

State of Missouri
Office of Secretary of State

Case No. AP-10-09

IN THE MATTER OF:

PAUL E. BURKEMPER, CRD #2222925,
ILYA VISHNEVETSKY,
I. P. HOLDING, L.L.C., and
VSR FINANCIAL SERVICES, INC.,
CRD #14503

Respondents.

Serve:

Paul E. Burkemper
6 West Geyer Lane
St. Louis, Missouri 63131

Ilya Vishnevetsky
611 Westwood Apartments 1
St. Louis, Missouri 63105

I.P. Holding, L.L.C.
10825 Watson Road
St. Louis, Missouri 63105

VSR Financial Services, Inc.
8620 W. 11th Street 200
Overland Park, KS 66210-9651

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

On February 16, 2010, the Enforcement Section of the Securities Division of the Office of Secretary of State (the "Enforcement Section"), through the Securities Division's Chief Enforcement Counsel, Nathan Soendker, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties and Costs Should Not Be Imposed and Petition for Order Revoking Respondent Paul E. Burkemper's Agent Registration. After reviewing the petition, the Commissioner issues the following findings of fact, conclusions of law and order:

I. FINDINGS OF FACT

1. Paul Burkemper ("Burkemper") is a Missouri-registered agent with a last known address of 6 West Geyer Lane, St. Louis, Missouri 63131, and is registered through the Central Registration Depository System ("CRD") with CRD number 2222925. Burkemper conducted business at 10825 Watson Road Suite 100, St. Louis, Missouri 63127. Burkemper was affiliated with VSR Financial Services, Inc. ("VSR"), as a Missouri-registered agent from May 2004 to August 2009. Burkemper is currently a Missouri-registered agent of National Planning Corporation, 401 Wilshire Boulevard, Suite 1100, Santa Monica, California 90401, which is registered through the CRD with CRD number 29604.
2. Ilya Vishnevetsky ("Vishnevetsky") is an individual with a last known address of 411 Westwood Apartment 1, St. Louis, Missouri 63105. Vishnevetsky is not registered through the CRD.
3. I.P. Holding, L.L.C. ("IP Holding") is a Missouri limited liability company with a certificate of organization dated May 9, 2006. The articles of organization state IP Holding was created to form, among other things, "an investment and consulting firm." Burkemper and Vishnevetsky are listed as the two organizers of IP Holding.
4. VSR is a Missouri-registered broker-dealer with an address of 8620 W 110th Street 200, Overland Park, Kansas, 66210-9651. VSR has a CRD number of 14503.
5. On or before April 23, 2008, through approximately July 7, 2008, Burkemper and Vishnevetsky conducted business as a partnership known as "Select Auto." Based on evidence obtained by the Enforcement Section, Select Auto purchased automobiles in the United States for resale in Russia.
6. As used herein, the term "Respondents" refers to Burkemper, Vishnevetsky, IP Holding and VSR.

7. The Enforcement Section, during the course of its investigation, determined that between August 2006 and March 2008, Burkemper and Vishnevetsky solicited at least eleven (11) residents of Arizona, California, Colorado, Florida and Missouri for investments in a Russian vodka stand venture, and those investors invested a total of one million nine hundred thousand dollars (\$1,900,000).
8. All of the eleven (11) investors believed they were investing in a vodka stand venture. The funds were either deposited or wire transferred to Burkemper's personal account or an IP Holding bank account. As of October 6, 2009, none of the eleven investors in the vodka stand venture had received any return on the investment made.
9. Among the investors who purchased IP Holding securities from Burkemper and Vishnevetsky were the following individuals:
 - a. a married couple, residents of California ("CAR1" and "CAR2"), who invested fifty thousand dollars (\$50,000) in or around October 2006; and
 - b. a resident of Colorado ("COR1"), who invested fifty thousand dollars (\$50,000) in or around August 2007.
10. In or around August 2006, Burkemper represented to CAR1 and CAR2, among other things, that:
 - a. investors would receive a trip to St. Petersburg, Russia, in late 2006 for investing in the vodka stand business;
 - b. CAR1 and CAR2 needed to act quickly so they would not miss the opportunity to invest in the vodka stand venture; and
 - c. "based upon conservative estimates investors will get their money back in 1.3 years and enjoy annualized return on investment of 25%. of course these are only projections but i implore you and [CAR1] to get on board. i would hate for you to miss the boat on this one.i really tried to look at this from all angles and I truly believe in this. i wouldn't advise you to put money into it unless i felt very confident." (errors in the original)
11. Prior to their investment, CAR1 and CAR2 asked to see a prospectus and other financial information concerning the vodka stand business on at least three different occasions. As of October 2009, CAR1 and CAR2 had not received a prospectus, business plan, or any financial information regarding the vodka stand venture from Burkemper;
12. During the solicitation of CAR1 and CAR2, Burkemper and Vishnevetsky omitted to state, among other things, the following material facts:
 - a. that the vodka stand venture was not registered in the state of Missouri;
 - b. that persons other than Burkemper and/or Vishnevetsky had ownership interest in and exercised control over IP Holding's operations in Russia;
 - c. that Burkemper had no financial control over IP Holding bank account(s);
 - d. that Burkemper and/or Vishnevetsky would receive payments prior to the investors;
 - e. that investors' money would be used to purchase automobiles for Select Auto; or
 - f. any financial information concerning IP Holding and/or the vodka stand venture.
13. During the solicitation of COR1, Burkemper made, among other things, the following representations:
 - a. that there were eight (8) vodka stands in operation at the time of COR1's investment, and that the stands made approximately six hundred dollars (\$600) per day;
 - b. that IP Holding needed additional funds to open twelve (12) additional stores;
 - c. that the operation would be able to support itself as well as begin cash flow back to investors with the opening of twenty (20) stores; or
 - d. that the existing stands "were such a success and that the retail reception was so great" that IP Holding had received an offer of five million dollars (\$5,000,000) to buy the existing stores and concept.
14. In September 2008, approximately ten (10) months after COR1 invested fifty thousand dollars (\$50,000) in the vodka stand venture, Burkemper told COR1 that "there were 10 or 12 stores open, they had locations secured for two more, that Burkemper had the financing for the remaining stores, and they should have 20 open by the spring of 2009"
15. In late December 2008, Burkemper informed COR1, among other things, that:
 - a. "IP Holding was negotiating to purchase their food supplier and they had put \$125,000 U.S. down as a ¼ down payment on the business;" and

- b. Burkemper was convinced that “this was the best possible investment [COR1] could be in”
16. Burkemper and Vishnevetsky omitted to state to COR1, among other things, the following material facts:
- that the vodka stand venture was not registered in the state of Missouri;
 - that persons other than Burkemper and/or Vishnevetsky had ownership interest in and exercised control over IP Holding's operations in Russia;
 - that Burkemper had no financial control over IP Holding bank account(s);
 - that Burkemper and/or Vishnevetsky would receive payments prior to the investors;
 - that investors' money would be used to purchase automobiles for Select Auto; or
 - any financial information concerning IP Holding and/or the vodka stand venture.
17. The Enforcement Section found that Burkemper and Vishnevetsky omitted to disclose similar material facts to the other eight (8) investors.
18. Between April 2008 and June 2008, investors' funds totaling three hundred nineteen thousand dollars (\$319,000) were transferred from the IP Holding bank account to the Select Auto bank account and used to purchase automobiles and cashier's checks payable to Select Auto. Although some investors in the vodka stand venture were aware of Select Auto, none of the investors were told that money invested into the vodka stand venture would be used by Select Auto for, among other things, the purchase of automobiles for resale in Russia.
19. Between March 16, 2009 and April 22, 2009, Burkemper and COR1 corresponded through e-mail. The e-mails indicate, among other things, the following:
- on multiple occasions, COR1 requested the following information from Burkemper regarding the vodka stand venture: (i) an original business plan; (ii) a list of investors; (iii) documents reflecting ownership percentages; (iv) certificates of ownership; (v) a schedule of amortized interest to date; (vi) name(s) of the vodka stands; (vii) addresses for each vodka stand; and (viii) tax returns for the year ending 2008; and
 - between March and April 2009, Burkemper stated to COR1 that the vodka stands were struggling due to the economy, and stated that COR1 should not have invested into the vodka stands if it would “make or break” COR1.
20. In or around March 2009, COR1 did receive a Business Plan^[1] for the vodka stand venture dated 2006; however, COR1, to date, has not received any of the other documents listed above.
21. Between April 19, 2009 and June 2, 2009, Burkemper and CAR1 corresponded through e-mail. The e-mails indicate, among other things, the following:
- Burkemper stated the vodka stand venture was in jeopardy because communications between Burkemper and Vishnevetsky had ceased and that “the failure of the vodka stand venture was not [Burkemper's] fault;”
 - Burkemper stated he would not make restitution to investors, because doing so would be taking blame for the failure of the vodka stand venture; and
 - Burkemper stated that he had taken “every precaution that [Burkemper] knew to take” regarding the vodka stand venture, and there had been, at one point, three (3) vodka stand locations in operation, but currently there were none.
22. On October 8, 2009, the Enforcement Section interviewed COR1. In the interview, COR1 stated, among other things, the following:
- ^[1]To the best of the Enforcement Section's knowledge, this business plan was only provided to COR1 in or around March 2009, approximately two (2) years after COR1 requested it. COR1 subsequently gave the same document to CAR3.
- that COR1 communicated with Burkemper through Burkemper's VSR office phone and e-mail;
 - that COR1's understanding was that the vodka stand business was related to VSR;
 - that Burkemper told COR1 that his “secretary,” Jennifer, would send requested information from the VSR office;
 - that COR1 was originally solicited by Burkemper for the vodka stands in or around July or August of 2006. However, COR1 did not invest in the vodka stand venture until 2007;
 - that between August 2006 and December 2007, Burkemper periodically updated COR1 on the vodka stand venture. Burkemper stated during this time that there had been varying offers between five million dollars (\$5,000,000) and

fourteen million dollars (\$14,000,000) to purchase the vodka stand venture; and

- f. that in December 2008, Burkemper stated to COR1 and COR2 that the vodka stand venture was “the best investment [COR1 and COR2] could have made”; however, in February 2009, Burkemper began “ignoring or berating” COR1 if COR1 requested any information regarding the vodka stand investments.
23. As part of the response to its request for information from Burkemper, the Enforcement Section received a business plan dated 2006 for the vodka stand venture. Among other things, the business plan states:
 - a. that the management of the vodka stand company includes Paul Burkemper (36.5% ownership), Ilya Vishnevetsky (25.5% ownership), Vladimir Esipovich (10% ownership), and Gleb Vidra (3% ownership);
 - b. that the company is based in St. Louis, Missouri, will open business entities in St. Petersburg, Russia, and will authorize 30 million shares of common stock;
 - c. that capital raised from investors would be held in escrow until the project was totally funded; and
 - d. that “[t]he first 1.40M of distributable cash flow plus 14% of the amount invested will be going to the investors. Should investors not receive the funds by the beginning of the [sic] year 4, investors will start to accumulate 8% of interest on the initial investment.”
 24. A review of the bank records of IP Holding, Burkemper, and Vishnevetsky show that Burkemper and Vishnevetsky received in excess of three hundred fifty thousand dollars (\$350,000) from the IP Holding bank account.
 25. A check of the records maintained by the Missouri Commissioner of Securities confirmed that there was no registration or notice filing indicating status as a “federal covered security” for the investments offered by Burkemper, Vishnevetsky and/or IP Holding.
 26. Burkemper offered and sold investments in the vodka stand venture to at least two VSR clients. Burkemper did not disclose these sales to VSR.
 27. On September 11, 2009, the Enforcement Section received VSR's response to a target request for information. The response included, among other things, the following:
 - a. A 2005 outside business activity^[2] form stating that Burkemper is involved in a real estate venture for passive income called “BRR Partnership;”^[3]
 - b. On May 16, 2006, Burkemper submitted written correspondence to VSR indicating his desire to personally invest in a foreign start-up in Russia. Burkemper also stated that he was not the managing partner. Burkemper stated that his partners were Vishnevetsky and a Florida resident. Burkemper stated, “I have no plans to solicit any money or participation of any sort, from existing clients. If circumstances change I will consult with VSR and obtain VSR approval;”
 - c. On May 18, 2006, VSR's former President and CEO replied to Burkemper that Burkemper's involvement would be approved as long as Burkemper followed the provisions in Burkemper's May 16, 2006, letter. The reply also stated, “Once you begin this OBA, please officially notify VSR by filing a revised outside business activity report which shows this new OBA;”
 - d. No new outside business activity form was filed by Burkemper;
 - e. For the years 2006, 2007, and 2008 Burkemper did not complete an outside business activity form for VSR; and
 - f. On June 2, 2009, an outside business activity form was submitted to VSR that stated Burkemper was still involved with BRR Partnership and was also involved in a “venture capital entity” called IP Holding. In an addendum to the 2009 form, Burkemper stated that IP Holding was investment-related with a business address of 10825 Watson Rd., St. Louis, MO 631. Burkemper stated that he was the President of the business that started in 2006 and his duties were to monitor the progress of investments.

^[2]In accordance with FINRA Rule 3040, prior to participating in any private securities transactions, “an associated person shall provide written notice to the [broker-dealer] member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction . . .” In the case of a transaction in which the associated person has received or may receive selling compensation, the broker-dealer must first approve or disapprove the person's participation in the proposed transaction and, if approved, “the transaction shall be recorded on the books and records of the [broker-dealer] member and the member shall supervise the person's participation in the transaction as if the transaction were executed on behalf of the member.” See *FINRA Rule 3040, adopted by SR-NASD-85-28 eff. Nov. 12, 1985, as amended.*

^[3]BRR Partnership is registered with the State of Missouri as a partnership. Burkemper is not listed as one of the

incorporating partners. BRR Partnership does not appear, to the Enforcement Section, to be related to IP Holding, Select Auto, or the vodka stand venture.

II. STATUTORY PROVISIONS

28. Section 409.1-102(1), RSMo. (Cum. Supp. 2009), defines “Agent” as “an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in effecting or attempting to effect purchases or sales of the issuer’s securities.”
29. Section 409.1-102(17), RSMo. (Cum. Supp. 2009), defines “Issuer” as “a person that issues or proposes to issue a security”
30. Section 409.1-102(26), RSMo. (Cum. Supp. 2009), 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.”
31. Section 409.1-102(28), RSMo. (Cum. Supp. 2009), defines “Security” as “a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a “security”; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.”

32. Section 409.3-301, RSMo. (Cum. Supp. 2009), states:

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

- (1) The security is a federal covered security;
- (2) The security, transaction, or offer is exempted from registration under sections 409.2-201 to 409.2-203; or
- (3) The security is registered under this act.

33. Section 409.4-402(a), RSMo. (Cum. Supp. 2009), states:

It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent under subsection (b).

34. Section 409.4-402(d), RSMo. (Cum. Supp. 2009), states:

It is unlawful for . . . an 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 . . . issuers unless the agent is registered under subsection (a) or exempt from registration under subsection (b).

35. Section 409.4-412(b), RSMo. (Cum. Supp. 2009), states:

If the Commissioner finds that the order is in the public interest and subsection (d) authorizes the action an order issued under this act may revoke, suspend, condition, or limit the registration of a registrant;

36. Section 409.4-412(c), RSMo. (Cum. Supp. 2009), states:

If the commissioner finds that the order is in the public interest and subsection (d)(1) to (6), (8), (9), (10), or (12) and (13) authorizes the action, an order under this act may censure, impose a bar, or impose a civil penalty in an amount not to exceed a maximum of five thousand dollars for a single violation or fifty thousand dollars for several violations on a registrant and if the registrant is a broker-dealer or investment adviser, any partner, officer, or director, any person having similar functions of any person directly or indirectly controlling the broker-dealer or investment adviser.

37. Section 409.4-412(d), RSMo. (Cum. Supp. 2009), states:

A person may be disciplined under subsections (a) to (c) if the person:
. . .

- (9) Has failed to reasonably supervise an agent, investment adviser representative, or other individual, if the agent, investment adviser representative, or other individual was subject to the person's supervision and committed a violation of this act or the predecessor act or a rule adopted or order issued under this act or the predecessor act within the previous ten years;

...

(13) Has engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous ten years;

....

38. Section 409.4-412(k), RSMo. (Cum. Supp. 2009), states:

If a proceeding is instituted to revoke or suspend a registration of any agent, broker-dealer, investment adviser, or investment adviser representative pursuant to subsection (b), the commissioner shall refer the matter to the administrative hearing commission. The administrative hearing commission shall conduct hearings and make such findings of fact and conclusions of law in such cases. The commissioner shall have the burden of proving a ground for suspension or revocation pursuant to this act. The administrative hearing commission shall submit its findings of fact and conclusions of law to the commissioner for final disposition.

39. Section 409.5-501, RSMo. (Cum. Supp. 2009), states:

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

- (1) To employ a device, scheme, or artifice to defraud;
- (2) To make an untrue statement of a material fact or to omit 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
- (3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

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

If the commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or that a person has materially aided, is materially aiding, or is about to materially aid 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 and appropriate to comply with this act;
- (2) Issue an order denying, suspending, revoking, or conditioning the exemptions for a broker-dealer under section 409.4-401(b)(1)(D) or (F) or an investment adviser under section 409.4-403(b)(1)(C); or
- (3) Issue an order under section 409.2-204.

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

42. Section 409.6-604(e), RSMo. (Cum. Supp. 2009), provides the following:

In a final order, the commissioner may charge the actual cost of an investigation or proceeding for a violation of this act or a rule adopted or order issued under this act. These funds may be paid into the investor education and protection fund.

III. CONCLUSIONS OF LAW

Multiple Violations of Offering and Selling Unregistered, Nonexempt Securities

43. Paragraphs 1 through 42 are incorporated by reference as though fully set forth herein.

44. Respondents IP Holding, Burkemper, and Vishnevetsky offered and sold securities as those terms are defined in Sections 409.1-102 (26) and (28), RSMo. (Cum. Supp. 2009).

45. At all times relevant, records maintained by the Commissioner of Securities contained no registration, granted exemption or notice filing indicating status as a "federal covered security" for the investments offered and sold by Respondents IP Holding, Burkemper, and Vishnevetsky.

46. Respondents IP Holding, Burkemper, and Vishnevetsky violated Section 409.3-301, RSMo. (Cum. Supp. 2009), when they offered and sold securities in and from Missouri to eleven (11) investors without these securities being (1) a federal covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-202, RSMo. (Cum. Supp. 2009), or (3) registered under the Missouri Securities Act of 2003.

47. Respondents' actions in offering or selling securities that were not registered, exempt or a federal covered security constitute

an illegal act, practice, or course of business and thus such actions are subject to the commissioner's authority under Section 409.6-604(a), RSMo. (Cum. Supp. 2009).

Multiple Violations of Transacting Business as an Unregistered Agent

48. Paragraphs 1 through 42 are incorporated by reference as though fully set forth herein.
49. At all times relevant, records maintained by the Missouri Commissioner of Securities contained no registration or granted exemption for Respondent Vishnevetsky to transact business as an agent in the State of Missouri.
50. Respondent Vishnevetsky violated Section 409.4-402(a), RSMo. (Cum. Supp. 2009), when he offered or sold securities in the State of Missouri without being registered or exempt from registration as an agent.
51. Respondent Vishnevetsky's actions in transacting business as an unregistered agent constitute an illegal act, practice, or course of business and thus such actions are subject to the commissioner's authority under Section 409.6-604(a), RSMo. (Cum. Supp. 2009).

Employing an Unregistered Agent

52. Paragraphs 1 through 42 are incorporated by reference as though fully set forth herein.
53. Respondent IP Holding employed or associated with Respondent Vishnevetsky as an agent who transacted business on behalf of Respondent IP Holding. These activities constitute transacting business in the State of Missouri.
54. Respondent IP Holding has not registered any agents in the State of Missouri.
55. Respondent IP Holding violated Section 409.4-402(d), RSMo. (Cum. Supp. 2009), when it employed an unregistered agent who transacted business in the State of Missouri.
56. Respondent IP Holding's actions in employing an unregistered agent constitute an illegal act, practice, or course of business and thus such actions are subject to the commissioner's authority under Section 409.6-604(a), RSMo. (Cum. Supp. 2009).

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

57. Paragraphs 1 through 42 are incorporated by reference as though fully set forth herein.
58. In connection with the offer or sale of securities to the investors described above, Respondents IP Holding, Burkemper and Vishnevetsky made untrue statements of material fact when they stated, among other things, the following:
 - a. that investors would receive trips to St. Petersburg, Russia;
 - b. that investors would receive a return of their investment within 1.3 years and "enjoy annualized return on investment of 25%";
 - c. that there had been third party offers to purchase the vodka stand venture for \$5 million and \$14 million;
 - d. that COR1 and COR2's investment in the vodka stand venture was "the best investment [they] could have made";
 - e. that Burkemper had taken "every precaution" regarding the vodka stand venture;
 - f. that "the first 1.4M of distributable cash flow plus 14% of the amount invested will be going to the investors"; or
 - g. that "should investors not receive the funds by the beginning of the [sic] year 4, investors will start to accumulate 8% of interest on the initial investment."
59. In connection with the offer or sale of securities to investors described above Respondents IP Holding, Burkemper and Vishnevetsky omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:
 - a. that the vodka stand venture was not registered in the state of Missouri;
 - b. that persons other than Burkemper and/or Vishnevetsky had ownership interest in and exercised control over IP Holding's operations in Russia;
 - c. that Burkemper had no financial control over IP Holding bank account(s);
 - d. that Burkemper and Vishnevetsky would receive payments prior to the investors in excess of three hundred fifty thousand dollars (\$350,000);

- e. that investors' money would be used to purchase automobiles for Select Auto; and
 - f. any financial information concerning IP Holding and/or the vodka stand venture.
60. Respondents IP Holding, Burkemper and Vishnevetsky's actions in making untrue statements of material fact or omitting to state material facts constitute an illegal act, practice, or course of business and thus such actions are subject to the commissioner's authority under Section 409.6-604(a), RSMo. (Cum. Supp. 2009).

VSR's Failure to Supervise Burkemper

61. Paragraphs 1 through 42 are incorporated by reference as though fully set forth herein.
62. Respondent VSR failed to reasonably supervise Burkemper by, among other things:
- a. failing to have adequate policies and procedures to supervise outside business activities of its agents;
 - b. failing to reasonably implement policies and procedures relating to the outside business activities of Burkemper;
 - c. failing to record the private securities transactions of its agents on its books and records;
 - d. failing to review the private securities transactions of its agents;
 - e. failing to determine whether the private securities transactions its agents engaged in were properly registered in the State of Missouri; and
 - f. failing to determine whether appropriate disclosures and representations were made in the private securities transactions in which its agents were engaged.
63. Respondent VSR's failure to supervise Burkemper's actions constitutes grounds for discipline under Section 409.4-412(d)(9), RSMo. (Cum. Supp.2009).
64. Respondent VSR's failure to supervise Burkemper constitutes grounds to censure VSR and/or impose a civil penalty upon VSR and thus VSR is subject to the commissioner's authority under Section 409.4-412(c), RSMo. (Cum. Supp. 2009).
65. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. See Section 409.6-605(b), RSMo. (Cum. Supp. 2009).

IV. 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. violating or materially aiding in any violation of Section 409.3-301, RSMo. (Cum. Supp. 2009) by offering or selling any securities as defined by Section 409.1-102(28), RSMo. (Cum. Supp. 2009), in the State of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-301;
- B. violating or materially aiding in any violation of Section 409.4-402, RSMo. (Cum. Supp. 2009), by transacting business as an unregistered agent;
- C. violating or materially aiding in any violation of Section 409.4-402, RSMo. (Cum. Supp. 2009), by employing an unregistered agent; and
- D. violating or materially aiding in any violation of Section 409.5-501, RSMo. (Cum. Supp. 2009), by, in connection with the offer or sale of securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of a civil penalty of up to ten thousand dollars (\$10,000) against each of Respondents Burkemper, Vishnevetsky, and IP Holding, for multiple violations of Section 409.3-301, RSMo. (Cum. Supp. 2009), in a final order, unless Respondents Burkemper, Vishnevetsky, and IP Holding request a hearing and shows cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of a civil penalty of up to ten thousand dollars (\$10,000) against Respondent Vishnevetsky for multiple violations of Section 409.4-402(a), RSMo. (Cum. Supp. 2009), in a final order, unless Respondent Vishnevetsky requests a hearing and shows cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of a civil penalty of up to ten thousand dollars

(\$10,000) against Respondent IP Holding for multiple violations of Section 409.4-402(d), RSMo. (Cum. Supp. 2009), in a final order, unless Respondent IP Holding requests a hearing and shows cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of a civil penalty of up to ten thousand dollars (\$10,000) against Respondents Burkemper, Vishnevetsky, and IP Holding for multiple violations of Section 409.5-501(2), RSMo. (Cum. Supp. 2009), in a final order, unless Respondents Burkemper, Vishnevetsky, and IP Holding request a hearing and shows cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Sections 409.4-412(c), RSMo. (Cum. Supp. 2009), the Commissioner will determine whether to grant the Enforcement Section's petition for a censure of Respondent VSR's license and an imposition of a civil penalty in an amount not to exceed fifty thousand dollars (\$50,000) against Respondent VSR as a disciplinary action authorized under Section 409.4-412(d)(9), RSMo. (Cum. Supp. 2009), unless Respondent VSR requests a hearing and shows cause why the censure and/or penalty should not be imposed.

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

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 26TH DAY OF FEBRUARY, 2010.

ROBIN CARNAHAN
SECRETARY OF STATE

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

State of Missouri
Office of Secretary of State

Case No. AP-10-09

IN THE MATTER OF:

PAUL E. BURKEMPER, CRD #2222925,
ILYA VISHNEVETSKY,
I. P. HOLDING, L.L.C., and
VSR FINANCIAL SERVICES, INC.,
CRD #14503

Respondents.

Serve:

Paul E. Burkemper
6 West Geyer Lane
St. Louis, Missouri 63131

Ilya Vishnevetsky
611 Westwood Apartments 1
St. Louis, Missouri 63105

I.P. Holding, L.L.C.
10825 Watson Road

St. Louis, Missouri 63105
VSR Financial Services, Inc.
8620 W. 11th Street 200
Overland Park, KS 66210-9651

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. 2008), and 15 CSR 30-55.020.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this order, the Commissioner will schedule this matter for a hearing.

A request for a hearing must be mailed or delivered, in writing, to:

**Matthew D. Kitzi, 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 26th day of February, 2010, copies of the foregoing Order and Notice in the above styled case was **mailed by certified U.S. Mail, postage prepaid, to:**

Paul E. Burkemper
6 West Geyer Lane
St. Louis, Missouri 63131

Ilya Vishnevetsky
611 Westwood Apartments 1
St. Louis, Missouri 63105

I.P. Holding, L.L.C.
10825 Watson Road
St. Louis, Missouri 63105

VSR Financial Services, Inc.
8620 W. 11th Street 200
Overland Park, KS 66210-9651

And hand delivered to:

Nathan Soendker
Chief Enforcement Counsel
Securities Division

John Hale, Specialist