additional information from Grammer regarding Boydoplex. The requested information included, among other things, the following:
    - a. names of all individuals who had provided funds to Grammer for Boydoplex;
    - b. balance sheets, income statements, expense ledgers;
    - c. name of vendors/suppliers and products purchased; and
    - d. bank accounts where investor funds were deposited.
  18. On March 30, 2011, J. Baxter provided to the Enforcement Section, among other things, the names of twenty-three (23)<sup>5</sup> investors, documents reflecting these investments, and emails to some of these investors.
  19. In these emails from 2009, J. Baxter stated to Boydoplex investors, among other things, the following:
    - a. the prototype has "been running lights, freezers and other stuff. for two/three years;"
    - b. Grammer had placed the "Boydoplex process in a chip. in a coffee pot, a toaster oven and a washing machine. once the appliance is plugged in, the chip charges and the electrical draw from the appliance becomes. you guess it! Nothing! In fact, [Grammer] brought me the coffee pot so this morning I am enjoying my very first cup of 'Boydoplex' coffee. I'm told, because of the dialectic side of the chip being the power draw, the heating element in the pot will never go out;" and
    - c. "Our expenses are a little over the \$6M mark.. Latest purchase docs from the buyer indicate they're prepared to slap an incredible \$890M down for the 'concept.'"
  20. The Enforcement Section has been unable to locate the purported buyer, "Mary Princtor," or either of the "secure facilities."
  21. On April 15, 2011, an attorney for J. Baxter and Grammer responded to the Enforcement Section's March 15 and April 11, 2011, requests for information. In this response, the attorney stated, among other things, that:
    - a. "Mr. Grammer and Ms. Baxter object to providing the identity or street address of the labs because any inquiry at these labs might lead to the identity of a potential buyer of the Boydoplex Project, result in the termination of these negotiations and the failure to sell the Project. Mr. Grammer and Ms. Baxter are currently in negotiations to sell the

Boydoplex Project for \$800,000,000+. A condition of these negotiations is that the identity of the buyer remains strictly confidential. Mr. Grammer and Ms. Baxter have reasonable concerns that if the potential buyer is contacted by the Missouri Securities Commissioner's ("MSC") office that the buyer will exercise the confidentiality condition and terminate the negotiations. This would result in the loss of a potential \$800,000,000 sale. However, they are willing to provide you information that the Boydoplex Project is an existing, legitimate project and that there are current negotiations to sell it as long as the buyer is not identified or contacted and the potential sale is not jeopardized;"

- b. Grammer had no accounting documents, kept no ledger of labor he performed, and had no records of expenditures to vendors or suppliers with regard to Boydoplex; and
  - c. Grammer stated that Boydoplex funds were deposited in his account at Citizens Bank and Trust.
22. On May 3, 2011, the Enforcement Section sent a subpoena to Grammer and J. Baxter. This subpoena requested, among other things, all documents reflecting the addresses and contact information for the secure facilities and the buyer. To date, J. Baxter has not supplied the requested documents.
  23. On May 19, 2011, Grammer's attorney sent an email to the Enforcement Section that stated, among other things, that "I have visited with [Grammer] about the subpoena. He desires to invoke his fifth amendment privilege."
  24. During October through December 2010, the Enforcement Section received bank records from accounts for J. Baxter at four banks: Academic Employees Credit Union, Commerce Bank, Citizens Bank and Trust, and Landmark/First National<sup>6</sup> ("J. Baxter Accounts").
  25. A review of the bank records revealed that investor funds were deposited into the J. Baxter Accounts and commingled with J. Baxter's personal funds.
  26. In 2006, the J. Baxter Accounts had deposits of over one million dollars (\$1,000,000). These deposits included, among others, the following:
    - a. J. Baxter's spouse's salary of over thirty-six thousand dollars (\$36,000);
    - b. cash of over two hundred thousand dollars (\$200,000);
    - c. bank loan advances of over sixty-five thousand dollars (\$65,000);
    - d. checks and wire transfers of over four hundred thirty-seven thousand dollars (\$437,000) from at least eight (8) identified investors; and
    - e. checks, wire transfers and cashiers' checks of over three hundred thousand dollars (\$300,000) from at least ten (10) other individuals in amounts ranging from five thousand dollars (\$5,000) to twenty-five thousand dollars (\$25,000). These deposits were in even amounts and, included in the memo line of some of these checks were the terms, "Investment," "Boydoplex," or "Boydoplex Project."
  27. A review of the J. Baxter Accounts revealed that J. Baxter had expenditures of more than nine hundred twenty-five thousand dollars (\$925,000). These included, among other things, the following expenditures:
    - a. cashier's checks to Grammer of over four hundred thousand dollars (\$400,000);
    - b. loan payments of over sixty-five thousand dollars (\$65,000); and
    - c. cash expenditures totaling over four hundred sixty thousand dollars (\$460,000).
  28. At least some of the loan payments and cash expenditures identified above, upon the Enforcement Section's information and belief, were not related to Boydoplex.
  29. From October through December 2010, the Enforcement Section received bank records from accounts for Grammer at four banks: Exchange Bank, Landmark/First National Bank, Bank of Kirksville, and Citizens Bank and Trust ("Grammer Accounts").
  30. A review of the Grammer Accounts revealed that Grammer received investor funds into at least one account at each of these four banks.
  31. A review of the bank records revealed that investor funds were deposited into the Grammer Accounts and commingled with Grammer's personal funds.
  32. A review of the bank records for Exchange Bank and Bank of Kirksville for 2006 ("Grammer's 2006 Accounts") revealed that Grammer's 2006 Accounts had deposits of over seven hundred fifty thousand dollars (\$750,000). These deposits included, among others, the following:

- a. cashier's checks totaling over four hundred thousand dollars (\$400,000) from J. Baxter; and
  - b. cash totaling over one hundred thirty thousand dollars (\$130,000).
33. A review of Grammer's 2006 Accounts revealed that Grammer had expenditures of more than seven hundred fifty thousand dollars (\$750,000). These included, among other things, the following expenditures that, upon the Enforcement Section's information and belief, were not related to Boydoplex:
- a. vehicle purchases of over two hundred sixty-seven thousand dollars (\$267,000);
  - b. farm equipment purchases of over one hundred twenty-eight thousand dollars (\$128,000);
  - c. bank loan payments of over sixty thousand dollars (\$60,000);
  - d. farm expenses of over thirty-one thousand dollars (\$31,000);
  - e. retail store expenditures of over twenty-three thousand nine hundred dollars (\$23,900);
  - f. payments for county and state taxes of over twenty-seven thousand dollars (\$27,000);
  - g. mortgage payments of over seventeen thousand dollars (\$17,000);
  - h. sporting expenses of over four thousand dollars (\$4,000);
  - i. vehicle loan payments of over fifteen thousand three hundred dollars (\$15,300);
  - j. Internet payments of over thirteen thousand four hundred dollars (\$13,400);<sup>7</sup>
  - k. credit card payments of over nine thousand dollars (\$9,000);
  - l. music expenses of over eight thousand dollars (\$8,000); and
  - m. cash withdrawals totaling over seventeen thousand dollars (\$17,000).
34. In late 2010, Grammer filed for Chapter 12 bankruptcy in the U.S. Bankruptcy Court, Eastern District of Missouri ("Grammer's Bankruptcy").
35. Grammer's Bankruptcy filing listed only two (2)<sup>8</sup> of the over thirty (30) investors in Boydoplex as debtors.
36. Grammer did not provide the investors' names listed in Grammer's Bankruptcy to the Enforcement Section. In addition, Grammer did not provide to the Enforcement Section the documents Grammer gave to these two investors.
37. Grammer's Bankruptcy filing did not list as assets any materials, equipment, or assets of Boydoplex.
38. Sometime in early 2005, J. Baxter's spouse talked about Boydoplex with a fifty-year-old Westphalia, Missouri resident ("MR1").
39. On or about June 22, 2005, J. Baxter met with MR1 and MR1's fifty-year-old spouse ("MR2") and stated, among other things, that:
- a. Grammer was the engineer on a project for a type of generator that runs by molecular exchange and produces hydrogen as a by-product;
  - b. Grammer worked on the project in a "government compliance lab" referred to as the "ICIC lab" located in Evansville, Indiana;
  - c. the prototype to test this generator had to be built in order to prove the concept and the concept had to be proven to sell the project;
  - d. when the project "was sold to the highest bidder," MR1 and MR2 would be paid ten times the amount of their original investment;
  - e. if the project did not sell, they would be repaid the full amount of the original investment plus ten percent (10%) interest to be paid in full within one year of the transaction; and
  - f. J. Baxter had "buyers lined up to buy" Boydoplex for three hundred million dollars (\$300,000,000).
40. On June 22, 2005, MR1 and MR2 invested fifteen thousand dollars (\$15,000) in Boydoplex and received a signed "Loan Document Agreement" from J. Baxter for this investment.<sup>9</sup>

41. In July 2007, J. Baxter sent correspondence to MR2 that stated, among other things, that:
  - a. "Our project is complete;"
  - b. "Purchase Order amount is \$54.6M;"and
  - c. "I supply this information to you so that you can calculate an approximation of the dollars that you will receive."
42. Subsequent to this investment, J. Baxter told MR2 that the Boydoplex generator, the size of a shoe box, could power a city.
43. After speaking with J. Baxter several times, MR1 and MR2:
  - a. took out over thirty thousand dollars (\$30,000) in cash advances from their credit cards to invest in Boydoplex;
  - b. took out a secured loan on their farm for eighty thousand dollars (\$80,000) to invest in Boydoplex;
  - c. made arrangements so that MR1 quit his job; and
  - d. borrowed money from three friends to pay for MR1 and MR2's day-to-day expenses.
44. From June 22, 2005, to February 22, 2007, MR1 and MR2 invested one hundred ninety thousand dollars (\$190,000) in Boydoplex.
45. MR1 and MR2 received signed and dated loan documents from J. Baxter for each of these investments made by MR1 and MR2.<sup>10</sup>
46. In 2009, J. Baxter told MR2 that Boydoplex was valued at eight hundred sixty-three million dollars (\$863,000,000) and stated that investors were to be paid off by the end of the year.
47. In November 2009, MR2 talked with Grammer. During this call, Grammer told MR2, among other things, that:
  - a. Boydoplex was a project to develop a generator that runs on molecular exchange to produce electricity and produces hydrogen as a by-product;
  - b. Boydoplex would not be sold in 2009 because the lab was shut down for its annual audit between the middle of December to the middle of January;
  - c. the lab was in Indianapolis, Indiana not Evansville, Indiana;
  - d. the satellite lab was located near Macon, Missouri, and was not located in Hannibal, Missouri; and
  - e. Grammer had engineered a pacemaker that contained a Boydoplex chip. This pacemaker was able to run without batteries.
48. MR2 spoke to Grammer on numerous occasions from 2009 to 2010.
49. MR1 and MR2's ultimate investment in Boydoplex was one hundred sixty-five thousand five hundred dollars (\$165,500).
50. In June 2010, MR1 and MR2 received a loan document that stated, among other things, that:

"The undersigned borrower has agreed to repay a \$165,500 loan from [MR1 and MR2] in the following manner: Upon the sale of the electrical (compressor) project known as 'Boydoplex', we agree to pay them the minimum sum of \$1,655,000. In the event that the project does not sell as anticipated, we agree to pay them the sum of \$182,050 no later than 6 months from today's date. This Loan Agreement supersedes all previous loan agreements. Signed/Dated: Jana Baxter 6/25/10."
51. In October 2008, a fifty-five-year-old Columbia, Missouri, resident ("MR3") spoke to Grammer regarding Boydoplex. Grammer stated, among other things, that:
  - a. Boydoplex was a generator-type device that was being purchased by a large corporation;
  - b. Boydoplex had "units" available; and
  - c. MR3 would receive a return of over thirty-nine thousand dollars (\$39,000) within twenty to twenty-five days from his investment.
52. On October 10, 2008, MR3 invested fourteen thousand five hundred dollars (\$14,500) in Boydoplex with a personal check made payable to Grammer.
53. On or after October 10, 2008, MR3 received a document from Grammer reflecting this investment.<sup>11</sup>

54. In late 2008, Grammer contacted MR3 and stated, among other things, that Grammer had more Boydoplex units available.
55. Sometime in late 2008, MR3 told MR3's sibling, a fifty-eight-year-old Columbia, Missouri, resident ("MR4"), about the investment opportunity in Boydoplex and units that were available for purchase.
56. On or about December 8, 2008, MR4 invested forty-one thousand forty dollars (\$41,040) by sending a personal check to Grammer.
57. On or after December 2008, MR4 received a document signed by Grammer that stated, among other things, the following:

**"BOYDOPLEX**

This document is to inform [MR4] that you are purchasing from the David C. Grammer Family Trust 76 (seventy six) STRX Boydoplex units. These units are \$540.00 (five hundred and forty dollars) each with a total purchase price of \$41,040.00 (forty one thousand and forty dollars). The unit's [sic] serial numbers are as follows STRX2147 thru STRX 2223 with CSA certifications as listed BYTF-15 thru BYTF-91. The investment amount of \$41,040.00 (forty one thousand and forty dollars) will be ROI with [MR3] account # BOP2287 to the Boydoplex Project. Your purchase of said units will produce a return of in or around \$795,226.42 (seven hundred ninety five thousand two hundred twenty six dollars and 42 cents). This will mature on or about January 5, 2009. The proceeds less any fees will be deposited into [MR3's] account # BOP#2287 [sic]. All applicable taxes if any will be the responsibility of [MR3]. Also please be informed that this information is not to be communicated to or with any other person(s) and copied for any reason unless you have written permission of the David Grammer Family Trust [sic]. If in violation of these stipulations is found it [sic] will be in contempt of the David Grammer Family Trust [sic] thus forfeiting your dividend. Your original investment of \$41,040.00 (forty one thousand forty dollars) will be returned within 90 days." (Emphasis in original)

58. On or about August 1, 2010, MR4 requested a return of MR4's investment plus interest, and to date, Grammer has not returned MR4's funds.
59. In September 2010, MR4 received an email from Tom Williams, an attorney for Grammer. Mr. Williams stated, among other things, that:

"I was told that you had previously threatened filing some sort of complaint to a governmental agency, asking for an investigation. If this is correct, please immediately advise, as this could cause a contractual interference and delay of months or years. You should know this prior to taking any action."

60. On October 12, 2010, Tom Williams emailed MR4 again and stated, among other things that:

"I suggest you obtain an attorney to advise you of your legal rights, as my impression is that you have no real idea what they are at this point. I would also remind you that you made an extremely speculative, high-risk investment with no project ownership and no guarantee of return, in exchange for the possibility of a lucrative return. I am perplexed that you do not seem to understand the level of risk associated with this sort of venture."

61. Sometime during May 2009, J. Baxter talked with a fifty-seven-year-old Jefferson City, Missouri, resident ("MR5") regarding Boydoplex. J. Baxter told MR5, among other things, that:

- a. the Boydoplex concept was a device able to generate power by itself using a microchip that increased electric current at zero degrees kelvin;
- b. Boydoplex was in the final stages of data collection;
- c. the data collection was conducted on the prototype in a secure government compliance lab in Evansville, Indiana, or in Hannibal, Missouri;
- d. Boydoplex needed additional compliance testing to "validate" the Boydoplex process for a potential buyer;
- e. funds were urgently needed to pay for compliance testing and to pay for the lab;
- f. Boydoplex would return ten times the initial investment when the product was sold; and
- g. if Boydoplex did not sell, the investor would receive a return of ten percent (10%) within six months from the date of the loan document.

62. From May 2009 through October 2010, MR5 and MR5's forty-four-year-old spouse, ("MR6"), made three (3) investments in Boydoplex through J. Baxter totaling seventy thousand dollars (\$70,000).

63. On or about October 8, 2009, MR5 and MR6 received a loan document that stated, among other things, that:

"The undersigned borrower has agreed to repay a \$70,000 loan from [MR5 and MR6] in the following manner: Upon the sale of the electrical (compressor) project known as 'Boydoplex', we agree to pay them the minimum

sum of \$700,000. In the event that the project does not sell as anticipated, we agree to pay them the sum of \$77,000 no later than 6 months from today's date. This Loan Agreement correctly reflects the total amount loaned by the [MR5 and MR6], including the \$15,000 received today."

64. In November of 2009, MR5 called Grammer. Grammer told MR5, among other things, the following:
  - a. Boydoplex was an energy-generating device that could function at zero degrees kelvin;
  - b. Grammer had a prototype and that Grammer was testing and collecting data from this prototype; and
  - c. Grammer had drawings and diagrams of the prototype and was willing to meet with the investors to show the investors the drawings and the diagrams.
65. In late 2009, MR5 set up a meeting between Grammer and other Boydoplex investors.
66. Prior to the meeting date, MR5 was informed by another investor that Grammer could not attend the meeting because of the weather.
67. In January 2010, J. Baxter told MR5, among other things, that MR5 could get MR5's money pursuant to the terms of the loan document. MR5 requested that MR5's funds be returned.
68. MR5 arranged to meet J. Baxter on April 13, 2010, to receive the return of MR5's funds. Prior to this meeting, J. Baxter called and cancelled this meeting because of an illness in J. Baxter's family.
69. To date, MR5 has not received the return of MR5's funds.
70. A review of the records maintained by the Commissioner indicates no registration, granted exemption or notice-filing for any security offered or sold by Grammer or J. Baxter.
71. A review of the records maintained by the Commissioner confirms that neither Grammer nor J. Baxter are or ever have been registered to offer or sell securities in Missouri.
72. In connection with the offer and/or sale of securities in Missouri, J. Baxter and Grammer did not tell or provide MR1, MR2, MR5, and MR6:
  - a. that Grammer and J. Baxter were not registered to offer and sell securities in the State of Missouri;
  - b. that the securities offered and/or sold were not registered;
  - c. that investors' money would be commingled with the personal funds of Grammer and/or J. Baxter and used to pay personal expenses;
  - d. that neither J. Baxter nor Grammer had maintained financial records for Boydoplex expenditures;
  - e. with financial information to support the promise of a ten percent (10%) return if Grammer and J. Baxter were unable to sell Boydoplex;
  - f. with financial information to support the promise that the investor would receive ten times the original investment if Boydoplex was sold;
  - g. with information about the engineering background and history of Grammer;
  - h. with financial information to support the claim that Boydoplex was valued at many hundreds of millions of dollars;
  - i. with the risks of the investment; and/or
  - j. that the investment was extremely speculative and was high-risk.
73. In connection with the offer and/or sale of securities in Missouri, J. Baxter and Grammer did not tell or provide MR3 and MR4:
  - a. that the securities offered or sold were not registered;
  - b. that Grammer was not registered to offer and sell securities in the State of Missouri;
  - c. that J. Baxter was a participant in Boydoplex;
  - d. that investors' money would be commingled with Grammer's personal funds and used to pay personal expenses;
  - e. that Grammer had not maintained financial records for Boydoplex expenditures;

- f. with financial information to support the promise that investors would receive the return on the investment;
- g. with information about the engineering background and history of Grammer;
- h. with the risks of the investment;
- i. that the investment was extremely speculative and was high-risk; and/or
- j. that there was no project ownership for MR4.

## **II. STATUTORY PROVISIONS**

74. Section 409.6-601(a), RSMo. (Cum. Supp. 2009), provides that the Missouri Securities Act of 2003 "shall be administered by the commissioner of securities . . . ."
75. Section 409.1-102(1), RSMo. (Cum. Supp. 2009), defines "Agent" as "an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities. But a partner, officer, or director of a broker-dealer or issuer, or an individual having a similar status or performing similar functions is an agent only if the individual otherwise comes within the term. The term does not include an individual excluded by rule adopted or order issued under this act."
76. Section 409.1-102(25), RSMo. (Cum. Supp. 2009), defines "Record" as "information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form."
77. Section 409.1-102(26), RSMo. (Cum. Supp. 2009), defines "Sale" as "every contract of sale, contract to sell, or disposition of, a security or interest in a security for value, and 'offer to sell' includes every attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value."
78. Section 409.1-102(28), RSMo. (Cum. Supp. 2009), defines "Security" as "a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest of participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or in general, an interest or instrument commonly known as a 'security'; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing."
79. Section 409.3-301, RSMo. (Cum. Supp. 2009), 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.
80. Section 409.4-402(a), RSMo. (Cum. Supp. 2009), 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).
81. Section 409.5-501, RSMo. (Cum. Supp. 2009), states:
- It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:
- (1) employ a device, scheme, or artifice to defraud;
  - (2) To make an untrue statement of a material fact or to omit 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.
82. Section 409.5-505, RSMo. (Cum. Supp. 2009), 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, is false or misleading in a material respect, or, in connection with the statement, to omit to state a material fact necessary to make the statement made, in the light of the circumstances under which it was made, not false or misleading.

83. Section 409.6-602, RSMo. (Cum. Supp. 2009), states:

(a) The commissioner may:

(1) Conduct public or private investigations within or outside of this state which the commissioner considers necessary or appropriate to determine whether a person has violated, is violating, or is about to violate this act or a rule adopted or order issued under this act, or to aid in the enforcement of this act or in the adoption of rules and forms under this act;

(2) Require or permit a person to testify, file a statement, or produce a record, under oath or otherwise as the commissioner determines, as to all the facts and circumstances concerning a matter to be investigated or about which an action or proceeding is to be instituted;

(3) Publish a record concerning an action, proceeding, or an investigation under, or a violation of, this act or a rule adopted or order issued under this act if the commissioner determines it is necessary or appropriate in the public interest and for the protection of investors;

...

(b) For the purpose of an investigation under this act, the commissioner or its designated officer may administer oaths and affirmations, subpoena witnesses, seek compulsion of attendance, take evidence, require the filing of statements, and require the production of any records that the commissioner considers relevant or material to the investigation.

84. Section 409.6-604, RSMo. (Cum. Supp. 2009), states:

(a) 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 . . . 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;

...

(b) An order under subsection (a) is effective on the date of issuance. Upon issuance of the order, the commissioner shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered. The order must include a statement whether the commissioner will seek a civil penalty or costs of the investigation, a statement of the reasons for the order, and notice that, within fifteen days after receipt of a request in a record from the person, the matter will be scheduled for a hearing. 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. If a hearing is requested or ordered, the commissioner, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.

(c) If a hearing is requested or ordered pursuant to subsection (b), 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 under subsection (a).

(d) In a final order under subsection (c), the commissioner may

(1) Impose a civil penalty up to one thousand dollars for a single violation or up to ten thousand dollars for more than one violation;

(2) Order a person subject to the order to pay restitution for any loss, including the amount of any actual damages that may have been caused by the conduct and interest at the rate of eight percent per year from the date of the violation causing the loss or disgorge any profits arising from the violation;

(3) In addition to any civil penalty otherwise provided by law, impose an additional civil penalty not to exceed five thousand dollars for each such violation if the commissioner finds that a person subject to the order has violated any provision of this act and that such violation was committed against an elderly or disabled person. For purposes of this section, the following terms mean:

(A) 'Disabled person', a person with a physical or mental impairment that substantially limits one or more of the major life activities of such individual, a record of such impairment, or being regarded as having such an impairment;

(B) 'Elderly person', a person sixty years of age or older.

(e) 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**

#### **Multiple Violations of Offering and Selling Unregistered, Non-Exempt Securities**

85. Paragraphs 1 through 84 are incorporated by reference as though fully set forth herein.
86. Respondent Grammer and Respondent J. Baxter offered and sold securities as the terms "sale" and "security" are defined in Sections 409.1-102(26) and (28), RSMo. (Cum. Supp. 2009).
87. At all times relevant, records maintained by the Commissioner contained no registration, granted exemption, or notice filing indicating status as a "federal covered security" for the securities offered and sold by Respondents Grammer and J. Baxter.
88. Respondents Grammer and J. Baxter violated Section 409.3-301, RSMo. (Cum. Supp. 2009), when they offered and sold securities in Missouri without those securities being (1) a federal covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-203, RSMo. (Cum. Supp. 2009), or (3) registered under the Missouri Securities Act of 2003.
89. The actions of Respondents Grammer and J. Baxter in offering and selling securities that were not registered, exempt or a federal covered security constitute an illegal act, practice, or course of business and thus such actions are subject to the Commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2009).

#### **Multiple Violations of Transacting Business as an Unregistered Agent**

90. Paragraphs 1 through 84 are incorporated by reference as though fully set forth herein.
91. At all times relevant, records maintained by the Commissioner contained no registration or granted exemption for Respondent Grammer to transact business as an agent in the State of Missouri.
92. At all times relevant, records maintained by the Commissioner contained no registration or granted exemption for Respondent J. Baxter to transact business as an agent in the State of Missouri.
93. Respondent Grammer and Respondent J. Baxter violated Section 409.4-402(a), RSMo. (Cum. Supp. 2009), when they offered and/or sold securities to investors in Missouri without being registered or exempt from registration as an agent.
94. Respondent Grammer's and Respondent J. Baxter's actions in transacting business as an unregistered agent constitute an illegal act, practice, or course of business and thus such actions are subject to the Commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2009).

#### **Multiple Violations of Making Untrue Statements and Omitting to State Material Facts in Connection with the Offer or Sale of a Security**

95. Paragraphs 1 through 84 are incorporated by reference as though fully set forth herein.
96. In connection with the offer, sale or purchase of a security, Respondent Grammer and Respondent J. Baxter made an untrue statement of material fact, or omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:
  - a. Respondent J. Baxter made untrue statements to MR1, MR2, MR5, and/or MR6 that these investors could receive a return of their funds plus ten percent (10%) interest within six months from the date of the investment;
  - b. Respondent Grammer made untrue statements to MR3 and/or MR4 that these investors would receive a return on their investment in less than 30 days;
  - c. Respondents Grammer and J. Baxter omitted to disclose to MR1, MR2, MR5, and/or MR6:
    - i. that the securities offered or sold were not registered;
    - ii. that Respondents were not registered to offer or sell securities in the State of Missouri;

- iii. that investors' funds would be commingled with Respondents' personal funds and used to pay personal expenses;
  - iv. that neither Respondent Grammer nor Respondent J. Baxter had maintained financial records for Boydoplex expenditures;
  - v. financial information to support the promise of a ten percent (10%) return if Grammer and Baxter were unable to sell Boydoplex;
  - vi. financial information to support the claim that Boydoplex was valued at many hundreds of millions of dollars;
  - vii. information about the engineering background and history of Grammer;
  - viii. the risks of the investment; and/or
  - ix. that the investment was extremely speculative and was high-risk.
- d. Respondent Grammer omitted to disclose to MR3 and/or MR4:
- i. that the securities offered or sold were not registered;
  - ii. that Grammer was not registered to offer and/or sell securities in the State of Missouri;
  - iii. that J. Baxter was a participant in Boydoplex;
  - iv. that investors' money would be commingled with personal funds and used to pay personal expenses;
  - v. that Respondents had not maintained financial records for Boydoplex expenditures;
  - vi. financial information to support the promise that the investors would receive the return on the investment;
  - vii. information about the engineering background and history of Grammer;
  - viii. the risks of the investment;
  - ix. that the investment was extremely speculative and was high-risk; and/or
  - x. that there was no project ownership for MR4.

97. Respondent Grammer and Respondent J. Baxter violated Section 409.5-501, RSMo. (Cum. Supp. 2009), when, in connection with the offer and sale of securities, they made untrue statements of material fact and omitted to state material facts necessary in order to make statements made, in light of circumstances under which they were made, not misleading.
98. Respondents Grammer's and Respondent J. Baxter's actions in making untrue statements or omitting to state material facts constitute illegal acts, practices, or courses of business and thus such actions are subject to the Commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2009).

**Multiple Violations of Making or Causing to be Made False or Misleading Statements**

99. Paragraphs 1 through 84 are incorporated by reference as though fully set forth herein.
100. In May 2010, the Commissioner through the Enforcement Section opened an investigation of Grammer and J. Baxter d/b/a Boydoplex pursuant to Section 409.6-602, RSMo. (Cum. Supp. 2009).
101. During this investigation, the Enforcement Section sent numerous requests for information and subpoenas to Grammer and J. Baxter relating to Boydoplex.
102. In June 2010, the Enforcement Section sent a letter to Grammer pursuant to Section 409.6-602, RSMo. (Cum. Supp. 2009), that requested that Grammer provide the names and addresses of individuals that had provided funding for Boydoplex.
103. In Grammer's July 2010 response, Grammer stated that he received Boydoplex funds from B. Baxter and J. Baxter. In addition, Grammer stated that he did not solicit funds for the Boydoplex project.
104. In March 2011, the Enforcement Section sent a letter to Grammer pursuant to Section 409.6-602, RSMo. (Cum. Supp. 2009), that requested that Grammer provide the names of all individuals who provided funds to Grammer for Boydoplex.
105. In Grammer's April 11, 2011 response to the Enforcement Section, Grammer stated that he had received Boydoplex funds from B. Baxter and J. Baxter.
106. In these responses, Respondent Grammer did not provide, among others, the names of MR3 or MR4 who invested in Boydoplex through Respondent Grammer. This information was material to the Enforcement Section's investigation and made

Respondent Grammer's statements false or misleading.

107. In March 2011, the Enforcement Section requested that Respondent Grammer provide the financial institution and bank accounts where Grammer deposited Boydoplex funds.
108. On April 15, 2010, Respondent Grammer made or caused to be made a statement that Respondent Grammer had deposited Boydoplex funds in Grammer's Citizens Bank and Trust Account.
109. In this April 15, 2011 response, Grammer did not provide information about the other Grammer Accounts where Boydoplex funds were deposited, including accounts at Exchange Bank, Landmark/First National Bank and Bank of Kirksville. This information was material to the Enforcement Section's investigation and Respondent Grammer's statement was false or misleading.
110. Respondent Grammer violated Section 409.5-505, RSMo. (Cum. Supp. 2009), when he made or caused to be made, in a record used in an action or proceeding or 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.
111. During the Enforcement Section's investigation, Respondent J. Baxter made or caused to be made statements to representatives of the Enforcement Section in August 2010, that there were twenty-two (22) investors in Boydoplex.
112. During the Enforcement Section's investigation, Respondent J. Baxter made or caused to be made statements to representatives of the Enforcement Section during the J. Baxter OTR, among other things, that:
  - a. J. Baxter had borrowed money from twenty-two (22) individuals to fund Boydoplex;
  - b. Grammer accounted in detail for the monies that he spent; and/or
  - c. "[Grammer] cost codes and allocates the funds in detail for every-you know, every bolt, every nut, every screw that he buys."
113. The Enforcement Section's evidence revealed that there are over thirty (30) investors in Boydoplex. The number of investors was material and Respondent J. Baxter's statements were false or misleading.
114. The Enforcement Section's evidence revealed that Respondent Grammer did not account in detail for the monies that he spent and that he had no accounting records and no records of any expenditures for Boydoplex. Respondent Grammer's statements to the Enforcement Section directly indicate that it was J. Baxter who accounted for Boydoplex expenses, and that Grammer did not possess financial statements, cash flow statements or balance sheets. The existence or non-existence of accounting records, and Grammer's lack of maintenance of the same, was material to an investigation by the Enforcement Section and J. Baxter's statement was false or misleading.
115. Respondent J. Baxter violated Section 409.5-505, RSMo. (Cum. Supp. 2009), when she made or caused to be made, in a record used in an action or proceeding or filed under the Missouri Securities Act of 2003, a statement that, at the time and in the light of the circumstances under which it is made, was false or misleading in a material respect.
116. The actions of Respondent Grammer and Respondent J. Baxter in making or causing to be made false or misleading material statements constitute illegal acts, practices, or courses of business and thus such actions are subject to the Commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2009).

#### **Multiple Violations of Impeding an Investigation**

117. Paragraphs 1 through 84 are incorporated by reference as though fully set forth herein.
118. The Commissioner denies the Enforcement Section's Petition as to the charge of multiple violations of intentional impeding of an investigation under Section 409.108, RSMo.
119. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. See Section 409.6-605(b), RSMo. (Cum. Supp. 2009).

#### **Order**

**NOW, THEREFORE**, it is hereby ordered that Respondents Grammer and J. Baxter, 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. violating or materially aiding in any violation of Section 409.3-301, RSMo. (Cum. Supp. 2009), by offering or selling any securities as defined by Section 409.1-102(28), RSMo. (Cum. Supp. 2009), 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 409.3-301;

- B. violating or materially aiding in any violation of Section 409.4-402(a), RSMo. (Cum. Supp. 2009), by transacting business as an unregistered agent;
- C. violating or materially aiding in any violation of Section 409.5-501, RSMo. (Cum. Supp. 2009), 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 light of the circumstances under which it is made, not misleading; and
- D. violating or materially aiding in any violation of Section 409.5-505, RSMo. (Cum. Supp. 2009), by making, or causing 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, is false or misleading in a material respect.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), 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 Grammer and Respondent J. Baxter for multiple violations of Section 409.3-301, RSMo. (Cum. Supp. 2009), in a final order, unless Respondent Grammer and Respondent J. Baxter request a hearing and shows cause why the penalty should not be imposed.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), 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 Grammer and Respondent J. Baxter for multiple violations of Section 409.4-402(a), RSMo. (Cum. Supp. 2009), in a final order, unless Respondent Grammer and Respondent J. Baxter request a hearing and shows cause why the penalty should not be imposed.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), 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 Grammer and Respondent J. Baxter for multiple violations of Section 409.5-501, RSMo. (Cum. Supp. 2009), in a final order, unless Respondent Grammer and Respondent J. Baxter request a hearing and shows cause why the penalty should not be imposed.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), 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 Grammer and Respondent J. Baxter for multiple violations of Section 409.5-505, RSMo. (Cum. Supp. 2009), in a final order, unless Respondent Grammer and Respondent J. Baxter request a hearing and shows cause why the penalty should not be imposed.

**IT IS FURTHER ORDERED** that, as the Enforcement Section has petitioned for an order of restitution, the Commissioner will determine whether to order Respondents Grammer and/or J. Baxter to pay restitution for any loss, possibly to include the amount of any actual damages that may have been caused by the conduct of Respondents Grammer and/or J. Baxter, and interest at the rate of eight percent per year from the date of the violation causing the loss, or disgorge any profits arising from the violation of Sections 409.3-301, 409.4-402 and 409.5-501, RSMo. (Cum. Supp. 2009), after review of evidence submitted by the Enforcement Section, in a final order, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), unless Respondents Grammer and J. Baxter request a hearing and shows cause why this restitution or disgorgement should not be ordered.

**IT IS FURTHER ORDERED** that, as the Enforcement Section has petitioned for an award for the costs of the investigation against Respondents Grammer and J. Baxter in this proceeding, the Commissioner will issue a final order, pursuant to Section 409.6-604(e), RSMo. (Cum. Supp. 2009), awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondents Grammer and J. Baxter request a hearing and shows cause why such award should not be made.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 31<sup>ST</sup> DAY OF MAY, 2011.

ROBIN CARNAHAN  
SECRETARY OF STATE

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

Consented to by:  
MISSOURI SECURITIES DIVISION

Office of Secretary of State

Case No. AP-11-21

IN THE MATTER OF:

DAVID C. GRAMMER;  
JANA BAXTER;  
Both d/b/a BOYDOPLEX,

*Respondents.*

Serve: David C. Grammer at:  
1902 West Shore Drive  
Macon, Missouri 63552-3674

Serve: Jana Baxter at:  
3222 Jenne Hill Drive  
Columbia, Missouri 65202

### 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. 2009), 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. Kitzl, Commissioner of Securities**  
**Office of the Secretary of State, Missouri**  
**Kirkpatrick State Information Center, Room 229**  
**600 West Main Street, Room 229**  
**Jefferson City, Missouri, 65102.**

### CERTIFICATE OF SERVICE

I hereby certify that on this 31st day of May, 2011, a copy of the foregoing Order to Cease and Desist in the above styled case was **mailed by Certified U.S. mail to:**

Jana Baxter  
3222 Jenne Hill Drive  
Columbia, Missouri 65202

**and:**

P.O. Box 516  
Columbia, Missouri 65205

David C. Grammer  
1902 West Shore Drive  
Macon, Missouri 63552-3674

**and:**

c/o Fredrich J. Cruse  
718 Broadway  
P.O. Box 917  
Hannibal, Missouri 63401  
**Counsel for David C. Grammer**

**And hand-delivered to:**

Mary S. Hosmer  
Assistant Commissioner  
Missouri Securities Division

[1] J. Baxter supplied information indicating that she had obtained funds from an investor prior to 2004.

John Hale

[2] J. Baxter did not use the term “investors.” J. Baxter described these individuals as people who had “loaned” money to Specialist J. Baxter for Boydoplex.

[3] These loan documents stated, among other things: “Upon the sale of the electrical (compressor) project known as Boydoplex, we agree to pay [the investor] the minimum sum of [an amount that was ten times the investment amount] . . . . In the event that the project does not sell as anticipated, we agree to pay [the investor] the sum of [the initial amount of investment plus ten percent] no later than 6 months from today’s date.”

[4] Although J. Baxter stated that this representative was “Jason Wright,” J. Baxter was not able to provide contact information for Jason Wright because her “computer crashed.” Subsequently, J. Baxter refused to provide this information.

[5] J. Baxter stated that there were twenty-two (22) investors, but supplied loan documents for twenty three (23) investors.

[6] Grammer is also a signatory on this Landmark/First National account.

[7] Upon the Enforcement Section’s information and belief, at least some of these funds were used to pay for access to adult entertainment websites.

[8] These investors were MR3 and MR4 as described more fully below.

[9] MR1 and MR2’s first check was made payable to J. Baxter’s spouse for the investment in Boydoplex.

[10] Each subsequent loan document MR1 and MR2 received specified that it superseded all prior loan documents.

[11] MR3 stated that this document was similar to the document provided to MR4 (see paragraphs relating to MR4 below).