



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
)  
CENTRAL MISSOURI ENERGY, LLC; ) Case No. AP-14-19  
and BOYD A. WARE, )  
)  
*Respondents.* )  
)  
Serve: Central Missouri Energy, LLC )  
Registered Agent: John P. Walsh )  
101 South Hanley )  
Suite 1700 )  
St. Louis, Missouri 63105 )  
)  
Boyd A. Ware )  
c/o Ron Sweet )  
Ron Sweet – Attorney, LLC )  
28 North 8<sup>th</sup> Street, Suite 517 )  
Columbia, Missouri 65201 )

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

On October 27, 2014, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Assistant Commissioner Mary S. Hosmer and Enforcement Counsel Tyler B. McCormick, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed. After reviewing the petition, the Commissioner issues the following order:

**I. FACTUAL BACKGROUND**

The petition alleges the following facts:

**A. Respondents and Related Parties**

1. Central Missouri Energy, LLC (“CME”) is a Missouri limited liability company organized on September 5, 2006, for the purpose of operating a biodiesel plant. CME’s

registered agent is John P. Walsh with a mailing address of 101 South Hanley, Suite 1700, St. Louis, Missouri 63105. CME was founded by Boyd A. Ware (“Ware”), Gregory G. Haug (“Haug”), and Kris L. Bezenek (“Bezenek”).

2. CM Energy, Inc. (“CM Energy”) is a Missouri corporation formed on April 29, 2005, to produce, manufacture, market, promote, and sell alternative fuels including, but not limited to, biodiesel fuel and byproducts of manufacturing biodiesel fuel. CM Energy’s registered agent is Ware with a mailing address of 316 West Bruton Street, Centralia, Missouri 65240.
3. Ware is a 64-year-old Missouri resident with a last known address of 316 West Bruton Street, Centralia, Missouri 65240. Ware is the President, Chief Executive Officer, and Manager of CME. Ware is also the President of CM Energy.
4. Ware Construction Inc. (“Ware Construction”) was a Missouri corporation formed on November 4, 1999. Ware Construction’s registered agent was Ware with an office address of 2109 William Woods Avenue, Fulton, Missouri 65251. Ware Construction was administratively dissolved on August 28, 2013, for failure to file a correct and current annual report.
5. Manuel Camargo (“Camargo”) is a Mexican national who had an address in Columbia, Missouri during all times relevant to this matter. Camargo holds himself out to be an attorney in Mexico, although the Petition alleges he is not one.
6. MDLM Green Oil Company LLC (“MDLM”) is a Missouri limited liability company with an address of 1601 West Broadway, Columbia, Missouri 65203. Camargo is the organizer and registered agent of MDLM.
7. As used herein, the term “Respondents” refers to CME and Ware.
8. A check of the records maintained by the Commissioner indicates that at all times relevant, Ware and CME have never been registered with the State of Missouri as investment advisers, investment adviser representatives, broker-dealers, broker-dealer agents, and/or issuer agents.
9. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration or granted exemption for the securities offered and/or sold by Respondents.

**B. Enforcement Section Investigation**

**Website Solicitation**

10. In or around August 2006, Haug created a website for CME (“CME Website”).<sup>1</sup>
11. The CME Website, among other things, stated:
  - a. CME “is offering limited liability company membership interests representing a portion of the Company’s ownership”; and
  - b. CME “intends to utilize the net proceeds raised pursuant to this Offering to fund its construction and start-up costs as well as its working capital requirements.”
12. The CME Website contained a link to view the entire Private Placement Memorandum for CME (“CME PPM”). The CME PPM was not password protected and was generally available on the CME Website.
13. The CME Website contained the address where the biodiesel facility was going to be built, the telephone number for CME, as well as contact information for Ware.

**CME PPM**

14. The CME PPM set forth, among other things, the following:
  - a. CME was offering 152 units in CME for \$12,500 per unit;
  - b. the minimum investment by a CME investor was \$25,000;
  - c. subscriptions could be accepted by CME at any time on or before March 31, 2007, the expiration of the subscription period;
  - d. the CME offering was contingent on the investors purchasing a minimum of 20% of the offered units;<sup>2</sup>
  - e. CME would hold investor funds in an escrow account until March 31, 2007;
  - f. if CME could not reach “financial closing on the project” the funds would be returned to the investor; and
  - g. the offering was limited to investors who possessed sufficient experience in business, financial, and investment matters to be able to evaluate the risk involved in the purchase of the offered units and to make an informed investment decision.

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<sup>1</sup> <http://centralmissourienergy.net>. As of the date of the Petition submitted by the Enforcement Section, representatives of the Enforcement Section were not able to access the CME Website.

<sup>2</sup> The CME offering was contingent on CME selling 30 membership units, raising \$375,000 by March 31, 2007.

### Missouri Resident 1

15. In or around September 2006, Ware, on behalf of CME, told a 29-year-old Kirksville, Missouri resident (“MR1”) about an investment opportunity in CME.
16. On or about September 11, 2006, MR1 gave Ware a check in the amount of \$50,000 made payable to CME.
17. On September 12, 2006, Ware sent an e-mail to Bezenek that stated, among other things, the following:
  - a. “Greg just wanted to let you know that we got our first check yesterday. [MR1] gave me a check for \$50,000.”; and
  - b. “I told [MR1] that we would not deposit it until we got the paper work finalized.”
18. On or about March 2, 2007, MR1 gave Ware a check in the amount of \$12,500 made payable to CME.
19. On or about March 2, 2007, Ware, on behalf of CME, prepared a subscription agreement for MR1 (“MR1 Subscription Agreement”). The MR1 Subscription Agreement set forth, among other things, that:
  - a. MR1 would purchase five units in CME for \$62,500;
  - b. MR1 was not an accredited investor;
  - c. if the individual was not an accredited investor the investor would need to complete an information statement (“Information Statement”) before the subscription could be considered by CME; and
  - d. Ware accepted the subscription agreement on March 24, 2007.<sup>3</sup>
20. The Enforcement Section has not received any Information Statement indicating that Ware and/or CME reviewed MR1’s business, finance, and investment experience to be able to evaluate the risks and to make an informed investment decision regarding the purchase of CME units.
21. In or around March 2007, MR1’s investment funds were deposited into a CME bank account at River Region Credit Union in Columbia, Missouri (“CME Account”).

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<sup>3</sup> The MR1 Subscription Agreement obtained by the Enforcement Section does not contain the signature of MR1, and Ware stated that MR1’s initials on the MR1 Subscription Agreement “looked like [Ware’s] handwriting.”

## **Missouri Resident 2**

22. In or around March 2007, Ware, on behalf of CME, told a 38-year-old Auxvasse, Missouri resident (“MR2”) about an investment opportunity in CME.
23. On or about March 24, 2007, MR2 and MR2’s spouse signed a subscription agreement (“MR2 Subscription Agreement”). The MR2 Subscription Agreement set forth, among other things, that MR2 and MR2’s spouse would purchase two units in CME for \$25,000. MR2 and MR2’s spouse represented that they were accredited investors on the MR2 Subscription Agreement.
24. MR2 made the following payments to Ware and CME for MR2 and MR2’s spouse’s purchase of two membership units in CME:
  - a. on or about March 23, 2007, MR2 or MR2’s spouse gave Ware a cashier’s check, payable to Ware, in the amount of \$15,000;
  - b. on or about April 20, 2007, MR2 or MR2’s spouse gave Ware a check, payable to CME, in the amount of \$2,500; and
  - c. on or about May 8, 2007, MR2 or MR2’s spouse gave Ware \$2,500.
25. Although MR2 and MR2’s spouse invested \$20,000, Ware issued two membership units in CME to MR2 and MR2’s spouse.

## **Missouri Resident 3**

26. In or around April 2007, Ware, on behalf of CME, told a 51-year-old Fulton, Missouri resident (“MR3”) about an investment opportunity in CME.
27. Ware told MR3 that MR3’s investment funds would be used for the construction of the bio-diesel facility in Fulton, Missouri.
28. On or about April 12, 2007, MR3 signed a subscription agreement (“MR3 Subscription Agreement”). The MR3 Subscription Agreement set forth, among other things:
  - a. MR3 would purchase eight units in CME for \$100,000;
  - b. MR3 was not an accredited investor;
  - c. if the individual was not an accredited investor the investor would need to complete an Information Statement before the subscription could be considered by CME; and
  - d. Ware accepted the subscription agreement on April 12, 2007.

29. The Enforcement Section has not received any Information Statement indicating that Ware and/or CME reviewed MR3's business, finance, and investment experience to be able to evaluate the risks and to make an informed investment decision regarding the purchase of CME units.
30. On or about April 12, 2007, MR3 gave Ware a \$100,000 check payable to CME that was deposited into the CME Account.

### **Letters to Investors**

31. On or about March 3, 2008, Ware, on behalf of CME, sent a letter to investors that stated, among other things, the following:
  - a. "Central Missouri Energy, LLC, spent several months again securing the senior debt financing. We have now secured an 80% loan guarantee from the USDA for our plant, and have two banks ready to fund the senior debt";
  - b. "On December 23<sup>rd</sup> 2007 we met with a Mr. Manuel Camargo a Mexican National. Mr. Camargo owns Green Oil Corp out of Mexico, and was looking for a US Biodiesel Producer that would be interested in developing a cooperative arrangement";
  - c. "Although jatropha starts yielding within a year, the most effective yield is obtained after two or three years";<sup>4</sup>
  - d. "We also wanted to mention that a Mr. Lindell Smith has just joined our group of investors and shall also be an employee of CME once we are up and running";<sup>5</sup> and
  - e. "We are aware that there are a lot of issues to consider and we hope that we are making the proper contacts with the USDA and other legal representatives to protect our interest. We have several good law offices who will review all business plans and contracts prior to us signing anything."
32. On or about January 19, 2009, Ware, on behalf of CME, sent a letter to investors that stated, among other things, the following:
  - a. "In our March letter, we indicated that we were working with a Mr. Manuel Camargo, (president of Green Oil), on the development of Jatropha Plantations in Mexico";

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<sup>4</sup> Ware stated that because of the increased cost of feedstock for the biodiesel production, Ware sought out other feedstock sources and found the jatropha. Jatropha is a large perennial shrub that produces non-edible seeds that can be used as a biodiesel feedstock.

<sup>5</sup> Lindell Smith was the owner of a biofuels plant in Bethel, Missouri. Ware stated that Lindell Smith had stopped operating because of the expenses associated with purchasing feedstock for the biofuel business.

- b. “The major problem is that almost every one [sic] in the Mexican government has there [sic] hands out wanting a percentage of the project”;
- c. “We currently have an agreement with [Camargo] that Green Oil will sell us enough Jatropa Oil for our facility if we so desire”;
- d. **“Please note, No CME money was spent on the development of the Jatropa Project”** [Emphasis in original];
- e. “On a very positive note, SRS Engineering out of Murrieta Ca. has joined our team as a 25% owner in CME”; and
- f. “We have sold 90% of the offered units available.”

### Investors Request Return of Investment

- 33. On or about October 9, 2009, MR2 sent Ware a letter (“First MR2 Letter”) requesting the return of the investment made by MR2 and MR2’s spouse. The First MR2 Letter, among other things, stated:
  - a. “This letter is to inform you we wish to have a return on our investment”; and
  - b. “After several years of waiting for the construction to begin, we wish to pursue other investment opportunities.”
- 34. On or about December 7, 2009, MR2 and MR2’s spouse sent Ware a letter (“Second MR2 Letter”) requesting the return of the investment made by MR2 and MR2’s spouse. The Second MR2 Letter, among other things, stated, “This is the second letter letting you know we wish to have our investment returned.”
- 35. On or about December 8, 2009, Ware, on behalf of CME, sent MR2 and MR2’s spouse a Unit Transfer Proposal letter (“MR2 Unit Transfer Proposal”) and a check for \$14,940. The MR2 Unit Transfer Proposal, among other things, stated:
  - a. “As per your request to surrender your units in Central Missouri Energy LLC, we have performed a review of the operating agreement to facilitate your request”;
  - b. “Our proposal to you is that the Company shall authorize the transfer of the units back to Central Missouri Energy LLC at the current fair market value...”;
  - c. “Current value of your investment = \$14,940.00”;
  - d. “We want to share with you some additional information on our project. In March of 2009 we were introduced to a group that provides loan guarantees for projects involved with Alternative Energy and Housing....Our project was

accepted by the Co-Venture group as one that they would provide the guarantee for, and we have signed contracts indicating such”;

- e. “Just recently we did receive a Bank Conditional Letter of commitment. The Lending bank and the Co-Ventures are now working out the details of providing the loan guarantee. Once that is completed we will be moving forward with our project”; and
  - f. “We are sharing this with you, as we do NOT want you to get out at what we feel is the 11<sup>th</sup> hour and say that if they would have just informed me, we would have left our investment in place.” [Emphasis in original]
36. A review of the CME Account revealed that, on or about December 23, 2009, MR2 or MR2’s spouse deposited the CME check into a bank account in the name of MR2 and MR2’s spouse. This CME check was in the amount of \$14,940.
37. Sometime prior to September 7, 2010, MR1 requested a return of MR1’s investment funds from CME and Ware.
38. On or about September 7, 2010, CME sent MR1 a Unit Transfer Proposal letter (“MR1 Unit Transfer Proposal”) and a check for \$37,812.50. The MR1 Unit Transfer Proposal, among other things, stated:
- a. “As per your request to surrender your units in Central Missouri Energy LLC, we have performed a review of the operating agreement to facilitate your request”;
  - b. “Our proposal to you is that the Company shall authorize the transfer of the units back to Central Missouri Energy LLC at the current fair market value...”;
  - c. “Current value of your investment = \$37,812.50”;
  - d. “We want to share with you some additional information on our project. In March of 2010 we were introduced to a group that provides loan guarantees for projects involved with Alternative Energy and Housing....Our project was accepted by the Co-Venture group as one that they would provide the guarantee for, and we have signed contracts indicating such”;
  - e. “Just recently we did receive a Bank Conditional Letter of commitment. The Lending bank and the Co-Ventures are now working out the details of providing the loan guarantee. Once that is completed we will be moving forward with our project”; and
  - f. “We are sharing this with you, as we do **NOT** want you to get out at what we feel is the 11<sup>th</sup> hour and say that if they would have just informed me, we would have left our investment in place.” [Emphasis in original]



39. On or about December 23, 2010, MR1 returned the check issued by CME to MR1 for \$37,812.50 back to Ware and CME.
40. On November 14, 2011, MR3 sent Ware an e-mail requesting to surrender MR3's units in CME.
41. On or about February 14, 2012, CME sent MR3 a Unit Transfer Proposal letter (MR3 Unit Transfer Proposal). The MR3 Unit Transfer Proposal, among other things, stated:
  - a. "As per your request to surrender your units in Central Missouri Energy LLC, we have performed a review of the operating agreement to facilitate your request";
  - b. "Due to the fact that most of CME funds are in a long term investment, CME is not in a position financially at this time to purchase back your units";
  - c. "Therefore, we hereby authorize you to sell the units on the open market to anyone you desire";
  - d. "We want to share with you some additional information on our project. In late August of 2011 we selected seven sites in Mexico for the construction of Crush / Oil extraction facilities. These sites are currently being cleared, leveled and final site design is being completed. In addition, we have secured 35 thousand hectares of land in the state of Guerrero for plantation development";
  - e. "In addition to this advancement, we are also in the final stages of a joint venture agreement with two US companies. Peoria Biofuels out of Peoria, Illinois, and an investment company named Enviromend out of Chicago [,] Illinois";
  - f. "Their [*sic*] are four companies involved in this joint venture. They are CME, MDLM De Mexico, Peoria Biofuels, and Enviromend. The finalization of this joint venture will allow for the construction of the Fulton facility very quickly";
  - g. "Last Friday, we were notified by Illini Bank that the Enviromend's funds would be deposited into the escrow account this week. Once the other funds are deposited by MDLM, our Mexican partners, the Fulton facility will start construction as soon as possible"; and
  - h. "We are sharing this with you, as we do **NOT** want you to get out at what we feel is the 11<sup>th</sup> hour and say that if they would have just informed me, we would have left our investment in place." [Emphasis in original]
42. As of April 2014, neither MR1 nor MR3 has been repaid their principal or any earnings on their investments.

#### **Additional Allegations**

43. On March 6, 2014, Ware appeared before representatives of the Enforcement Section for

an on-the-record examination (“Ware OTR”). During the Ware OTR, Ware stated, among other things, that:

- a. CME was to operate a biodiesel facility;
- b. Ware, on behalf of CME, had raised over \$500,000 for this biodiesel facility;
- c. CME membership units were sold after the expiration date listed in the offering materials;
- d. Ware allowed an investor to pay less than the subscription amount for membership units in CME;
- e. Ware did not know what the term “escrow” meant;
- f. Ware and the other officers of CME had no experience in running a biodiesel facility;
- g. CME paid Ware Construction for “development” and for “physical site type of work”;
- h. Ware stated that MR1’s initials on the MR1’s Subscription Agreement looked like Ware’s handwriting;
- i. MR1’s subscription agreement was signed by Ware prior to obtaining MR1’s signature (the Enforcement Section does not have a signed subscription agreement with MR1’s signature);
- j. MR1, MR2, and MR3 requested the return of their investments from CME;
- k. Camargo was an attorney in Mexico;
- l. in a March 2008 letter, Ware informed investors that, “We have several good law offices who will review all business plans and contracts prior to us signing anything.” Ware stated that statement referred to Camargo’s law office and that Camargo was representing the group and was protecting CME’s interest because “they were working together”;
- m. Ware did not hire any attorneys to review these contracts;
- n. Lindell Smith never invested any money into CME;
- o. in a March 2009 letter, Ware informed an investor who was requesting a refund that it was the “11th hour” because CME had a thirty million dollar commitment from a firm “[r]eputable in Mexico” and CME was waiting on the guarantee from

the group out of Texas;

- p. this loan commitment fell through because Ware and CME could never get the group out of Texas “to provide the language required by the bank” to close on the loan;
- q. in a September 2010 letter, Ware informed an investor who requested a refund that it was the “11th hour” because CME had a loan commitment and was waiting on the guarantee from a group out of Texas;
- r. “I don’t believe that we were still working” on the loan commitment at that time;
- s. in a February 2012 letter, Ware informed an investor who requested a refund that it was the “11th hour” and that “we were notified by [a bank] that ... funds were to be deposited into the escrow account this week. Once...the funds are deposited by ...our Mexican partners, the Fulton facility will start construction”;
- t. the funds were not deposited by the Mexican partners and construction of the Fulton facility did not begin, but Ware did not remember why this fell through;
- u. the “80 percent loan guarantee” from the USDA that was contained in a letter to investors was a “verbal commitment from the USDA.” Ware did not know if he had any records regarding that loan guarantee. Ware claimed that the bank financing, to be backed by the USDA loan guarantee, fell through because of the financial crisis in 2008;
- v. Ware, on behalf of CME, had taken 10 to 15 trips to Mexico to secure financing, to secure agreements with the farmers of plantations, and to develop feedstock;
- w. CME paid Camargo a total of \$135,000 to set up legal entities for the farmers within Mexico and for plantation development;
- x. CME investors did not know that over \$135,000 was going to Camargo;
- y. SRS Engineering never purchased membership units in CME and were never 25% owners of CME as stated in the January 19, 2009 letter to investors;
- z. Ware never sold 90% of the stock as stated in a letter to investors;
- aa. of the more than \$500,000 Ware claimed to have raised, “around \$30,000” was left in the CME Account; and
- bb. after over seven years, the biodiesel facility is not operational and no facility has been built.

44. On April 21, 2014, representatives of the Enforcement Section made contact with Camargo's former wife ("SD"). SD stated, among other things, the following:
  - a. SD was married to Camargo for 24 years;
  - b. in 2006, SD moved to Missouri while Camargo remained living in Mexico;
  - c. between 2006 and 2011, Camargo made multiple trips to Missouri;
  - d. Camargo held himself out to be an attorney in Mexico; however, Camargo never graduated college and does not hold any professional designations;
  - e. SD knew that Camargo was involved in a lot of "scams" including a real estate project in Cancun, Mexico and a project involving jatropa;
  - f. Ware traveled to Mexico several times to meet with Camargo regarding a jatropa project; and
  - g. Ware sent money to Camargo through SD.
  
45. A review of the bank records for the CME Account and invoices provided by Ware revealed that:
  - a. investor funds were not placed in an escrow account;
  - b. as of March 31, 2007, the end of the subscription period, CME had raised less than \$150,000, or less than one-half of the amount necessary to reach "financial closing" per the CME PPM's terms;
  - c. Ware and CME spent funds from the CME Account prior to selling the minimum number of units upon which the offering was contingent;
  - d. Ware and CME did not sell the minimum number of units until March 2008, almost one year after the end of the subscription period;
  - e. Ware received funds from the last CME investor on or about September 25, 2008;
  - f. at least some investment funds from MR1, MR2, and/or MR3 were commingled with other funds in the CME Account and used for, among other things, to pay:
    - i. over \$4,000 to Ware on trips to Mexico;
    - ii. at least \$22,000 to Camargo's former wife;
    - iii. at least \$150,000 to Camargo; and

- iv. in excess of \$50,000 to Ware Construction, including funds to travel to Mexico and a loan to Ware Construction.

## **II. COMMISSIONER'S DETERMINATION AND FINDING**

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

- 46. The **COMMISSIONER DETERMINES** that Respondents CME and Ware offered and/or sold securities by, among other things:
  - a. soliciting Missouri residents to invest in limited liability company membership units in Central Missouri Energy, LLC; and/or
  - b. receiving funds from the sale of these units to Missouri residents.
- 47. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26), RSMo. (Cum. Supp. 2013).
- 48. The membership units that Respondents CME and Ware offered and/or sold to Missouri residents are investment contracts and are securities, in that:
  - a. Missouri residents invested funds in CME;
  - b. the fortunes of CME investors were interwoven with those of other CME investors in a common enterprise; and
  - c. the investors expected a profit from Respondents' efforts and not from investors' own efforts.
- 49. These membership units that Respondents CME and Ware offered and/or sold constitute securities as that term is defined in Sections 409.1-102(28), RSMo. (Cum. Supp. 2013).
- 50. At all times relevant to this matter, there was no registration or granted exemption for the securities offered and/or sold by Respondents CME and Ware.
- 51. Respondents CME and Ware offered and/or sold securities in Missouri without these securities being (1) federal covered securities, (2) exempt from registration under Sections 409.2-201 or 409.2-203, RSMo. (Cum. Supp. 2013), or (3) registered under the Missouri Securities Act of 2003, in violation Section 409.3-301, RSMo. (Cum. Supp. 2013).
- 52. The conduct of Respondents CME and Ware in violation of Section 409.3-301, RSMo. (Cum. Supp. 2013) constitutes an illegal act, practice, or course of business and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2013).

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

53. The **COMMISSIONER FURTHER DETERMINES** that CME acted as an issuer when it issued or proposed to issue securities in Missouri.
54. Respondent Ware effected or attempted to effect sales of these securities on behalf of CME.
55. In effecting or attempting to effect these sales of securities, Ware was acting as an agent as that term is defined in Section 409.1-102(1), RSMo. (Cum. Supp. 2013).
56. At all times relevant, Respondent Ware was not registered as an agent in the State of Missouri.
57. Respondent Ware transacted business in Missouri by offering and/or selling securities without being registered or exempt from registration as an agent in violation of Section 409.4-402(a), RSMo. (Cum. Supp. 2013).
58. Respondent Ware's conduct in violation of 409.4-402(a), RSMo. (Cum. Supp. 2013) constitutes an illegal act, practice, or course of business and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2013).

### **Multiple Violations of Employing an Unregistered Agent**

59. The **COMMISSIONER FURTHER DETERMINES** that Respondent CME employed and/or associated with Ware who offered and/or sold securities in the State of Missouri on behalf of Respondent CME. This activity constitutes transacting business in the State of Missouri.
60. Respondent CME's activities constitute employing and/or associating with an agent in the State of Missouri under Section 409.4-402(d), RSMo. (Cum. Supp. 2013).
61. At all times relevant to this matter, Respondent CME had no registration or granted exemption for any agents of Respondent CME to transact business in the State of Missouri.
62. Respondent CME employed and/or associated with Ware who transacted business in Missouri as an agent without being registered or exempt from registration as an agent, in violation Section 409.4-402(d), RSMo. (Cum. Supp. 2013).
63. Respondent CME's conduct in violation of Section 409.4-402(d), RSMo. (Cum. Supp. 2013) constitutes an illegal act, practice, or course of business and such conduct is, therefore, subject to the commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2013).

**Multiple Violations of Engaging in an Act, Practice, or Course of Business  
that Would Operate as a Fraud or Deceit Upon Another Person in  
Connection with the Offer or Sale of a Security**

64. The **COMMISSIONER FURTHER DETERMINES** that in connection with the offer, sale, or purchase of a security, Respondents CME and Ware engaged in an act, practice, or course of business that would operate as a fraud or deceit upon MR1, MR2, and/or MR3 by, among other things:
- a. providing offering materials that claimed an exemption from registration, when:
    - i. CME engaged in general solicitation;
    - ii. the membership units in CME did not fit the claimed exemption;
    - iii. the units were required to be registered or exempt from registration in the State of Missouri; and
    - iv. Ware was not exempt from registering to offer or sell securities in the State of Missouri;
  - b. providing offering materials that stated that the subscription period would end on March 31, 2007, when CME and Ware accepted subscriptions after the expiration of that period;
  - c. providing offering materials that stated that investor funds would be held in an escrow account until the minimum number of units were sold, when:
    - i. CME and Ware did not place investor funds in an escrow account;
    - ii. CME and Ware did not sell the minimum number of offered units by the expiration of the subscription period; and
    - iii. CME and Ware did not return investor funds when the offering period expired and they had not sold the minimum number of offered units;
  - d. providing offering materials that stated that the minimum investment was \$25,000 for two membership units when some investors paid less than the full amount for these membership units;
  - e. paying Ware Construction over \$50,000 including funds for trips to Mexico;
  - f. paying Ware for trips to Mexico and telling investors that no CME funds were used on the project in Mexico;

- g. lulling MR1, MR2, and/or MR3 in order to obtain additional investment funds and/or avoid or delay detection by sending a letter to MR1, MR2, and/or MR3 on or about March 3, 2008, which stated, among other things, that:
  - i. CME had claimed to have secured an 80% loan guarantee from the USDA, when CME had only a “verbal” commitment that subsequently fell through;
  - ii. Lindell Smith, an individual who had started a biodiesel plant, had joined CME’s group of investors, when Smith had never invested any money in CME; and
  - iii. CME had several good law offices who would review all business plans and contracts prior to CME signing anything, when these contracts were only reviewed by Camargo, who was not an attorney and was a party to the contract(s);
- h. lulling MR1, MR2, and/or MR3 in order to obtain additional investment funds and/or avoid or delay detection by sending a letter to MR1, MR2, and/or MR3 on or about January 19, 2009, which stated, among other things, the following:
  - i. no CME money was spent on the development of the jatropha project, when this was not true;
  - ii. SRS Engineering out of Murrieta, California, had become a 25% owner in CME, when this was not true; and
  - iii. CME had sold 90% of the offered units, when this was not true;
- i. lulling MR1 in order to obtain additional investment funds and/or avoid or delay detection by sending a letter to MR1 dated September 7, 2010, which claimed that:
  - i. CME had recently signed a contract for a loan guarantee with a Co-Venture group;
  - ii. CME had recently received a Bank Conditional Letter of commitment; and
  - iii. “...we do **NOT** want you to get out at what we feel is the 11th hour and say that if they would have just informed me, we would have left our investment in place.” [Emphasis in original];
- j. lulling MR3 in order to obtain additional investment funds and/or avoid or delay detection by sending a letter to MR3 dated February 14, 2012, which claimed that:



- i. land in Mexico was being cleared and leveled for a final site design of an extraction plant;
  - ii. CME was in the final stages of a joint venture agreement with two US companies and that the finalization of this joint venture would allow for the construction of the Fulton facility “very quickly”;
  - iii. CME was notified by Illini Bank that the Enviromend funds would be deposited into the escrow account that week and that once the other funds were deposited by MDLM, the Fulton facility would start construction as soon as possible; and
  - iv. “...we do **NOT** want you to get out at what we feel is the 11th hour and say that if they would have just informed me, we would have left our investment in place.” [Emphasis in original]
65. Respondents CME and Ware 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, and/or engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person in connection with the offer, sale, or purchase of a security in Missouri in violation of Section 409.5-501, RSMo. (Cum. Supp. 2013).
66. Respondents CME’s and Ware’s conduct in violation of Section 409.5-501, RSMo. (Cum. Supp. 2013), constitutes engaging in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner’s authority under Section 409.6-604, RSMo. (Cum. Supp. 2013).
67. 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. 2013).

### **III. ORDER**

**NOW, THEREFORE**, it is hereby ordered 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 violating or materially aiding in any violation of:

- A. Section 409.3-301, RSMo. (Cum. Supp. 2013), by offering or selling any securities as defined by Section 409.1-102(28), RSMo. (Cum. Supp. 2013), 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. Section 409.4-402(a), RSMo. (Cum. Supp. 2013), by transacting business as an unregistered agent in this State;

- C. 409.4-402(d), RSMo. (Cum. Supp. 2013), by employing an unregistered agent; and
- D. Section 409.5-501, RSMo. (Cum. Supp. 2013), by, in connection with the offer or sale of securities in this State, 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; or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

#### **IV. STATEMENT**

Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2013), the Commissioner hereby states that he will determine whether to grant the Enforcement Section's requests for:

- A. a \$10,000 civil penalty against each Respondent for more than one violation of Section 409.3-301, RSMo. (Cum. Supp. 2013);
- B. a \$10,000 civil penalty against Respondent Ware for more than one violation of Section 409.4-402(a), RSMo. (Cum. Supp. 2013);
- C. a \$10,000 civil penalty against Respondent CME for more than one violation of Section 409.4-402(d), RSMo. (Cum. Supp. 2013);
- D. a \$10,000 civil penalty against each Respondent for more than one violation of Section 409.5-501, RSMo. (Cum. Supp. 2013);
- E. an order against Respondents to pay restitution for any loss, including the amount of any actual damages that may have been caused by the conduct of Respondents, and interest at the rate of 8% 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. 2013); and
- F. an order against Respondents to pay the costs of the investigation in this proceeding, after a review of evidence of the amount submitted by the Enforcement Section.

**SO ORDERED:**

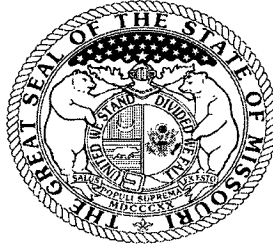
WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI, THIS SEVENTH DAY OF NOVEMBER, 2014.



JASON KANDER  
SECRETARY OF STATE

*Andrew M. Hartnett*

Andrew M. Hartnett  
Commissioner of Securities



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )

CENTRAL MISSOURI ENERGY, LLC; )  
and BOYD A. WARE, )

Case No. AP-14-19

*Respondents.* )

Serve: Central Missouri Energy, LLC )  
Registered Agent: John P. Walsh )  
101 South Hanley )  
Suite 1700 )  
St. Louis, Missouri 63105 )

Boyd A. Ware )  
c/o Ron Sweet )  
Ron Sweet – Attorney, LLC )  
28 North 8<sup>th</sup> Street, Suite 517 )  
Columbia, Missouri 65201 )

**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. 2013), 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:

**Andrew M. Hartnett, 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 7th day of November, 2014, a copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed in the above styled case was **mailed by certified U.S. mail to:**

Central Missouri Energy, LLC  
John P. Walsh, Registered Agent  
101 South Hanley  
Suite 1700  
St. Louis, Missouri 63105

Boyd A. Ware  
c/o Ron Sweet  
Ron Sweet – Attorney, LLC  
28 North 8<sup>th</sup> Street, Suite 517  
Columbia, Missouri 65201

  
Marsha Presley  
Securities Office Manager