

State of Missouri  
Office of Secretary of State

Case No. AP-05-24

IN THE MATTER OF:

GLOBAL POWER GLOBAL WEALTH ENTERPRISES LLC;  
GLOBAL WEALTH INVESTMENTS, LLC;  
GLOBAL WEALTH INVESTMENT GROUP LLC;  
OPPORTUNITY LIVES, LLC;

Serve all above at:

Andre E. Mitchell  
Registered Agent  
4144 Lindell Blvd, Suite 504  
St. Louis, Missouri 63108

ANDRE E. MITCHELL  
HENRY ALLEN  
TONI MITCHELL

Serve the above three (3) Respondents at:

4144 Lindell Blvd, Suite 504  
St. Louis, Missouri 63108

MINNIE MITCHELL  
MICHAEL A. ALLEN  
ROLANDA ALLEN  
ANNETTE JOHNSON  
WALTER LEE  
SHEILA NAPOLEON  
GEORGE WATKINS

Serve the above seven (7) Respondents at:

3011 Rainbow Drive, Suite 104  
Decatur, Georgia 30034-1673

KOHRAN DEY (a/k/a CORWIN L. RICE);

Serve at:

975 Harlan  
St. Louis, Missouri 63147

JONATHAN PULPHUS;

Serve at:

12012 Rosado Drive  
Spanish Lake, Missouri 63138

NICK MORRIS; and

Serve at:

1996 Baxter Road  
Chesterfield, Missouri 63017

KWAME BOOKER;

Serve at:

9912 Castle Drive  
St. Louis, Missouri 63136

ERIC BOYD;

*Respondents.*

**FIRST AMENDED ORDER TO CEASE AND DESIST**

On the 29<sup>th</sup> day of October 2005, Patrick T. Morgan, Deputy Chief Counsel and Renee T. Slusher, Senior Protection Counsel for the Securities Division, submitted an Amended Petition for an Order to Cease and Desist. After reviewing the amended petition, the Commissioner issues the following findings of fact, conclusions of law and order:

## **I. FINDINGS OF FACT**

### ***A. The Respondents***

1. Global Power Global Wealth Enterprises, LLC ("GPGW"), is a company operating in the State of Missouri with a business address of 4144 Lindell Blvd, Suite 504, St. Louis, Missouri 63108. GPGW purportedly engages in the business of offering consultation and business training for individuals and small businesses.
2. Global Wealth Investments, LLC ("GWIZ"), is a company that transacted business in the State of Missouri and an alleged subsidiary of GPGW. GWIZ had a business address of 4144 Lindell Blvd, Suite 504, St. Louis, MO 63108. GWIZ purportedly engaged in the business of raising capital to create, develop, evaluate and manage income and investment opportunities with primary emphasis on real estate and small business ventures. On February 3, 2005, the Missouri Office of Secretary of State, Corporations Division, issued a Certificate of Termination to GWIZ.
3. Global Wealth Investment Group, LLC ("GWIZ Group"), is a company doing business in the State of Missouri and an alleged subsidiary of GPGW. It has a business address of 4144 Lindell Blvd, Suite 504, St. Louis, MO 63108. On August 19, 2005, it was created for the purpose of the purchasing, rehabilitating and reselling real estate, and, in essence, is the same entity as GWIZ.
4. Opportunity Lives, LLC ("OL"), is a company doing business in the State of Missouri. It has a business address of 4144 Lindell Blvd, Suite 504, St. Louis, MO 63108. OL is engaged in the business of marketing subscriptions to its website [www.opportunitylives.com](http://www.opportunitylives.com) which claims to be a "One Stop Wealth Building Shop" for its members.
5. Andre E. Mitchell is purportedly the President and CEO of both GPGW and GWIZ and a member of GPGW's Board of Directors. Mitchell has a business address of 4144 Lindell Blvd, Suite 504, St. Louis, Missouri 63108.
6. Henry Allen purports to be Executive Vice President, COO and a Member of GPGW's Board of Directors. His business address is 4144 Lindell Blvd., Suite 504, St. Louis, MO 63108.
7. Toni Mitchell is purportedly the current or former Chief Financial Officer, Senior Administrator, Executive Assistant and/or Member of GPGW's Board of Directors. Her business address is 4144 Lindell Blvd., Suite 504, St. Louis, MO 63108.
8. Minnie Mitchell is purportedly an Office Administrator for GPGW. Her business address is 3011 Rainbow Drive, Suite 104, Decatur, Georgia 30034-1673.
9. Jonathan Pulphus is purportedly a former Board Member and Opportunity Broker for GPGW. His home address is 12012 Rosado Drive, Spanish Lake, MO 63138.
10. Michael A. Allen is purportedly a Regional Coordinator for GPGW. His business address is 3011 Rainbow Drive, Suite 104, Decatur, Georgia 30034-1673.
11. Rolanda Allen is purportedly a Regional Coordinator for GPGW. His business address is 3011 Rainbow Drive, Suite 104, Decatur, Georgia 30034-1673.
12. Annette Johnson is purportedly an IT Support for GPGW. Her business address is 3011 Rainbow Drive, Suite 104, Decatur, Georgia 30034-1673.
13. Walter Lee is purportedly an Office Administrator for GPGW. His business address is 3011 Rainbow Drive, Suite 104, Decatur, Georgia 30034-1673.
14. Eric Boyd is purportedly a Regional Coordinator for GPGW. He works in Los Angeles, California.
15. Shelia Napoleon is purportedly a Regional Coordinator for GPGW. Her business address is 3011 Rainbow Drive, Suite 104, Decatur, Georgia 30034-1673.
16. George Watkins is purportedly a Regional Coordinator for GPGW. His business address is 3011 Rainbow Drive, Suite 104, Decatur, Georgia 30034-1673.
17. Kohran Dey, a/k/a Corwin Rice, is purportedly a former Real Estate Contractor for GPGW. His home address is 975 Harlan, St. Louis, MO 63147.
18. Nick Morris is purportedly a former Regional Coordinator for GPGW. His home address is 1996 Baxter Road, Chesterfield, Missouri, 63017.
19. Kwame Booker is purportedly a former Executive Administrator for GPGW. His home address is 9912 Castle Drive, St.

## ***B. Procedural History***

20. In early September 2004, and thereafter during the course of Petitioner's investigation, the Missouri Securities Division received information that indicated that the Respondents had issued, offered or sold unregistered securities in the State of Missouri.
21. On September 17, 2004, the Securities Division sent a letter of inquiry to Respondents GPGW, GWIZ and Andre Mitchell that requested a claim of exemption from registration or exception from definition upon which it relied in allegedly offering unregistered securities or any claim that the securities were federal covered securities.
22. On October 14, 2004, the Division sent a second request letter of inquiry requesting the same information as contained in the September 17, 2004 letter.
23. On October 27, 2004, Respondent Andre Mitchell responded to the Division's October 14th letter. The response appeared on GPGW stationery. In his response, Mitchell stated that they had been offering, "promissory notes . . . to [their] friends and family members through a private placement memorandum." Mitchell also stated that no further offerings would be made until they received "clarification on what actions need to be taken."
24. In response to the Division's request for the registration or definitional exemption under which the securities were being offered, Mitchell referred only to United States Securities and Exchange Commission Rule 504 ("SEC Rule 504").<sup>1</sup> Specifically, Mitchell wrote that the offering was being, "conduct[ed] through a private placement memorandum under Rule 504 of Regulation D as a debt offering for less than \$1,000,000 in a single year."
25. In his response to the Division's request for any promotional material used in connection with the offer or sale of securities in the State of Missouri, Mitchell attached a copy of a "Private Placement Memorandum," which is described in more detail below.
26. On May 26, 2005, Petitioner filed its Petition for Order to Cease and Desist against Respondents GPGW, GWIZ and Andre Mitchell. Petitioner alleged that the Respondents had engaged in illegal activity under the Missouri Securities Act, Chapter 409, RSMo, to wit:
  - a. They offered and sold nonexempt, unregistered securities in the State of Missouri in the form of promissory notes;
  - b. They omitted to state material facts in connection with the sale of security; and
  - c. They made untrue statements of material facts in connection with the sale of security.
27. On May 31, 2005, Commissioner of Securities, David B. Cosgrove, entered an Order to Cease and Desist based upon the allegations contained in the Petition. The Order stated that Respondents, their agents, employees and servants were prohibited from:
  - a. Offering or selling promissory notes in the State of Missouri unless the securities were registered with the Securities Division of the Office of the Secretary of State in accordance with Â§ 409.3-304, RSMo Cum. Supp. 2004 and
  - b. Making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading, in connection with the offer or sale of the promissory notes.
28. On June 20, 2005, Respondents, by and through their attorney, Herman L. Jimerson, filed a request for hearing. On August 3, 2005, Respondents filed their Answer to the Petition and denied the allegation of statutory violation contained in Counts I, II and III.
29. On September 7, 2005 and September 9, 2005, Petitioner received Respondents' Answers to Petitioner's Interrogatories and deposed Respondent Andre Mitchell, respectively.

## ***C. The "Private Placement Memorandum"***

### ***1. The "Private Investment Offering"***

30. The "Private Placement Memorandum" ("PPM") produced by Respondent Andre Mitchell summarizes GWIZ's "private investment offering" of "Unsecured Promissory Notes."<sup>2</sup>
31. According to the PPM, GWIZ wanted to raise \$750,000 in debt refinancing via eight (8) classes of high yield senior unsecured notes and use the proceeds to acquire, renovate, and redevelop real estate and to pay commissions and fees tied to the acquisition, development and marketing of the properties.

32. GPGW maintained at least three (3) other Private Placement Memorandum that were tailored to investing in OL, GPGW and a new business venture, Gaming House.
33. Page 2 of the PPM, stated that, "Our Firm [GWIZ], in conjunction with the St. Louis Land Reutilization Agency and Urban Redevelopment plan have negotiated an aggressive real estate investment and development project involving the purchase, renovation and redevelopment of 100 city-owned properties over the next 24 months." It further stated that, "Most of the properties we are acquiring from the city are 70-85% below Market Value and able to resale or worst case "equity-harvest" for a profit of \$20K or more per property, yielding a cash-on-cash return for us of 500% or greater."
34. According to Respondent Andre Mitchell's Answers to Petitioner's Interrogatories and his deposition, GPGW and its related entities never seriously negotiated nor contracted with the St. Louis Land Reutilization Authority for the purchase of real estate.
35. Page 2 of the PPM also states, "We are negotiating the purchase of an entire block of homes, 25 home sites and 4 lots, for \$250,000."
36. According to Respondent Andre Mitchell's deposition, GPGW and its related entities never seriously negotiated the purchase of an entire block of homes.
37. Page 3 of the PPM provides a chart that explains the alleged investment returns on the promissory notes. According to the chart, the promissory notes would yield investment returns of 500% to 800% within four (4) to twenty-four (24) months on notes valued from \$4,000 to \$25,000. For example, a note purchased for \$25,000 would allegedly yield \$200,000 in twenty-four (24) months.
38. Respondents may have also offered 1% equity interest in GPGW for any investor that invested \$25,000 or more in promissory notes.
39. Pages 4 and 9 of the PPM list GPGW as GWIZ's "Company Manager" and "Issuing Agent," respectively.
40. Page 12 of the PPM lists four (4) properties GWIZ claims were "RECENT REAL ESTATE DEALS" with corresponding gross profits allegedly generated from the purchase and resale of each property.
41. According to Respondent Andre Mitchell's deposition, neither GPGW nor any of its related entities ever possessed title to the above four (4) mentioned properties.
42. The PPM contains additional misstatements, omissions and exaggerations. Further, GPGW's other PPMs contain similar misstatements, omissions and exaggerations, including, but not limited to:
  - a. A statement that GPGW used \$250,000 raised in equity and debt financing to finance early stage small cap businesses and to purchase real estate;
  - b. A statement to potential investors that their principal would always be secure;
  - c. A statement to potential investors that they would have full access to their principal after April 25, 2005;
  - d. A statement that GPGW was often able to acquire, develop and resell property within a matter of weeks due to pre-negotiated rates; and
  - e. A statement that GPGW is participating in similar real estate programs in Atlanta, New Orleans, Texas and California.
43. All of GPGW's PPMs failed to contain the following relevant information:
  - a. a set of financial statements for GPGW or any related entity;
  - b. any information regarding GPGW or any related entity's current or financial condition; or
  - c. the operating history of GPGW or any related entity.
44. According to Respondent Andre Mitchell's deposition, neither GPGW nor any of its related entities have ever prepared a cash flow or income statement.
45. According to Respondent Andre Mitchell's deposition, the "Risk Factors" contained in the PPM were copied and pasted from a website that provided templates for PPMs.

## ***2. The Means of Offering the "Unsecured Promissory Notes"***

46. Page 3 of the PPM contains this statement: "Notes will be offered by means of this Confidential Private Placement Memorandum (PPM) with no minimum offering and a maximum total of Seven Hundred Fifty Thousand Dollars (\$750,000) in Unsecured Promissory Notes."

47. Page 4 of the PPM contains this statement: "Receipt of this overview is not an offer to sell, nor a solicitation to buy any security."

48. Page 10 of the PPM reads, in part, as follows:

**SUBSCRIPTION AGREEMENT  
FOR  
GLOBAL WEALTH INVESTMENTS (GWIZ)  
(PLEASE RETURN PAGES 10-11 WITH YOUR PAYMENT)**

If you are interested in purchasing unsecured Promissory Notes... of Global Wealth Investments (the "Company"), you must:

- a) Complete this Subscription Agreement (the "Agreement");
- b) Provide a cashiers check or money order (unless a wire transfer is being sent) made payable to **GPGW Enterprises** as impound agent for the company;
- c) Deliver both the Agreement and payment to:

Impound Agent:

GPGW Enterprises  
Fbo (for-benefit-of) Global Wealth Investments

Attention:

Mr. Andre Mitchell  
President & CEO

Address:

4144 Lindell, Suite 504  
St. Louis, MO 63108

(Emphases in original.)

49. In response to the Division's request for a statement of how the Respondents identified the offerees and their suitability for the offering, Respondent Mitchell wrote the following:

With the exception of the few investors that were contacted on our behalf through Venture Capital Connections, [ <sup>3</sup> ] everyone was either a relative or friend of one of our directors, staff or executives and contacted through our warm market resources via telephone or email. We also received referrals of other lesser known family members or friends through these initial contacts. . . .

50. According to Respondent Andre Mitchell's Answers to Petitioner's Interrogatories and his deposition, GPGW paid Venture Capital Connections \$2,500 for consultation on its PPM and to help GPGW find investors.
51. According to Respondent Andre Mitchell's Answers to Petitioner's Interrogatories and his deposition, Respondents paid "finders fees" or commissions to himself and eleven (11) other individuals, to wit: Henry Allen, Sheila Napoleon, George Watkins, Rolanda Allen, Michael Allen, Eric Boyd, Minnie Mitchell, Kohran Dey, Nick Morris, Kwame Booker and Jonathan Pulphus (hereinafter referred to as "Respondent Agents").
52. GPGW paid its Respondent Agents commissions of at least 2.5% for revenue generated up to \$49,000 and 5% for revenue generated above \$49,000. Also, GPGW held a competition wherein it paid its top agent 10% commission for money generated through the sale of the promissory notes.
53. According to Respondent Andre Mitchell's deposition, GPGW and its related entities only provided potential investors with a copy of the PPM, and, upon request, "mini-bios" of the management team, an executive summary and/or a projected Profit and Loss Statements for 2004-2005.
54. According to Respondent Andre Mitchell's deposition, GPGW, through its subsidiary, OL, would host "money parties," in Missouri and six (6) other states. During the party, guests were informed that they could attend a "business opportunity meeting" the following day wherein the guests were given information about the purchase of promissory notes. Individuals invited to the party could bring additional guests.
55. In May or June, 2005, GPGW claims it stopped offering promissory notes. GPGW informed investors holding promissory notes that they could elect to join an "investment group" called Global Asset Management and Multiplier Account Fund (GAMMA) or withdraw their investment and receive their principal plus 10% interest.
56. GPGW continues to offer its promissory notes, through the auspices of its GAMMA "investment group." The only change is that the payout on the security is extended from six months to two (2) years and, rather than an investor receiving a lump sum interest payment, he or she will allegedly receive interest payments over a two (2) year period.
57. At least sixty-six (66) individuals with Missouri addresses were offered or sold promissory notes with a minimum total investment of \$275,000.

58. At least, one hundred and forty-seven (147) persons have purchased promissory notes through GPGW or related entities with a minimum total investment of \$320,000.
59. After the Commissioner's May 31, 2005 Cease and Desist Order, GPGW continued to offer to investors its promissory notes through its GAMMA fund.

### ***3. "Securing" the "Unsecured Promissory Notes"***

60. On page 3, the PPM makes the following representations regarding how the "Unsecured Promissory Notes" are "secured":

Your investment dollars are used to purchase and develop income producing assets—creating an asset-backed investment.... Your principal investment remains secure and will be secured by a \$1 Million surety bond we are seeking from Beach City Bonds as well as an "Et Al" first position lien on all properties acquired by Global Wealth Investments. The only thing ever at risk is the interest and steps have been taken to minimize this risk due to *our relationship with AMSTAR Mortgage* and the \$1 Million in mortgage underwriting they will provide each year in either resale mortgages or refinancing.

(Emphases added.)

61. Regarding GWIZ's "relationship with AMSTAR Mortgage," the PPM does not disclose any information regarding the following:
  - a. how to contact AMSTAR Mortgage (representative information, address, phone number, etc.);
  - b. AMSTAR Mortgage's history in participating in such agreements; or
  - c. the terms of any purported agreement between GWIZ and AMSTAR Mortgage.
62. Regarding "Beach City Bonds," the PPM contains none of the following:
  - a. a description of Beach City Bonds;
  - b. contact information (representative, address, phone number, etc.) for Beach City Bonds;
  - c. any disclosures regarding the contemplated agreement between Respondents and Beach City Bonds; or
  - d. any information on whether or when Respondents actually acquired the "\$1 Million surety bond" they were "seeking from Beach City Bonds."
63. Beach City Bonds Insurance Services, Incorporated is located at 19891 Bushard Street, Huntington Beach, California. A representative of Beach City Bonds identified herself as the president and owner of the company. This individual also identified her business as a "small surety bond agency." After researching her company's records, this representative asserted that Beach City Bonds had never been contacted by either GPGW or Andre Mitchell.
64. Regarding the "Et Al" position lien" used to secure the "principal investment," the PPM does not disclose the extent or value of the lien purportedly to be placed on the properties acquired by GWIZ, and no such lien was ever established.
65. Page 6 of the PPM states that, "We have also established a holding account where-in 25% of all real estate profits will be held to ensure the availability of funds to meet our long range obligations for those with notes of 12 months or longer."
66. According to Respondent Andre Mitchell's deposition, neither GPGW nor its related entities: 1) obtained \$1 Million in mortgage refinancing from AMSTAR; 2) established an account separating out 25% of its profits; or 3) contracted with Beach City Bonds for a surety bond or obtained a surety bond from any other entity.

### ***4. "Use of Offering Proceeds"***

67. Page 3 of the PPM has a section titled "Use of Offering Proceeds." Among other things, it states that, "Proceeds from the Offering will be used to acquire the properties and real assets outlined above as well as for renovation and redevelopment costs." The PPM does not disclose that, according to the Form D filed with the SEC, GPGW only intended less than half of the offering proceeds (\$350,000 or 46% of the \$750,000 offering proceeds) to go toward the "Purchase of real estate."
68. Page 9 of the PPM states that, "Use of Proceeds: Investment and working capital" (emphasis added). The PPM does not disclose that according to the Form D filed with the SEC, GPGW intended less than 15% of the offering proceeds (\$105,000 or 14% of the \$750,000 offering proceeds) to go toward "Working capital."
69. Further, the PPM does not disclose that, according to the Form D filed with the SEC, GPGW intended that \$150,000 (20% of the \$750,000 offering proceeds) would go toward "Salaries and fees."
70. According to Respondent Andre Mitchell's deposition, GPGW and its related entities made business loans to entrepreneurs

with part of the promissory note proceeds.

71. According to Respondent Andre Mitchell's deposition, GPGW entered into three (3) or four (4) written loan contracts and twelve (12) to twenty-four (24) "verbal [agreement] and a handshake" with entrepreneurs amounting to a total investment of approximately \$80,000 and \$40,000, respectively.
72. According to Respondent Andre Mitchell's deposition, GPGW paid back some investors with money it received from its various "revenue streams," which include: a) the sale of promissory notes; b) the sale of subscriptions to its website, opportunitylives.com; c) its business consulting service; and d) its financial seminars program. However, GPGW did not separate how much money it received from each "revenue stream"
73. Further, according to Respondent Andre Mitchell's deposition, GPGW has not paid back any investor with money it has received from the purchase and resale of real property.
74. On July 1, 2005, GPGW mailed a letter to all investors titled "Private Investment Group Delayed Payout & Restructure Letter." GPGW states it sent the letter due to its: 1) failure to fully fund its promissory note offerings; 2) personnel turnover and related issues; and 3) organizational and administrative problems.
75. The letter allowed the investors to elect to either withdraw their money or join the GAMMA "investment group which is discussed in more detail in paragraphs 55 and 56 above.
76. The letter provided new dates when GPGW would allegedly make payouts on the promissory notes. However, GPGW has been unable to fully comply with these new dates.
77. In the course of investigating the Respondents, the Division spoke with several investors who have not received a return on their investment, including one (1) Missouri resident who "invested \$20,000 in GWIZ." This investor stated that:
  - a. Respondent Andre Mitchell "sold" him the "investment package"; and
  - b. He was told that only the interested owed, not his principal investment, would be at risk.
78. According to Respondent Andre Mitchell's deposition, neither GPGW nor any of its related entities ever received profits from the purchase or resale of real estate.
79. According to Respondent Andre Mitchell's deposition, all promissory notes were issued by GPGW and all monies and business records were commingled.

#### **D. Additional Factual Allegations**

80. This Amended Order to Cease and Desist is in the public interest.

### **III. STATUTORY PROVISIONS**

81. Section 409.3-301, RSMo Cum. Supp. 2004 reads as follows:

It is unlawful for a person to offer or sell a security in this state unless:

  - (1) The security is a federal covered security;
  - (2) The security, transaction, or offer is exempted from registration under sections 409.2-201 to 409.2-203; or
  - (3) The security is registered under this act.
82. Section 409.1-102(26), RSMo Cum. Supp. 2004, defines "sale" to include "every contract of sale, contract to sell, or disposition of, a security or interest in a security for value." That same section defines "offer to sell" as "every attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value."
83. Section 409.1-102(28), RSMo Cum. Supp. 2004 includes "any note" within the definition of a security.
84. Neither the Missouri Securities Act of 2003 nor the Missouri Code of State Regulations pursuant to Â§ 409.2-203<sup>4</sup> recognize an offering under SEC Rule 504 in Missouri as either (1) a federal covered security or (2) a security, transaction, or offer exempted from registration under sections Â§Â§ 409.2-201 to 409.2-203.
85. Section 409.5-501, RSMo Cum. Supp. 2004 reads as follows:

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

  - (1) To employ a device, scheme, or artifice to defraud;
  - (2) To make an untrue statement of a material fact or to omit state a material fact necessary in

order to make the statement made, in the light of the circumstances under which it is made, not misleading; or

(3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

86. Section 409.5-503(a) reads as follows: "In a[n] . . . administrative proceeding under this act, a person claiming an exemption, exception, preemption, or exclusion has the burden to prove the applicability of the claim."

87. Section 409.4-402(d) provides that it is unlawful for any issuer engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of the issuer, unless the individual is registered or exempt from registration.

88. Section 409.4-403(a) provides that it is unlawful for a person to transact business in this state as an investment adviser unless the person is registered as an investment adviser or is exempt from registration.

89. Section 409.4-402(a) provides that it is unlawful for an individual to transact business in this state as an agent unless the individual is registered or is exempt from registration.

90. Section 409.6-604(a) reads as follows:

If the commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act . . . the commissioner may:

(1) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act . . . .

91. Section 409.6-604(b) reads as follows:

An order under subsection (a) is effective on the date of issuance. . . . If a person subject to the order does not request a hearing and none is ordered by the commissioner within thirty days after the date of service of the order, the order becomes final as to that person by operation of law.

92. Section 409.6-604(c) reads in part as follows: "The final order may make final, vacate, or modify the order issued under subsection (a)."

93. Section 409.6-604(d) reads as follows: "In a final order under subsection (c), the commissioner may impose a civil penalty up to one thousand dollars for a single violation or up to ten thousand dollars for more than one violation."

94. Section 409.6-604(e) reads as follows: "In a final order, the commissioner may charge the actual cost of an investigation or proceeding for a violation of this act . . . . These funds may be paid into the investor education and protection fund."

95. Section 409.6-604(g) provides that:

a. If a person does not comply with an order under this section, the commissioner may petition a court of competent jurisdiction to enforce the order . . . [i]f the court finds, after service and opportunity for hearing, that the person was not in compliance with the order, the court may adjudge the person in civil contempt of the order. The court may impose a further civil penalty against the person for contempt in an amount not less than five thousand dollars but not greater than one hundred thousand dollars for each violation and may grant any other relief the court determines is just and proper in the circumstance.

## **IV. STATUTORY VIOLATIONS**

### ***Count I:***

#### ***Offering or Selling Nonexempt, Unregistered Securities***

96. Respondents violated Â§ 409.3-301 when they offered or sold securities in Missouri without the securities being (1) a federal-covered security, (2) exempt from registration under Â§Â§ 409.2-201 or 409.2-202, or (3) registered under the Missouri Securities Act of 2003 when they offered or sold promissory notes to the individuals.

97. The "promissory notes" qualify as "securities" under Â§ 409.1-102(28), RSMo Cum. Supp. 2004.

98. Respondents' actions for offering the promissory notes to their alleged "friends and family members" is an "attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value," which satisfies the definition of "offer to sell" under Â§ 409.1-102(26), RSMo Cum. Supp. 2004.

99. Respondents' document titled "GPGW Private Placement Offering" represents that Missouri individuals "invested" with

GPGW and this satisfies the definition of "sale" under Â§ 409.1-102(26), RSMo Cum. Supp. 2004.

100. At all times relevant to this petition the records maintained by the Missouri Commissioner of Securities contained no registration, granted exemption or notice filing indicating status as a "federal covered security" for any of the securities allegedly issued, offered or sold by Respondents in Missouri.
101. At all times relevant to this petition, Respondents were not registered to offer or sell securities in the State of Missouri.

***Count II:***

***Omitting to State Material Facts in Connection with the Sale of a Security***

102. Respondents GPGW, GWIZ, GWIZ Group, OL and Andre Mitchell violated Â§ 409.5-501(2) when, in connection with the offer and sale of promissory notes, they omitted to state in the PPM the following material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading:
  - a. any information regarding the financial condition of GPGW or its related entities;
  - b. the operating history of GPGW or its related entities;
  - c. accurate information regarding their personal background and experience;
  - d. any information regarding the internal structure of GPGW and its related entities, including record keeping, management structure, and commingling of funds and debt;
  - e. information regarding their true involvement with the St. Louis Land Reutilization Agency and Urban Redevelopment Plan, Venture Capital Connections, AMSTAR Mortgage, Beach City Bonds, and the operating history of each of these entities;
  - f. an accurate account of their additional efforts to "secure" the "principal investment" of their investors, including the 25% holding account;
  - g. information regarding their actual past real estate investment endeavors;
  - h. the true nature of their intended and actual use of the promissory note proceeds, including, but not limited to, using the money to pay back other investors, payment of salaries, commissions and related benefits, and lending money to entrepreneurs without a written contract;
  - i. accurate information regarding their investment ventures in other states;
  - j. the true nature of the "risk factors" to investors; and
  - k. information regarding their payment history to investors.

***Count III:***

***Making an Untrue Statement of a Material Fact in Connection with the Sale of a Security***

103. Respondents GPGW, GWIZ, GWIZ Group, OL and Andre Mitchell violated Â§ 409.5- 501(2) when, in connection with the offer and sale of promissory notes issued by GWIZ, they made an untrue statement of material fact when they falsely represented in the PPM:
  - a. the nature of their relationship with the St. Louis Land Reutilization Agency and Urban Redevelopment Plan, Venture Capital Connections, AMSTAR Mortgage, and Beach City Bonds;
  - b. that they had established a 25% holding account;
  - c. that GWIZ was "seeking" a "\$1 Million surety bond . . . from Beach City Bonds;"
  - d. that they were seriously negotiating real estate contracts and purchasing and reselling real estate with proceeds generated by issuing promissory notes;
  - e. that they had previously bought and sold real estate for a profit;
  - f. how they intended, and actually used, the promissory note proceeds;
  - g. the information regarding their investment ventures in other states;
  - h. the "risk factors" to investors; and
  - i. the amount of return on investment paid on the promissory notes.

***Count IV***  
***Issuer Offering Securities through Unregistered Agents***

104. Respondents GPGW, GWIZ and OL violated Â§ 409.4-402(d), when they acted as an issuer offering or selling securities in this state and associated with unregistered agents who transacted business in this State on their behalf.
105. Respondents GPGW, GWIZ and OL contracted with Andre Mitchell, Henry Allen, Toni Mitchell, Minnie Mitchell, Jonathan Pulphus, Michael Allen, Rolanda Allen, Annette Johnson, Walter Lee, Sheila Napoleon, George Watkins, Kohran Day, Nick Morris and Kwame Booker to offer and sell promissory notes in the State of Missouri.
106. At all times relevant to this petition the records maintained by the Missouri Commissioner of Securities contained documentation that Andre Mitchell, Henry Allen, Toni Mitchell, Minnie Mitchell, Jonathan Pulphus, Michael Allen, Rolanda Allen, Annette Johnson, Walter Lee, Sheila Napoleon, George Watkins, Kohran Day, Nick Morris and Kwame Booker were never registered agents in the State of Missouri pursuant to Â§ 409.4-402.

***Count V***  
***Acting as an Unregistered Agent***

107. Respondents Andre Mitchell, Henry Allen, Toni Mitchell, Minnie Mitchell, Jonathan Pulphus, Michael Allen, Rolanda Allen, Annette Johnson, Walter Lee, Sheila Napoleon, George Watkins, Kohran Day, Nick Morris and Kwame Booker (Respondent Agents) transacted business in this State as an "agent" defined in Â§409.1-102 (1).
108. At all times relevant to this petition the records maintained by the Missouri Commissioner of Securities contained documentation that Respondent Agents were never registered agents in the State of Missouri pursuant to Â§ 409.4-402 .
109. Respondent Agents represented GPGW and its related entities with respect to an offer or sale of securities.
110. Respondent Agents offered and sold unregistered, non-exempt securities in this State. The securities offered and sold by Respondent Agents were not federal covered securities.
111. Respondent Agents received compensation based directly or indirectly upon the offer or sale of said securities.

***Count VI***  
***Acting as an Unregistered Investment Adviser***

112. At all time relevant, Respondent Andre Mitchell transacted and continues to transact business in Missouri as an investment adviser in violation of Â§ 409.4-403(a) as defined by Â§ 409.1-102(15).
113. At all times relevant to this petition the records maintained by the Missouri Commissioner of Securities contained documentation that Respondent never registered as an investment adviser in the State of Missouri pursuant to Â§ 409.4-403.
114. Respondent Andre Mitchell conducted seminars and hosted a television show regarding budgeting, debt reduction and management, and general financial and wealth building principles wherein the definition and use of stocks, mutual funds and different investment vehicles were discussed.
115. Respondent Andre Mitchell has received compensation for these seminars.

**V. 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

- A. offering or selling securities, including notes, bonds or any other securities as defined by Â§ 400.9-102(23) 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 Â§ 409.3-304; and
- B. violating or materially aiding in any violation of Â§ 409.5-501 by, in connection with the offer or sale of securities, including notes, bonds or any other securities as defined by Â§ 400.9-102(23), making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading.

**IT IS FURTHER ORDERED** that, pursuant to Â§ 409.6-604(d), the Commissioner will determine whether to grant the Enforcement Division's petition for an imposition of a civil penalty of ten thousand dollars (\$10,000) against each Respondent GPGW, GWIZ and OL, jointly and severally, for the violation of Â§ 409.4-402 (d), in a final order after hearing.

**IT IS FURTHER ORDERED** that, pursuant to Â§ 409.6-604(d), the Commissioner will determine whether to grant the Enforcement Division's petition for an imposition of a civil penalty of ten thousand dollars (\$10,000) against each Respondent Andre

Mitchell, Henry Allen, Toni Mitchell, Minnie Mitchell, Jonathan Pulphus, Michael Allen, Rolanda Allen, Annette Johnson, Walter Lee, Sheila Napoleon, George Watkins, Kohran Day, Nick Morris and Kwame Booker, jointly and severally, for the violation of Â§ 409.4-402(a), in a final order after hearing.

**IT IS FURTHER ORDERED** that, pursuant to Â§ 409.6-604(d), pursuant to Â§ 409.6-604(d), the Commissioner will determine whether to grant the Enforcement Division's petition for an imposition of a civil penalty of ten thousand dollars (\$10,000) against Respondent Andre Mitchell for the violation of Â§ 409.4-403(a), in a final order after hearing.

**IT IS FURTHER ORDERED** that, pursuant to Â§ Â§409.6-604(g), the Commissioner in a final order after hearing will determine if it will petition a court of competent jurisdiction to enforce its May 31, 2005 Cease and Desist Order and/or this First Amended Order, wherein the petition will ask that the applicable Respondents be found in civil contempt of said Order(s) and further requesting that a civil penalty be imposed against each Respondent in an amount not less than five thousand dollars (\$5,000) but not greater than one hundred thousand dollars (\$100,000) for each violation of said Order(s) and grant such other relief as the court may deem just and proper under the circumstances, including, but not limited to:

- i. Place GPGW and its related entities into receivership;
- ii. Require GPGW and its related entities to produce an accounting of all assets and liabilities;
- iii. Freeze appropriate bank accounts;
- iv. Prevent the sale or transfer of any personnel or real property of Respondents until further order of the court; and
- v. Order Respondents to pay restitution to all investors.

**IT IS FURTHER ORDERED** that, pursuant to Â§ 409.6-604(e), the Commissioner will determine whether to grant the Enforcement Section's petition and charge Respondents, jointly and severally, the costs of the investigation in this matter with such payment to be paid into the Investor Education and Protection Fund in a final order after hearing.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 12<sup>TH</sup> DAY OF OCTOBER, 2005.

ROBIN CARNAHAN  
SECRETARY OF STATE

(Signed/Sealed)  
DAVID B. COSGROVE  
COMMISSIONER OF SECURITIES

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<sup>1</sup> SEC Rule 504 exempts from the federal registration requirements of the Securities Act of 1933 offers or sales of securities having, among other things, an aggregate offering price of \$1 million or less in 12 months. 17 CFR Â§ 230.504.

<sup>2</sup> The cover of the PPM reads "UPDATED COPY AS OF August 15, 2004."

<sup>3</sup> "Venture Capital Connections" is a limited liability company registered with Missouri.

<sup>4</sup> Section 409.2-203, RSMo Cum. Supp. 2004, reads in pertinent part as follows: "A . . . rule adopted or order issued under this act may exempt a security, transaction, or offer; a rule under this act may exempt a class of securities, transactions, or offers from any or all of the requirements of sections 409.3-301 to 409.3-306 and 409.5-504 . . . ."