



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
LISA D. KREMPASKY,)
)
Respondent.) Case No. AP-13-07
)
Serve: Lisa D. Krempasky at:)
P.O. Box 21718)
St. Louis, Missouri 63109-0718)

CONSENT ORDER

SUMMARY OF ENFORCEMENT SECTION’S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Assistant Commissioner Mary S. Hosmer, has alleged that Lisa D. Krempasky, (“Krempasky” or “Respondent”), offered and sold unregistered, non-exempt securities in the State of Missouri, and 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, in violation of Sections 409.3-301 and 409.5-501, RSMo. (Cum. Supp. 2011), and that this constitutes grounds to issue an order pursuant to Section 409.6-604, RSMo. (Cum. Supp. 2011).
2. Respondent and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to Respondent’s alleged violations of Sections 409.3-301 and 409.5-501, RSMo. (Cum. Supp. 2011).

CONSENT TO JURISDICTION

3. Respondent and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over the Respondent and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondent and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), RSMo. (Cum. Supp. 2011), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

WAIVER AND EXCEPTION

5. Respondent waives Respondent's right to a hearing with respect to this matter.
6. Respondent waives any right that Respondent may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever releases and holds harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondent stipulates and agrees with the Enforcement Section that, should the facts contained herein prove to be false or incomplete, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER'S ORDER

8. Respondent and the Enforcement Section stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondent agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondent's (a) testimonial obligations; (b) right to take legal or factual position in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondent agrees that Respondent is not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondent neither admits nor denies the allegations made by the Enforcement Section, but consents to the Commissioner's Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

COMMISSIONER'S FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

12. Lisa Diane Krempasky ("Krempasky") is a St. Louis attorney with an address of P.O. Box 21718, St. Louis, Missouri 63109.
13. Lisa D. Krempasky, PC ("Krempasky PC") was a law firm and a Missouri-registered professional corporation with an address of 1015 Locust Street, Suite 1036, St. Louis,

- Missouri 63101. Krempasky PC was organized by Krempasky in the State of Missouri with Missouri Secretary of State's Business Services ("Missouri Business Services") on January 22, 1993, and dissolved on September 2, 2009. Krempasky PC did business as Krempasky & Joggerst, PC and as Krempasky & Associates, PC.
14. Thomas S. Huling ("Huling") was a housing contractor with an address of 1815 Boulder Springs Drive, Apartment D, St. Louis, Missouri 63146.
 15. Robert Douglas Hartmann ("Hartmann") was a housing contractor with a last-known address of 1341 Crooked Stick Drive, O'Fallon, Missouri 63366.
 16. Taylor Supply, L.L.C. ("Taylor Supply") was a Missouri-registered limited liability company organized by Krempasky on July 7, 2003. The Taylor Supply operating agreement listed Hartmann as the sole member of the company. On October 11, 2007, Taylor Supply's certificate of limited liability in Missouri was cancelled for failure to maintain a registered agent.
 17. The Charles H. Norman Trust (the "Norman Trust") is a trust set up for, among others, the former employees of Charles H. Norman's radio station. Krempasky is the trustee on the Norman Trust.
 18. At all times relevant to this matter, records maintained by the Commissioner indicated that Krempasky, Huling and Hartmann were not registered as broker-dealer agents, investment adviser representatives, or issuer agents in the State of Missouri.
 19. At all times relevant to this matter, records maintained by the Commissioner contained no registration, granted exemption or notice filing indicating status as a "federal covered security" for any securities issued by Krempasky, Huling or Hartmann.
 20. As used herein, the term "Respondent" refers to Krempasky.
 21. In 2004 and/or 2005, Krempasky through Krempasky's law firm Krempasky PC offered and sold promissory notes to two Missouri Investors ("MR1 and MR2"), in the St. Louis area. Krempasky told investors that they would receive twenty percent (20%) interest per year on the investment. Krempasky did not disclose to investors that Krempasky was not registered to offer or sell securities, that the securities were not registered, that Krempasky was being paid by Huling and Hartmann or that there were risks associated with the investment.

Enforcement Section Investigation

22. In December 2011, the Enforcement Section received information about a promissory note investment offered and sold by Krempasky, Huling, and Hartmann in 2004 and 2005 in depressed real estate in the St. Louis area that promised to pay twenty percent (20%) interest per year (the "RE Investment").
23. A check of the records revealed that in 2009, Hartmann pleaded guilty and was sentenced on two felony counts for bank and mail fraud in a real estate investment scheme that

involved the purchase, renovation, and sale of depressed real estate in the St. Louis area, *In the Matter of United States of America v. Robert Douglas Hartmann a/k/a Doug Hartmann*, Case Number 4:07CR405 HEA (E.D. Mo. 2009) (“Hartmann Conviction”). The judge sentenced Hartmann to imprisonment for twenty-four (24) months, ordered Hartmann to serve five (5) years on supervised release, and ordered Hartmann to pay more than thirty-five million dollars (\$35,000,000) in restitution.

24. A check of the records revealed that in November 2006, Huling filed for bankruptcy protection, *In re Thomas S. Huling and Diana M. Huling, Debtors*, No. 06-45568 (Bankr.E.D. Mo. 2006) (“Huling Bankruptcy”). Creditors in the Huling Bankruptcy included, among others, the Norman Trust. Debts in the Huling Bankruptcy were discharged on June 30, 2010, and the bankruptcy was terminated on July 18, 2012.
25. Four of the promissory notes sold to Missouri investors by Krempasky paid according to their terms.
26. On August 30, 2012, Enforcement Section representatives conducted an on-the-record interview of Krempasky (“Krempasky OTR”). During the Krempasky OTR, Krempasky stated among other things, that:
 - a. Krempasky was a licensed attorney;
 - b. Krempasky had done legal work for Huling;
 - c. Krempasky had been the attorney for Hartmann;
 - d. Huling and Hartmann were real estate developers;
 - e. Huling and Hartmann purchased properties and resold these properties;
 - f. Huling and Hartmann sometimes repaired these properties prior to selling the property;
 - g. Krempasky facilitated loans for Huling and/or Hartmann;
 - h. Hartmann paid Krempasky for Krempasky’s services in facilitating these loans;
 - i. Krempasky received one percent (1%) per month of the outstanding balance of the loans Krempasky facilitated. Krempasky was paid for these services by Hartman from the Taylor Supply account. These payments were made to a company Krempasky controlled;
 - j. From January 2005 through August 2005, Krempasky’s company received payments from the Taylor Supply account;

- k. Krempasky told individuals that they could invest with Huling or Hartmann through Krempasky;
 - l. Krempasky prepared the promissory notes that were provided to investors;
 - m. Krempasky told some investors to write their investment checks payable to Krempasky upon the direction of Huling and/or Hartmann;
 - n. Krempasky, as trustee of the Norman Trust, invested with Huling and/or Hartmann;
 - o. Krempasky's employees had "blanket authority" to sign Krempasky's name to documents;
 - p. Krempasky's employees signed Krempasky's name to deeds;
 - q. Krempasky's employees signed Krempasky's name to checks from the Taylor Supply account;
 - r. Krempasky had powers of attorney for both Huling and Hartmann;
 - s. Krempasky's employees had "blanket authority" from Huling and/or Hartmann to sign documents on behalf of Huling and/or Hartmann;
 - t. Huling and Hartmann were not always present when employees in Krempasky's law office notarized Huling's or Hartmann's signatures to investment documents;
 - u. Krempasky was not always present when employees in Krempasky's law office notarized Krempasky's signature to investment documents;
 - v. Huling and/or Hartmann received money from investors through Krempasky;
 - w. in December 2005, Hartmann spoke with investors and told investors that the investment funds had been pooled;
 - x. Krempasky was not registered to sell securities in Missouri; and
 - y. the promissory notes sold through Krempasky were not registered as securities in Missouri.
27. Krempasky did not disclose to Missouri investors, among other things, the following:
- a. that the securities offered and/or sold were not registered in the State of Missouri;

- b. that Krempasky was not registered to offer and sell securities in the State of Missouri;
- c. information about the contractual relationships between Krempasky, Huling, Hartmann, the Norman Trust, and/or Taylor Supply;
- d. information about Hartmann's background and experience in the renovation and sale of depressed properties;
- e. information about Huling's background and experience in the renovation and sale of depressed properties;
- f. the risks of the investment;
- g. that no appraisals would be done on the properties subject to the loans;
- h. the payments Krempasky was to receive from Huling and/or Hartmann for the sale of these investments;
- i. financial and sales information to support the claim that the investors would receive twenty percent (20%) interest per year from the investment;
- j. financial and sales information to support the claim that the investment was short term;
- k. why Krempasky made interest payments to investors from the Taylor Supply account;
- l. why Krempasky had apparent signatory authority on the Taylor Supply account;
- m. that Krempasky, or a Krempasky employee, signed the names of both Huling and Hartmann to real estate documents; and
- n. the nature and extent of the power of attorney Krempasky had for Huling and Hartmann.

II. CONCLUSIONS OF LAW

28. The Commissioner finds Respondent offered and sold unregistered, non-exempt securities in the State of Missouri, and 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 in violation of Sections 409.3-301 and 409.5-501, RSMo. (Cum. Supp. 2011), and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604, RSMo. (Cum. Supp. 2011).

29. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondent and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409, RSMo. (Cum. Supp. 2011).

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

1. Krempasky, Krempasky's agents, employees and servants, and all other persons participating in the above-described violations with knowledge of this order are permanently enjoined and restrained from offering and selling unregistered, non-exempt securities, omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in violation of Sections 409.3-301, and 409.5-501, RSMo. (Cum. Supp. 2011).
2. Krempasky is barred from registering as a securities agent or investment adviser representative in Missouri.
3. Krempasky will agree to the suspension of Krempasky's license to practice law in the State of Missouri and shall not reapply to practice law in Missouri for a period of three years from the date of the effective date of this consent order.
4. Krempasky is ordered to pay five thousand dollars (\$5,000) in restitution. These payments shall be sent within thirty (30) days of the effective date of this Consent Order to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Restitution Fund. These payments will be distributed by that Fund to the investors in the amounts as stated in the attached Exhibit A.
5. Krempasky shall pay a civil penalty of ten thousand dollars (\$10,000). This payment will be suspended provided that Respondent comply with the terms of this Consent Order, and provided that Respondent does not violate the securities act for a period of three (3) years. The suspended payment shall, for three (3) years from the execution of this

document, become immediately payable, under operation of law, upon Respondent's failure to comply with the terms of this order, and such immediately due payment shall be in addition to all other penalties then available under the law. The Commissioner may refer this matter for enforcement as provided in Sections 409.6-603 and 409-6-604, RSMo. (Cum. Supp. 2011).

6. Respondent is ordered to pay ten thousand dollars (\$10,000) as the cost of this investigation. This payment will be suspended provided that Respondent comply with the terms of this Consent Order, and provided that Respondent does not violate the securities act for a period of three (3) years. The suspended payment shall, for three (3) years from the execution of this document, become immediately payable, under operation of law, upon Respondent's failure to comply with the terms of this order, and such immediately due payment shall be in addition to all other penalties then available under the law. The Commissioner may refer this matter for enforcement as provided in Sections 409.6-603 and 409-6-604, RSMo. (Cum. Supp. 2011).
7. Respondent shall pay Respondent's own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 23rd DAY OF MAY, 2013.



JASON KANDER
SECRETARY OF STATE

Andrew M. Hartnett

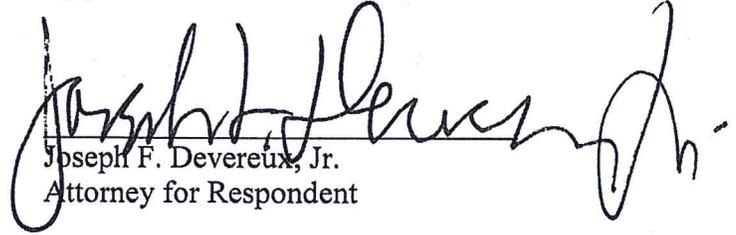
ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES

Consented to by:
THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION

Mary S. Hosmer
Mary S. Hosmer
Assistant Commissioner of Securities

Lisa D. Krempasky
Lisa D. Krempasky
Respondent

Approved as to Form:



Joseph F. Devereux, Jr.
Attorney for Respondent