



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
THE PRINCETON PARTNERSHIP, LLC, and)
ROBERT M. PALMER, CRD No. 2541910,) Case No. AP-10-35
)
Respondents.)

**FINAL ORDER TO CEASE AND DESIST AND ORDER AWARDING COSTS AND
IMPOSING DISGORGEMENT AND CIVIL PENALTIES**

On April 14, 2015, the Enforcement Section of the Securities Division of the Office of the Missouri Secretary of State (the “Enforcement Section”), by and through Assistant Commissioner Mary S. Hosmer, and Respondents, The Princeton Partnership, LLC and Robert M. Palmer, submitted a Joint Motion for Final Order to Cease and Desist and Order Awarding Restitution, Civil Penalties, and Cost. After reviewing the unchallenged factual allegations in the Enforcement Section’s petition (see below) and Respondents’ jointly-filed motion, the Commissioner now issues this Final Order:

I. PROCEDURAL BACKGROUND

1. On October 5, 2010, the Enforcement Section submitted the Petition for Order to Cease and Desist and Order to Show Cause why Civil Penalties and Costs Should not be Imposed (“Petition”).
2. On October 13, 2010, the Commissioner issued an Order to Cease and Desist and Order to Show Cause why Restitution, Civil Penalties and Costs Should not be Imposed.
3. On February 25, 2011, Respondents requested a hearing in this matter.
4. In the ensuing four years, there were several prehearing conferences and hearings set, all of which were continued to accommodate the discovery process, various changes of attorneys, and scheduling conflicts.

5. Also during that time, Respondents continued to negotiate with the Enforcement Section as to how to resolve this matter.
6. Ultimately, on April 14, 2015, the Enforcement Section and Respondents submitted a Joint Motion for Final Order.
7. In that motion, Respondents:
 - a. waive their right to a hearing in this matter; and
 - b. “stipulate and agree to” the Commissioner entering a final order in this matter.

I. FINDINGS OF FACT

A. Respondents and Related Parties

8. The Princeton Partnership, LLC (“Princeton”) is a Missouri registered limited liability company with a last known address of 12231 Manchester Road, St. Louis, Missouri 63131. Princeton’s articles of incorporation state its purpose is “to transact any and all lawful business for which a limited liability company may be organized under the Missouri Limited Liability Company Act and exercise all rights and engage in all activities related thereto.” At no time has Princeton been registered through the Central Registration Depository (“CRD”). Princeton is not registered through the Missouri Department of Insurance, Financial Institutions and Professional Registration (“DIFP”).
9. Robert M. Palmer (“Palmer”) is a Missouri resident who was associated with Princeton. Palmer has a last known address of 6 Woodbridge, St. Louis, Missouri 63131. At no time has Palmer been registered through CRD as a securities agent. Palmer is registered to sell, among other things, life, accident, and health insurance, in the State of Missouri through the DIFP with license number 188035.
10. As used herein, the term “Respondents” refers to Princeton and Palmer.

B. Enforcement Section Investigation

Missouri Residents

11. On March 17, 2010, the Enforcement Section of the Missouri Securities Division received a complaint from the nephew (“POA”) of a Missouri resident (“MR1”). The complaint stated, among other things, that:
 - a. MR1 was a 95-year-old resident of Fenton, Missouri, at the time the investment was made with Respondents;
 - b. MR1 needed the ability to access money when needed;
 - c. MR1’s investment objective was preservation of the principal amount invested;

- d. POA inquired about investing in an annuity, but Palmer recommended a real estate investment trust (“REIT”) instead;
 - e. POA understood there to be little risk associated with an investment in the REIT;
 - f. POA was assured the REIT would be a safe investment and would also provide MR1 with enough monthly income to sustain MR1’s financial needs;
 - g. POA gave Respondents \$200,000 of MR1’s money to invest;
 - h. POA received payments on behalf of MR1 via wire transfer from Princeton for a period of time, which were received as needed by MR1;
 - i. after May of 2009, neither POA nor MR1 received payments from Respondents for a period of seven months;
 - j. Palmer told POA that MR1 had stopped receiving payments because the company in which the money was invested was refusing to make disbursements due to the economy; and
 - k. MR1, who as the date of the Petition was 101 years old, is unable to pay MR1’s rent at MR1’s assisted living facility and MR1 may lose the apartment in which MR1 lives as a result of not receiving the monthly disbursements from Respondents.
12. On April 15, 2010, POA submitted supporting documentation to the Enforcement Section. The documents included, among other things, the following:
- a. a letter to POA from Princeton that was issued at the request of POA on or around the time the investment was made. This letter states, among other things, the following:
 - i. MR1’s account number;
 - ii. that MR1 had invested \$200,000;
 - iii. that MR1 owned 10,810 shares of a non-publicly traded REIT;
 - iv. that “these shares can be liquidated or distributed at your request. Unlike publicly traded REIT’s .Non-traded [*sic*] REIT’s don’t experience daily price changes. These share prices and values are typically recalculated on an account anniversary basis”; and
 - v. instructions to contact Palmer with “any questions or service”;
 - b. a copy of the check written payable to Princeton on July 20, 2005; and

- c. copies of bank transfers, which reflect the monthly disbursements from Princeton to MR1 totaling \$108,000.
13. On May 11, 2010, the Enforcement Section subpoenaed information from Respondents' bank, The Private Bank ("Princeton's Bank"), regarding accounts connected to Princeton and Palmer, specifically the account ending in 7440 ("Princeton's Account"). Princeton's Bank records showed, among other things, that:
 - a. on July 21, 2005, MR1's investment was deposited into Princeton's Account;
 - b. for the period July 21, 2005, to October 20, 2005, Princeton's Account contained deposits totaling \$247,374.27, which included MR1's \$200,000 investment;
 - c. for the same period, July 21, 2005, to October 20, 2005, withdrawals in Princeton's Account were in excess of \$150,000. The debits included, among other things, withdrawals for cash and payments to Mercedes Benz, American Express, Schnucks, and Disney on Ice; and
 - d. at no time did Respondents withdraw money during this period for the purpose of investing in a REIT.
14. On July 23, 2010, a member of the Enforcement Section interviewed POA. During the interview, POA stated, among other things, that:
 - a. POA initially approached Palmer about purchasing an annuity for MR1;
 - b. Palmer subsequently recommended POA invest MR1's money in the REIT;
 - c. Princeton would invest in a REIT, and Princeton would deposit any returns made on the investment back into MR1's bank account;
 - d. Palmer told POA that the real estate held within the REIT consisted of strip malls in Texas and Florida, but failed to provide the specific name of the REIT;
 - e. MR1 held several certificates of deposit ("CDs") that POA cashed in and used the proceeds to invest with Respondents;
 - f. Palmer stated that there would be money available for MR1 if she needed the money for medical bills or other personal expenses;
 - g. Palmer told POA that Palmer had invested over \$800,000 of Palmer's own money in the REIT;
 - h. POA never signed a contract or received statements for the investment in the REIT; and
 - i. Palmer told POA that there was little risk associated with the investment in the REIT.

15. A check of records maintained by the Commissioner of Securities indicates that Respondents have never registered a REIT under the Missouri Securities Act.

III. CONCLUSIONS OF LAW

16. After waiving their rights to a hearing, the Commissioner is now authorized to enter this final order without a hearing. *See* *Coleman v. Missouri Sec’y of State*, 313 S.W.3d 148, 156 (Mo. App. W.D. 2010) (noting that the appellant’s “withdrawal of his request for a hearing [before the Commissioner] was qualitatively identical to never having requested a hearing in the first place. Thus, pursuant to section 409.6–604(b), the Commissioner was free to take action to enter the Final Order without conducting a hearing or otherwise complying with the requirements of section 409.6–604(c).”)

Violation of Offering and Selling Unregistered, Non-Exempt Securities

17. Respondents violated Section 409.3-301, RSMo. (Cum. Supp. 2013),¹ when they offered and sold securities from the State of Missouri by, among other things:
 - a. soliciting funds from investors; or
 - b. receiving investment funds from individuals.
18. These activities constitute an “offer” and “sale” under Section 409.1-102(26).
19. The interests offered or sold are shares of stock and are, therefore, securities under Section 409.1-102(28).
20. 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 sold by Respondents.
21. Respondents offered and sold securities in or from Missouri without these securities being (1) a federal covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-203, or (3) registered under the Missouri Securities Act of 2003.
22. Respondents offered and sold unregistered securities in violation of Section 409.3-301.
23. The conduct of Respondents in violation of Section 409.3-301 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.

¹ Unless otherwise specified, all statutory references are to the 2013 cumulative supplement of the Revised Statutes of Missouri.

Violation of Transacting Business as an Unregistered Broker-Dealer

24. Respondent Princeton violated Section 409.4-401(a) in the State of Missouri when it attempted to effect the purchase or sale of a security from the State of Missouri without being registered or exempt from registration as a broker-dealer.
25. At all times relevant to this matter, Respondent Princeton was not registered as a broker-dealer in the State of Missouri.
26. Respondent Princeton offered or sold securities in or from Missouri without being registered or exempt from registration as broker-dealer in violation of Section 409.4-401(a).
27. Respondent Princeton's conduct in violation of Section 409.4-401(a) constitutes an illegal act, practice, or course of business and such actions are therefore subject to the commissioner's authority under Section 409.6-604(a).

Violation of Transacting Business as an Unregistered Agent

28. Respondent Palmer violated Section 409.4-402(a) in the State of Missouri when he transacted business as an agent by attempting to effect the purchase or sale of a security in this state without being registered or exempt from registration as an unregistered agent.
29. At all times relevant to this matter, Respondent Palmer was not registered as an agent in the State of Missouri.
30. Respondent Palmer offered or sold securities in or from Missouri without being registered or exempt from registration as an agent in violation of Section 409.4-402(a).
31. Respondent Palmer's conduct in violation of Section 409.4-402(a) constitutes an illegal act, practice, or course of business and such actions are therefore subject to the commissioner's authority under Section 409.6-604(a).

Violations of Employing or Associating with an Unregistered Agent

32. Respondent Princeton violated Section 409.4-402(d) when Princeton employed or associated with Palmer, who on behalf of Princeton, among other things:
 - a. offered or sold shares of Princeton; or
 - b. solicited investors to exchange their Princeton Stock.
33. Respondent Princeton's activity constitutes employing or associating with an agent in the State of Missouri under Section 409.4-402(d).

34. At all times relevant to this matter, Respondent Princeton had no registration or granted exemption for any agents of Princeton to transact business in or from the State of Missouri.
35. Respondent Princeton employed or associated with an unregistered agent who transacted business in the State of Missouri in violation of Section 409.4-402(d).
36. The conduct of Respondent Princeton in violation of Section 409.4-402(d) 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.

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

37. Respondents violated Section 409.5-501(2) when, in connection with the offer, sale or purchase of a security as described above, Respondents made untrue statement of material facts, including, but not limited to, the following:
 - a. money invested would be used to invest in a REIT;
 - b. that little risk was associated with investment in the REIT; or
 - c. that the REIT held strip malls in Texas and Florida.
38. Respondents violated Section 409.5-501(2) when, in connection with the offer, sale or purchase of a security as described above, 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, including, but not limited to, the following:
 - a. that the security was not registered in Missouri;
 - b. that Palmer was not a registered securities agent in Missouri;
 - c. that Palmer would use MR1's investment funds for personal expenses;
 - d. that the money invested would be utilized solely at Palmer's discretion;
 - e. the intended use for the invested funds; or
 - f. background and financial information on Palmer or Princeton.
39. Respondents' actions in making untrue statements and omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in connection with the offer, sale or purchase of a security, constitute a violation of Section 409.5-501(2) and constitute illegal acts,

practices, or courses of business and such actions are therefore subject to the commissioner's authority under Section 409.6-604.

Violation of Engaging in an Act, Practice, or Course of Business that Would Operate as a Fraud or Deceit upon Another Person

40. In connection with the offer and sale of securities, Respondents engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person in that Respondents represented to MR1's POA that the \$200,000 invested with Respondents would be used to invest in a non-publicly traded REIT, but then instead used the invested funds for Respondents' personal purpose.
41. Respondents' actions in engaging in an act, practice or course of business that would operate as a fraud or deceit upon MR1 constitutes a violation of Section 409.5-501(3), and are therefore illegal acts, practices, or courses of business under Section 409.6-604(a).
42. This Final Order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003.

IV. ORDER

NOW THEREFORE, it is hereby ordered that, pursuant to Section 409.6-604(d), Respondents shall jointly and severally pay restitution in the amount of \$2,981,710.56 for multiple violations of Sections 409.3-301, 409.4-402, and 409.5-501. This amount shall be payable through Federal Probation and Parole upon Respondent Palmer's release from a federal correctional institution.

IT IS FURTHER ORDERED that Respondents shall jointly and severally pay a civil penalty in the amount of \$30,000 for multiple violations of Sections 409.3-301, 409.4-402, and 409.5-501. Respondents' payment of this civil penalty is hereby suspended but shall become due immediately upon the sooner of (1) noncompliance with the terms of this Order or (2) a finding, after notice and opportunity for a hearing, by the Commissioner or a court of competent jurisdiction that Respondents have violated the Missouri Securities Act. If, after ten years from the date of this Final Order, neither of those two conditions has occurred, the Commissioner waives Respondents' payment of the penalty.

IT IS FURTHER ORDERED that Respondents shall jointly and severally pay the costs of investigation in this matter in the amount of \$5,000. Respondents' payment of these costs is hereby suspended but shall become due immediately upon the sooner of (1) Respondents' noncompliance with the terms of this Final Order or (2) a finding, after notice and opportunity for a hearing, by the Commissioner or a court of competent jurisdiction that Respondents have violated the Missouri Securities Act. If, after ten years from the date of this Final Order, neither of those two conditions has occurred, the Commissioner waives Respondents' payment of these costs.

IT IS FURTHER ORDERED that, upon Respondents' noncompliance with the terms of this Final Order, the Commissioner will refer this matter for enforcement as provided in Sections 409.6-603 and 409.6-604.

IT IS FURTHER ORDERED that Respondent Palmer is barred from transacting business in the State of Missouri as a broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative.

IT IS FURTHER ORDERED that Respondents shall pay their own costs and attorney's fees in this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS TWENTY-SECOND DAY OF MAY 2015.



JASON KANDER
SECRETARY OF STATE

Andrew M. Hartnett

ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES

CERTIFICATE OF SERVICE

I hereby certify that on this ^{2nd} day of May 2015, a copy of the foregoing **Order** in the above styled case was sent via **U.S. mail** to:

Robert M. Palmer 40821-044
FPC Millington
PO Box 2000
Federal Correctional Institution
Millington, Tennessee 38084


Marsha Presley
Securities Office Manager