



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)	
)	
LAVENDER FARMS, LLC; and)	
PAUL BENTON WEEKS III, Individually)	
and doing business as Lavender Farms, LLC,)	
)	
<i>Respondents.</i>)	Case No. AP-15-01
)	
Serve: Lavender Farms, LLC)	
c/o Donald Ingram, Registered Agent)	
PO Box 1105)	
208 Lafayette Ln.)	
Branson, Missouri 65615)	
)	
and)	
)	
Paul Benton Weeks III)	
400 East Walnut)	
Apt. #202)	
Springfield, Missouri 65806)	

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

On January 12, 2015, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through 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. Paul Benton Weeks III (“Weeks”) is a 58-year-old Missouri resident with a last known address of 400 East Walnut Apt. #202, Springfield, Missouri 65806. Weeks is a member and President of Lavender Farms, LLC. Weeks also did business as Lavender Farms, LLC.
2. Lavender Farms, LLC (“Lavender Farms”), is a Missouri limited liability company organized on October 15, 2008. A check of the records of the Missouri Business Services Division indicates that the registered agent of Lavender Farms is Donald W. Ingram with a mailing address of PO Box 1105, 208 Lafayette Ln., Branson, Missouri 65615.
3. Xiao Weeks (“X. Weeks”) is a 55-year-old Missouri resident with a last known address of 350 S. John Q. Hammons Parkway Apt #11D, Springfield, Missouri 65806. X. Weeks is the spouse of Weeks as well as the managing member of Lavender Farms.
4. As used herein, the term “Respondents” refers to Weeks and Lavender Farms.
5. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, Weeks and/or Lavender Farms have never been registered with the State of Missouri as investment advisers, investment adviser representatives, broker-dealers, broker-dealer agents, and/or issuer agents.
6. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for the securities offered and/or sold by Weeks and/or Lavender Farms.

B. Enforcement Section Investigation

Kansas Resident

7. In or around July 2009, Weeks called a 58-year-old Andale, Kansas resident (“KR”) about an investment opportunity. Following the phone call, Weeks met with KR at KR’s residence to discuss the investment opportunity. With regard to the investment opportunity, Weeks:
 - a. told KR that Weeks had “the inside track on some investments”;
 - b. told KR that Weeks was making “a lot of money” investing; and
 - c. told KR that Weeks would “double the money” that KR invested.
8. On or around July 10, 2009, Weeks sent KR a memo regarding an investment opportunity. The memo set forth, among other things, the following:

- a. “Now, let me move on to the main reason for my writing this Memo. I have a business proposal for you. It’s straight-forward and risk-free for you.”;
- b. “With just this one investment...you could have recovered a substantial part of your & [KR’s spouse]’s losses...”;
- c. “[KR], I am as certain as humanly possible that this asset will, by the end of the year, double and probably triple or even quadruple in price. I am positive this asset will double. And what’s extra nice about this asset is that its price is not affected by the general condition of the stock market, even if the stock market goes down. In fact, this asset’s price tends to go up more if the stock market goes down.”;
- d. “So, here’s my proposal to you. I want you to invest between \$500,000- \$1M in this deal. And, by way of this Memo, and my signature at the bottom of this Memo, I hereby agree to be personally responsible for any loss in this investment. This means that I will be contractually and legally responsible to return your investment (principal) to you, regardless of how the investment turns out. That should show you how strongly I feel about this investment opportunity.”;
- e. “I know what I am doing with these investments, and my recommendation of AXL is good proof of my competence.”¹;
- f. “More importantly, the investment that I want to put your money into is a lot better than any opportunity offered by AXL.”;
- g. “I helped save you...around \$500,000 and that’s the minimum number I think you should invest in this deal. (Although, if you invested a million dollars, that would be much better, since this investment will – at the very least – double.)”;
- h. “I am asking you to do this deal, because I am as certain as a person can be that we will make substantial money on this deal.”;
- i. “I promise you...I can make you a lot of money.”;
- j. “A final reason you should invest: for the past several years, I have worked intensely to learn the markets and how to trade successfully and I have developed an excellent network of investing experts. [KR], I am not BS-ing when I say that I am connected into the inner, inner sanctum of Wall Street and to some of the smartest investing professionals in the world. And, [KR], some of the SMARTEST investment people in the world are investing in the very asset that I want to put your money into.”;
- k. “You and I will share all profits from this investment equally (50/50). Of course, after we close out the investment, I will return to you your principal (that is,

¹ AXL is the ticker symbol for American Axle & Manufacturing Holdings, Inc.

however much you invested) and half of all the profits. This is fair because I am the one who has brought you this opportunity and I am also contractually obligating myself to guarantee that you will incur no losses whatsoever. You will get your money back (the principal sum you invest), regardless of what happens. Said another way, your ‘downside’ is zero and your potential ‘upside’ is unlimited.”;

- l. “Finally, as to the mechanics of your investing in this deal. I have a Missouri LLC called ‘Lavender Farms, LLC.’ This LLC has an account at Scottrade here in Springfield, Missouri. If you decide to do this deal, I will give you the account number for this LLC and you can have your money wired into this LLC’s account at Scottrade.”;
 - m. “Your money would go into this Scottrade account and that is where it will remain until we close out the investment and I send your principal and profit back to you. After you wire transfer your money and I make the trades, I will send to you every month a copy of the account statement that will confirm that your money is in this account and that it is invested.”;
 - n. “By signing this Memo, I hereby confirm that I am contractually bound to the promises that I have made to [KR] in this Memo/agreement.”; and
 - o. “P.S. [KR], if I haven’t been completely clear in this Memo, please let me say this again: I am absolutely as certain and positive as a person can be that this investment will at least *double* by the end of this year.” [Emphasis in original]
9. In or around July 24, 2009, KR executed a promissory note with Weeks and wired \$250,000 into a Lavender Farms account at Scottrade in St. Louis, Missouri (“Lavender Farms Account #1”).
 10. A review of the Scottrade records for the Lavender Farms Account #1 revealed, among other things, that:
 - a. the Lavender Farms Account #1 was opened on November 17, 2008, by Weeks;
 - b. on July 24, 2009, KR made a wire transfer of \$250,000 into the Lavender Farms Account #1;
 - c. KR’s funds were commingled with Weeks’ personal and other business funds;
 - d. on October 13, 2009, a check withdrawal of \$5,380 was endorsed by X. Weeks;
 - e. on November 9, 2009, a check withdrawal of \$5,000 was endorsed by X. Weeks;
 - f. on December 8, 2009, a check withdrawal of \$6,300 was endorsed by X. Weeks; and

- g. on December 31, 2009, a check withdrawal of \$4,300 was endorsed by X. Weeks.
11. On or about May 3, 2010, Weeks sent KR an e-mail with the subject line “from Paul Weeks / Fw: Scottrade Account Statement for Account No. xxxx2309” with a purported Scottrade statement attached (“May 3, 2010 E-mail”). The May 3, 2010 E-mail stated, among other things, the following:
- a. “[KR], attached to this email is a Scottrade account statement for your/our investment.”;
 - b. “...I am under a moral and contractual obligation not to disclose the identity of the investment assets or trading strategies, so the statement does not include that information.”;
 - c. “If our math is correct, this account is up 27.8% (\$319,596.60 - \$250,000 = \$69,596.60, which is 27.8% of \$250,000).”;
 - d. “When I first discussed this deal with you, I said that you would be able to access the account information to keep tract [sic] of this investment yourself. I misspoke, because I simply forgot that anyone who can access any of our accounts can also access the identity of the investment assets and our trading strategies which are confidential and proprietary and are highly valuable to my group of investors.”;
 - e. “In the last 2 years, I’ve only lost money on one trade, and it wasn’t much money, but it was on Rite Aid Drug and ONLY because I got out too soon.” [Emphasis in original];
 - f. “That’s what we’re facing with our investment. We have a decent return, but nowhere near where this investment is going to go. I was pretty confident when I told people to buy Ford and American Axle, but I [am] still as certain as I can [humanly] be that our investment will end up going up 400% - 800%.”;
 - g. “In fact, if this plays out right, our investment could make over 1000%.”; and
 - h. “At any rate, my wife and I have applied with local Chinese authorities to become eligible to do what our friend has done, which is to pledge to finance the construction of a new rural orphanage...I’m telling you this because any money I make from your/our investment will be part of the money spent to build this new orphanage in China and this will literally save lives.”
12. Attached to the May 3, 2010 E-mail was a purported Scottrade account statement for the Lavender Farms Account #1. The statement sets forth, among other things, that on April 30, 2010, the total account value was \$319,596.60.

13. A review of the Scottrade records for the Lavender Farms Account #1 revealed, among other things, that:
 - a. on March 31, 2010, the Lavender Farms Account #1 had a total account value of \$236,625.05;
 - b. there was no account statement for the month of April 2010 as there was no activity in the Lavender Farms Account #1;
 - c. on August 30, 2010, a check withdrawal of \$15,000 was endorsed by X. Weeks;
 - d. on December 6, 2010, a check withdrawal of \$5,000 was endorsed by X. Weeks;
 - e. on December 13, 2010, a check withdrawal of \$5,000 was endorsed by X. Weeks;
 - f. on February 7, 2011, a check withdrawal of \$15,000 was endorsed by X. Weeks; and
 - g. on March 2, 2011, a check withdrawal of \$199,974.98 was endorsed by X. Weeks.
14. On or around November 21, 2011, Weeks sent KR an e-mail (“KR E-mail”) stating, among other things, the following:
 - a. “A few months ago, [KR’s daughter] wrote me an email suggesting I was a thief and being evasive. I drafted a response to her (which is attached to this email), but I have decided to send it only to you.”; and
 - b. “For now, you should just read the attachment to this email (do so privately) and know that despite our failings, reconciliation is one of the most sublime things in the human experience.”
15. The attachment to the KR E-mail (“KR E-mail Attachment”) stated, among other things, the following:

So, here are my rules from this day forward (at least for the time being). Do not send me any more emails. My staff and I will neither open nor respond to any more of your emails. Secondly, I will get back with [KR] on my time schedule – and when we’ve allowed some ‘grass to grow’ under all of this. At some future time, I will arrange with [KR] a method by which [KR] and I can communicate with each other privately and confidentially. [Emphasis in original]
16. KR has not received a return on KR’s investment and was never repaid the principal from KR’s investment.

Texas Resident

17. In or around May 2009, Weeks called a friend of KR, a 55-year-old Pflugerville, Texas resident (“TR”), about an investment opportunity. Over the next few months Weeks called TR several times to discuss the investment opportunity. With regard to the investment opportunity, Weeks:
 - a. told TR that Weeks and Weeks’ investment team were having great success investing in the stock market;
 - b. told TR that KR and TR would have separate accounts;
 - c. told TR that TR would have access to TR’s account so TR could see how the account was doing;
 - d. told TR that there was no risk;
 - e. promised TR a 50% return;
 - f. provided TR with a promissory note; and
 - g. told TR that the promissory note assured TR’s money was safe.
18. On or around August 20, 2009, TR executed a promissory note with Weeks and wired \$200,000 into a Lavender Farms account at Scottrade in St. Louis, Missouri (“Lavender Farms Account #2”).
19. A review of the Scottrade records for the Lavender Farms Account #2 revealed, among other things, that:
 - a. the Lavender Farms Account #2 was opened on July 23, 2009, by X. Weeks;
 - b. on August 19, 2009, the Lavender Farms Account #2 had a balance of \$0;
 - c. on August 20, 2009, TR made a wire transfer of \$200,000 into the Lavender Farms Account #2;
 - d. on August 31, 2009, the Lavender Farms Account #2 had a total account value of \$187,559.29; and
 - e. on September 4, 2009, a check withdrawal of \$5,300 was endorsed by X. Weeks.
20. On or about May 2, 2010, Weeks sent TR an e-mail with the subject line “Fw: Scottrade Account Statement for Account No. xxxx3683” with a purported Scottrade statement attached (“May 2, 2010 E-mail”). The e-mail stated, among other things, the following:

- a. “Attached to the email is a Scottrade account statement for your/our investment.”;
 - b. “...I am under a moral and contractual obligation not to disclose the identity of the investment or trading strategies...”;
 - c. “If our math is correct, this account is up 17.3% (\$234,616.28 - \$200,000 = \$34,616.28, which is 17.3% of \$200,000).”;
 - d. “When I first discussed this deal with [KR], I said that she would be able to access the account information to keep tract [sic] of this investment herself. I misspoke, because I simply forgot that anyone who can access any of our accounts can also access the identity of the investment assets and our trading strategies which are confidential and proprietary and are highly valuable to my group of investors.”;
 - e. “In the last 2 years, I’ve only lost money on one trade (Rite Aid Drug) and ONLY because I got out too soon” [Emphasis in original];
 - f. “That’s what we’re facing with our investment. We have a decent return, but nowhere near where this investment is going to go. I was pretty confident when I told people to buy Ford and American Axle, but I [am] still as certain as I can [humanly] be that our investment will end up going up 400% - 800%”;
 - g. “In fact, if this plays out right, our investment could make over 1000%”; and
 - h. “At any rate, my wife and I have applied with local Chinese authorities to become eligible to do what our friend has done, which is to pledge to finance the construction of a new rural orphanage...I’m telling you this because any money I make from your/our investment will be part of the money spent to build this new orphanage in China and this will literally save lives.”
21. Attached to the May 2, 2010 E-mail was a purported Scottrade account statement for the Lavender Farms Account #2. The statement sets forth, among other things, that on April 30, 2010, the total account value was \$234,616.28.
 22. A review of the Scottrade records for the Lavender Farms Account #2 revealed, among other things, that:
 - a. on March 31, 2010, the Lavender Farms Account #2 had a total account value of \$413.73; and
 - b. there was no account statement for the month of April 2010 as there was no activity in the Lavender Farms Account #2.
 23. On or about May 26, 2010, Weeks sent TR an e-mail stating, among other things, the following:

Regarding our investment, we have the benefit of some hindsight now, but it's looking as though we were probably 8 to 10 months early on this trade, but now that the market is starting to de-stabilize and move downward (as we knew it eventually would), our investment is going to do better. But we've still got to be patient and let the trade work out. The biggest mistake an investor or trader can make is to get impatient and not let the trade work out.

24. A review of the Scottrade records for the Lavender Farms Account #2 revealed, among other things, that:
 - a. TR's funds were commingled with Weeks' personal and other business funds;
 - b. on June 23, 2010, a check withdrawal of \$9,848.03 was endorsed by X. Weeks; and
 - c. on June 25, 2010, a check withdrawal of \$7,240 was endorsed by X. Weeks.
25. On or about August 29, 2010, Weeks sent TR an e-mail stating, among other things, the following:
 - a. "As for the Scottrade statement, I will mail you one this week.";
 - b. "As I've mentioned before, our investment will take off like a rocket once the market really starts to break down and the market is going through that process right now."; and
 - c. "All we need to do is be patient and when the S&P breaks down to 500 our investment will be up 400% to 1000%..."
26. On or about October 2, 2010, Weeks sent TR an e-mail stating, among other things, "I will check in to the Hampton Inn at Round Rock sometime in the mid-afternoon. See you this evening [TR], I really look forward to visiting with you."
27. On or about October 2, 2010, Weeks, on behalf of Lavender Farms, executed a promissory note with TR stating, among other things, the following:

FOR VALUE RECEIVED, Paul Benton Weeks, as President and duly-authorized member of Lavender Farms L.L.C., promises to pay [TR] the principal sum of Two Hundred Thousand Dollars (\$200,000.00) plus one-hundred percent (100%) interest, for a total of Four Hundred Thousand Dollars (\$400,000), on or before December 31, 2011.

28. A review of the Scottrade records for the Lavender Farms Account #2 revealed, among other things, that on March 2, 2011, a check withdrawal of \$78,212.81 was endorsed by X. Weeks.
29. In or around April 2012, Weeks sent TR an e-mail (“TR E-mail”) stating, among other things, the following:
- a. “[TR], Lavender Farms LLC and I have experienced catastrophic losses. Simply stated, Lavender Farms LLC is not able to repay you the money it borrowed from you.”;
 - b. “[TR], please keep in mind a few things: although I am not personally obligated to repay you, I will do what I can to get money to you – but I will need some time to make some money.”;
 - c. “We were ‘shorting’ the banks (betting their stock prices would go down), using index funds that were leveraged 300%. This results in huge gains or huge losses. Over time, we lost big...”
 - d. “In my situation, once I lost a large portion of money, I lost my confidence...and I handed over my trading to another friend of mine and he started trading option contracts (highly, highly leveraged), including an incorrect trade-execution order that caused huge financial losses and the ship went down.”;
 - e. “Of course I never meant to incur losses. I am as disappointed and devastated as anyone by this whole situation.”
 - f. “First, Lavender Farms LLC is totally broke and so am I. Both of us can take bankruptcy. If we do, you will get absolutely nothing. Nothing.”;
 - g. “[TR], I am going to try and get you money back, but you need to understand that if you go on the attack, then I will defend myself and assert legal claims against you, too. And of course, if we fight, then I will not pay you any money – none, never.”;
 - h. “Please forgive me for having failed in making you the money you had so fervently dreamed of and hoped for.”;
 - i. “I definitely should be able to send you some money by the end of this year. Some money is better than nothing. By next year, I should be able to send you a lot more.”;
 - j. “Later this year, I will email you to confirm where I can send you some money. It may take a while, but I will periodically send you money. Some money is better than none.”; and

- k. “You will hear from me later this year and you will get money from me if only you keep your head and not try to harass or disparage me and my family. Be smart, [TR]. Know that you cannot squeeze blood out of a turnip and that getting money in installments over time is still a whole lot better than getting absolutely nothing forever.”
30. TR has not received a return on TR’s investment and was never repaid the principal from TR’s investment.

Weeks OTR

31. On October 6, 2014, Weeks appeared before representatives of the Enforcement Section for an on-the-record examination (“Weeks OTR”), During the Weeks OTR, Weeks stated, among other things, that:
- a. Weeks has never been registered as a broker-dealer, broker-deal agent, investment adviser, or investment adviser representative;
 - b. Weeks has never been registered to sell securities in Missouri;
 - c. Lavender Farms has never been registered as a broker-dealer or investment adviser;
 - d. Lavender Farms has never registered any securities in Missouri;
 - e. Weeks never had a trading account in his life until about 2008;
 - f. until about ten years ago, Weeks had no real experience in the financial industry except for reading books about the markets;
 - g. X. Weeks and Weeks were the organizers of Lavender Farms;
 - h. Lavender Farms has never engaged in any business other than trading;
 - i. Lavender Farms’ only office was at 350 South John Q. Hammons Parkway in Springfield, Missouri;
 - j. “there was never any mention to [TR] about an LLC or investing in any company that [Weeks] had anything to do with”;
 - k. in the summer of 2009, Weeks asked KR for money to trade with;
 - l. in exchange for KR’s and TR’s money each received a promissory note;
 - m. Weeks was going to get the money necessary to pay the promissory notes by making money in the markets;

- n. Weeks told KR that KR would have direct access to the Scottrade accounts;
- o. Weeks directed KR and TR to wire the funds into Lavender Farms accounts at Scottrade;
- p. KR transferred \$250,000 to an account at Scottrade in the name of Lavender Farms in or around July 2009;
- q. TR transferred \$200,000 to an account at Scottrade in the name of Lavender Farms in or around August 2009;
- r. Weeks had never met TR before TR transferred the money into the Lavender Farms Scottrade Account #2;
- s. After KR's and TR's funds were deposited into the Lavender Farms accounts at Scottrade, Weeks traded with the funds for a year or two;
- t. Weeks was the only person who executed trades in the Lavender Farms accounts at Scottrade;
- u. Weeks prepared the account statement attached to the May 2, 2010 E-mail;
- v. the account statement was supposed to be an account statement for the Scottrade account ending in 3683 on April 30, 2010;
- w. "You know, I just tried to figure out what they – their money would have earned by that time and send them that...";
- x. at some point all of the monies were commingled in the Scottrade accounts and eventually Weeks started losing and a lot of money was lost;
- y. X. Weeks and Weeks had about \$300,000 of their own money commingled in the Lavender Farms Scottrade accounts;
- z. when TR's promissory note became due, Weeks had not made the 50%;
- aa. TR had told Weeks that TR's car wasn't reliable so Weeks offered to let TR use a Mercedes that Weeks owned because Weeks needed time for the trade to work out;
- bb. Weeks told TR "it looks like we need to start shopping for an SUV for you," because Weeks still needed time for everything to work out;
- cc. "...the point I was trying to make with [TR] was, you know, have confidence in me. I really believe this is going to work out. Other people do.";

- dd. contrary to the May 2, 2010 E-mail, Weeks and X. Weeks had not applied with local Chinese authorities to build a new rural orphanage;
- ee. on or around October 2, 2010, Weeks, on behalf of Lavender Farms, issued TR an extension note;
- ff. the money from the October 2, 2010, promissory note was supposed to be used to continue the trade;
- gg. the December 2010 e-mails sent to TR purportedly written by Weeks' assistant were actually written by Weeks;
- hh. Weeks wrote and sent the KR E-mail to KR;
- ii. Weeks wrote and sent the TR E-mail to TR in 2011 or early 2012;
- jj. contrary to the TR E-mail, Weeks did not actually hand over the trading to a friend;
- kk. "nobody was in my home on my computer making those trades. Nobody made trades for me anywhere else, not on any of those accounts. Nobody had access.";
- ll. Weeks made an incorrect trade execution that caused huge financial losses in which Weeks entered into 400 options contracts instead of 40;
- mm. in or around April 2011, X. Weeks withdrew about \$120,000 from the Lavender Farms Scottrade accounts and "...we lived on that money and we started this business, you know, this educational service thing that we do.";
- nn. there is no money left in the Scottrade accounts;
- oo. KR had no control over the trading that Weeks was doing;
- pp. TR had no control over the trading that Weeks was doing;
- qq. "...well, the bottom line is, I have – you know, I lost – I lost all that money.";
- rr. "And my mistake was I got so confident at what I'd been through that my confidence just continued. That's my mistake.";
- ss. "I made mistakes and I'm very, very regretful that it happened. That's about that simple."; and
- tt. Weeks has not repaid KR or TR.

Additional Findings

32. In connection with the offer and/or sale of securities, Lavender Farms and/or Weeks failed to disclose to investors, including KR and/or TR, among other things, the following:
- a. that Weeks was not registered to offer or sell securities in the State of Missouri;
 - b. that the securities were not registered in the State of Missouri;
 - c. the specific risks associated with the investment including, but not limited to, the risk associated with Lavender Farms' business and/or industry;
 - d. specific information about the investment strategy;
 - e. financial information to support the promised return on the investments;
 - f. the financial condition of Lavender Farms;
 - g. the financial condition of Weeks; and
 - h. that investment funds would be commingled with Weeks' personal and/or business funds and used to make cash withdrawals.

II. COMMISSIONER'S DETERMINATION AND FINDING

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

33. The **COMMISSIONER DETERMINES** that Lavender Farms and/or Weeks offered and/or sold securities by, among other things:
- a. soliciting investors, including KR and/or TR, to invest with Weeks and/or Lavender Farms;
 - b. providing and executing promissory notes with these investors and promising a return on their investment dependent upon the efforts of others and not on the efforts of the investors;
 - c. receiving funds to invest from these individuals; and
 - d. pooling the investor funds with Weeks' personal funds and the funds of other investors.
34. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26), RSMo. (Cum. Supp. 2013).

35. The investments that Respondents offered and/or sold constitute securities as that term is defined in Sections 409.1-102(28), RSMo. (Cum. Supp. 2013).
36. At all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for the securities offered and/or sold by Respondents.
37. Respondents 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).
38. Respondents’ conduct 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

39. The **COMMISSIONER FURTHER DETERMINES** that Weeks was a member and President of Lavender Farms.
40. Weeks offered and/or sold securities to investors on behalf of Lavender Farms by, among other things, offering and/or selling investments to investors, including KR and/or TR.
41. These activities constitute transacting business as an agent in the State of Missouri under Section 409.1-102(1), RSMo. (Cum. Supp. 2013).
42. At all times relevant, Weeks was not registered as an agent in the State of Missouri.
43. Weeks 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).
44. Weeks’ 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

45. The **COMMISSIONER FURTHER DETERMINES** that Lavender Farms employed and/or associated with Weeks, who offered and/or sold securities in the State of Missouri on behalf of Lavender Farms.
46. Lavender Farms’ activities constitute employing and/or associating with an agent in the State of Missouri under Section 409.4-402(d), RSMo. (Cum. Supp. 2013).

47. At all times relevant to this matter, Lavender Farms had no registration or granted exemption for any agents of Lavender Farms to transact business in the State of Missouri.
48. Lavender Farms employed and/or associated with Weeks, 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).
49. Lavender Farms' 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 Making an Untrue Statement, Omitting to State Material Facts or 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

50. The **COMMISSIONER FURTHER DETERMINES** that in connection with the offer, sale or purchase of a security as described above, Weeks, on behalf of Lavender Farms, omitted to state to investors, including KR and/or TR, material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Such statements and material omissions included, but were not limited to, the following:
 - a. telling KR that (1)Weeks had “the inside track on some investments”; (2) Weeks was “connected into the inner, inner sanctum of Wall Street and to some of the smartest investing professionals in the world”; (3) Weeks was making “a lot of money” investing; (4) “that this investment will at least double by the end of this year”; (5) the investment was not affected by the general condition of the stock market; (6) KR would incur no losses whatsoever; (7) Weeks would be personally responsible for any loss in this investment; (8) KR's downside was zero and KR's potential upside was unlimited; (9) KR's money would remain in the Scottrade account until the investment was closed out and Weeks sent KR the principal and profit; and/or (10) Weeks would send KR a copy of the account statement every month that would confirm that KR's money is in the account and that it is invested. These statements, in light of the circumstances under which they were made, were misleading statements because Weeks, on behalf of Lavender Farms, misrepresented or omitted to disclose the following material facts that could impact this return and the viability of KR's investment:
 - i. that Weeks was not registered to offer or sell securities in the State of Missouri;
 - ii. that the securities were not registered in the State of Missouri;

- iii. the specific risks associated with the investment including, but not limited to, the risk associated with Lavender Farms' business and/or industry;
 - iv. specific information about the investment strategy;
 - v. financial information to support the promised return on the investments;
 - vi. the financial condition of Lavender Farms;
 - vii. the financial condition of Weeks; and/or
 - viii. that investment funds would be commingled with Weeks' personal and/or business funds and used to make withdrawals;
- b. telling TR that (1) Weeks and Weeks' investment team were having great success investing in the stock market; (2) KR and TR would have separate accounts; (3) TR would have access to TR's account so TR could see the how the account was doing; (4) there was no risk; (5) TR would receive a 50% return; and/or (6) the promissory note assured TR's money was safe. These statements, in light of the circumstances under which they were made, were misleading statements because Weeks, on behalf of Lavender Farms, misrepresented or omitted to disclose the following material facts that could impact this return and the viability of TR's investment:
- i. that Weeks was not registered to offer or sell securities in the State of Missouri;
 - ii. that the securities were not registered in the State of Missouri;
 - iii. the specific risks associated with the investment including, but not limited to, the risk associated with Lavender Farms' business and/or industry;
 - iv. specific information about the investment strategy;
 - v. financial information to support the promised return on the investments;
 - vi. the financial condition of Lavender Farms;
 - vii. the financial condition of Weeks; and/or
 - viii. that investment funds would be commingled with Weeks' personal and/or business funds and used to make withdrawals.

51. The **COMMISSIONER FURTHER DETERMINES** that in connection with the offer, sale or purchase of a security as described above, Weeks, on behalf of Lavender Farms,

engaged in an act, practice or course of business that would operate as a fraud or deceit upon investors, including KR and/or TR, by, among other things:

- a. commingling investor funds with Weeks' personal and other business funds and using investor funds to make withdrawals;
 - b. sending TR the TR E-mail in or around April 2012, indicating Weeks handed over the trading to a friend who traded highly leveraged option contracts, including an incorrect trade-execution order that caused huge financial losses, when in fact it was Weeks who made all the trades in the account including the incorrect trade execution order;
 - c. lulling KR in order to avoid or delay detection by:
 - i. sending KR a purported Scottrade account statement on or around May 3, 2010, indicating that the Lavender Farms Account #1 had increased by 27.8% to \$319,596.60, when this was not true; and/or
 - ii. sending a letter in or around 2011 in order to alleviate KR's concerns and reassure KR that Weeks was doing his best to return the funds and that Weeks would get in touch with KR on Weeks' time schedule;
 - d. lulling TR in order to avoid or delay detection by:
 - i. sending TR a purported Scottrade account statement on or around May 2, 2010, indicating that the Lavender Farms Account #2 balance had increased by 17.3% to \$234,616.28, when this was not true;
 - ii. sending TR an e-mail on or about May 26, 2010, indicating that "the market is starting to de-stabilize and move downward" and "our investment is going to do better. But we've still got to be patient and let the trade work out. The biggest mistake an investor or trader can make is to get impatient and not let the trade work out.";
 - iii. sending TR an e-mail on or about August 29, 2010, indicating that when the S&P breaks down "our investment will be up 400% to 1000%" and that "[a]ll we need to do is be patient."; and/or
 - iv. sending TR the TR E-mail in or around April 2012, indicating Weeks would periodically send TR money.
52. Respondents 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 engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person, in violation of Section 409.5-501, RSMo. (Cum. Supp. 2013).

53. Respondents' 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).
54. 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 be 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;
- C. Section 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, 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. \$10,000 civil penalty against each Respondent for more than one violation of Section 409.3-301, RSMo. (Cum. Supp. 2013);
- B. \$10,000 civil penalty against Weeks for more than one violation of Section 409.4-402(a), RSMo. (Cum. Supp. 2013);
- C. \$10,000 civil penalty against Lavender Farms for more than one violation of Section 409.4-402(d), RSMo. (Cum. Supp. 2013); and

- D. \$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, and interest at the rate of 8% per year from the date of the violation causing the loss and/or to disgorge any profits arising from the violation of Sections 409.3-301, 409.4-402, 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 FIFTEENTH DAY OF JANUARY, 2015.



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:)
)
LAVENDER FARMS, LLC; and)
PAUL BENTON WEEKS III, Individually)
and doing business as Lavender Farms, LLC,)
)
Respondents.)

Case No. AP-15-01

Serve: Lavender Farms, LLC)
c/o Donald Ingram, Registered Agent)
PO Box 1105)
208 Lafayette Ln.)
Branson, Missouri 65615)
)
and)
)
Paul Benton Weeks III)
400 East Walnut)
Apt. #202)
Springfield, Missouri 65806)

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

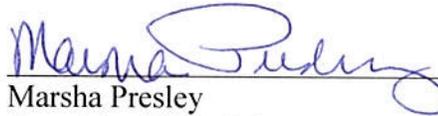
CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of January, 2015, 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:**

Lavender Farms, LLC
c/o Donald Ingram, Registered Agent
PO Box 1105
208 Lafayette Ln.
Branson, Missouri 65615

and

Paul Benton Weeks III
400 East Walnut
Apt. #202
Springfield, Missouri 65806



Marsha Presley
Securities Office Manager