



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
)  
STORM CROW INVESTMENTS, LLC; ) Case No. AP-15-04  
MICHAEL HATHMAN; and )  
STEVEN SCHARF, )  
)  
*Respondents.* )  
)  
Serve: Storm Crow Investments, LLC )  
Registered Agent: United States )  
Corporation Agents, Inc. )  
500 N Rainbow Blvd, Suite 300A )  
Las Vegas, Nevada 89107 )  
)  
Serve: Michael Hathman )  
11726 Berrybell Drive )  
Maryland Heights, Missouri 63043 )  
)  
and )  
)  
Serve: Steven Scharf )  
1401 Santa Margarita )  
Saint Charles, Missouri 63301 )

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

On January 21, 2015, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Enforcement Counsel Jennifer J. Martin, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed (“Petition”). After reviewing the petition, the Commissioner issues the following order:

## **I. FACTUAL BACKGROUND**

The petition alleges the following facts:

### **A. Respondents and Related Parties**

1. Storm Crow Investments, LLC (“SCI”) is a Nevada limited liability company formed on October 3, 2013. SCI’s registered agent is United States Corporation Agents, Inc., with an address of 500 North Rainbow Boulevard Suite 300A, Las Vegas, Nevada 89107. SCI operates out of its main office located at 11726 Berrybell Drive, Maryland Heights, Missouri 63043. The petition alleges that SCI was created to invest primarily in real estate and mobile home properties. Additionally, the petition alleges that SCI solicits persons to invest in the properties SCI purchases.
2. Michael Hathman (“Hathman”) is a managing member and owns 50% of SCI. Hathman has an address of 11726 Berrybell Drive, Maryland Heights, Missouri 63043. Hathman was registered as a broker-dealer agent and an investment adviser representative in the State of Missouri from September 17, 1998, until April 1, 2005, with Central Registration Depository (“CRD”) number 3088545. Hathman previously had a real estate license as a broker-associate with Leader Realty, LLC; however, this license expired in or around June of 2012.
3. Steven Scharf (“Scharf”) is a managing member and owns 50% of SCI. Scharf has an address of 1401 Santa Margarita, Saint Charles, Missouri 63301. Scharf was registered as a broker-dealer agent and an investment adviser representative in the State of Missouri from January 19, 1996, until April 16, 2010, with CRD number 2279541.
4. SCI, Scharf, and Hathman also operate Storm Crow Real Estate Network (“SCREN”), an unincorporated and unorganized group, to conduct business for SCI.
5. As used herein, the term “Respondents” refers to SCI, Hathman, and Scharf.
6. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, SCI has never been registered with the State of Missouri as an investment adviser, investment adviser representative, broker-dealer, and/or agent.
7. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, Hathman and Scharf have not been registered with the State of Missouri as investment advisers, investment adviser representatives, broker-dealers, and/or agents.
8. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for securities offered and/or sold by Respondents.

## **B. Website Solicitations**

9. From at least December 2012 to September 2014, Hathman, Scharf, and SCI operated a website entitled, “Great Real Estate Investments (Great REI)” (“REI Website”) in order to solicit investments with Hathman, Scharf, and SCI in mobile homes, mobile home parks, tax liens, other real property, and other real estate purchases.<sup>1</sup> The REI Website stated, among other things, the following:
  - a. “Many investors are looking to invest in something that is relatively safe and has a good, continuous return. Mobile homes provide this type of income that is reliable and long-term”;
  - b. “Facts, Statistics Are Indicating Mobile Homes & Parks Are Good Investment Strategies”;
  - c. People could start investing through funds obtained by “checks,” “HELOC or cash out home loan,” “IRA,” “Credit Union Loan,” “Pool together people who want to invest,” and “Family,” among others;
  - d. “If an investor wishes to ‘break up’ investments into benchmarks, we will ‘upgrade’ your investment accordingly to the higher level of profit sharing”;
  - e. “A 200% Profit (OR Greater) on Mobile Home Units”;
  - f. “Why wait to make money, to make a great profit? Warren Buffett hasn’t and he’s made millions of dollars doing so”;
  - g. “Talk with one of our investment representatives. The best way to understand the investments and its purposes is to get together and chat about how our investment program may enable you to reach your investment objectives;” and
  - h. “All investments will be deposited in an [Edward Jones & Co., LP (“Edward Jones”)] account which will be diligently managed by a Registered Representative of the company (stockbroker).”
10. On the REI Website section titled, “Our Real Estate Investors & Professionals,” the names and biographies of Hathman and Scharf were listed.

## **C. Missouri Resident**

11. In or around September 2013, a 43 year-old St. Louis County, Missouri resident (“MR”) met Hathman while MR was considering the purchase of a home in the St. Louis, Missouri area. During this time, MR also received an inheritance.
12. Hathman spoke to MR about Hathman’s “investment strategies” and solicited MR to

---

<sup>1</sup> <http://greatrei.webs.com>

invest with Hathman, Scharf, and SCI.

13. Regarding the investment with Hathman, Scharf, and SCI, Hathman told MR, among other things, the following:
  - a. Hathman was a real estate agent;
  - b. Hathman was registered as a broker-dealer and offered investments through Hathman's company, SCI;
  - c. this investment involved the purchase of homes to resell at a profit;
  - d. SCI already owned at least two properties;
  - e. investment funds would be used to purchase approximately five more properties;
  - f. there were no risks involved with the investment;
  - g. the investment was a "sure thing," and that "everything was going to be perfect";
  - h. the investment would generate a monthly return and an additional return of \$60,000 after one year;
  - i. Hathman "found several GREAT buys on mobile homes";
  - j. Hathman was "certain" he could get "100 - 200% return on profit for those homes we buy"; and
  - k. Hathman, Scharf, and SCI could make MR "millions of dollars" if MR kept MR's money with Hathman.
  
14. On or around September 26, 2013, MR signed an "Investor Investment Agreement" to invest with Hathman, Scharf, and SCI ("Investor Agreement"). The Investor Agreement stated, among other things:
  - a. "The duration of this agreement shall last for not less than 60 (sixty) months and may continue until such time that the investor shall wish to be repaid";
  - b. that an investment up to \$50,000 would garner a 20% profit;
  - c. "All authorizations, approvals, consents, licenses, exemptions, filings, registrations, notarizations and other matters, official or otherwise, required by SCI, or advisable, performance, validity and enforceability of this Agreement and the transactions contemplated hereby SCI have been obtained or effected and are in full force and effect";

- d. “[MR’s investment] funds shall be held by Edward Jones and said funds shall be overseen by an Edward Jones Registered Representative for investment security purposes”;
  - e. “All monies received by SCI which are payable to [MR]...shall be held by SCI, in trust, in an Edward Jones account for the sole use and benefit of [MR] and shall be immediately deposited upon receipt in a separate trust security account naming the Investor as beneficiary thereof”;
  - f. “SCI shall not commingle the monies payable to [MR]...with any other monies of SCI”;
  - g. “SCI shall give [MR] a quarterly update (“Investor Statement”) of how [MR’s investment] funds have been applied toward any acquisitions and general expenditures SCI made with said funds”;
  - h. “...no partnership, joint venture, agency or employment has or will be created by this agreement”;
  - i. the focus of the investment would be “on buying and selling mobile homes”; and
  - j. Hathman and/or Scharf would “put profits in Investors [sic] bank account.”
15. MR invested \$35,000 with SCI via personal check to Hathman on or about September 26, 2013.
16. MR had no management responsibilities and performed no duties with respect to MR’s investment with Hathman, Scharf, and SCI.
17. MR was not an accredited investor as that term is defined in 17 C.F.R. § 230.501(a), and Hathman, Scharf, and SCI did not attempt to ascertain whether MR was an accredited investor.
18. From in or around December 2013, to the present, MR has requested that Hathman refund at least \$5,000 of MR’s investment in order to pay bills and expenses. In response, Hathman has stated to MR, among other things:
- a. Hathman, Scharf, and SCI were “waiting for others to invest”;
  - b. Hathman, Scharf, and SCI were waiting for someone in California who was “going to invest one million dollars” in order to pay MR;
  - c. Hathman, Scharf, and SCI needed “to liquidate...properties to get [MR] paid back”;
  - d. Hathman “will get [MR] the money guaranteed but it may not be by the deadline”

MR gave Hathman; and

- e. Hathman had a medical condition in or around February 2014 and was unable to refund any of the investment funds.
19. As of December 1, 2014, MR has never received any statements from SCI, Hathman, and/or Scharf.
20. As of December 1, 2014, Hathman, Scharf, and SCI have failed to provide MR any returns on MR's investments or any refund of MR's principal.

**D. Respondents' Bank Records**

21. On or around May 22, 2013, Scharf opened a personal bank account at First National Bank of St. Louis ("Scharf Personal Account").
22. On or around August 23, 2013, Hathman opened a personal bank account at First National Bank of St. Louis ("Hathman Personal Account").
23. On or around October 15, 2013, a bank account was opened in the name of SCI at First National Bank of St. Louis ("SCI Account"). Hathman and Scharf are the only signatories on the SCI Account.
24. A review of Hathman's Personal Account revealed, among other things, the following:
- a. on or about September 9, 2013, a balance of \$125.83;
  - b. on or about September 26, 2013, a deposit of all of MR's investment funds totaling \$35,000;
  - c. from September 26, 2013, until on or around October 7, 2013, MR's investment funds were commingled with Hathman's personal and/or other business funds and used, among others things, for:
    - i. a transfer to the Scharf Personal Account in the amount of \$32,269;
    - ii. payments to LegalZoom; and
    - iii. ATM withdrawals and debit card purchases totaling approximately \$1,604.86, used at Ameristar Casino, Office Depot, Denny's Restaurant, Regal Cinemas, AAA Missouri Insurance, Meetup.com, Panda Express, Pasta House, and Hardee's, among others; and
  - d. on or about October 7, 2013, an ending balance of \$85.61.
25. A review of the Scharf Personal Account revealed, among other things, the following:

- a. on or about September 23, 2013, a balance of \$16;
  - b. on or about October 2, 2013, a transfer of \$32,269 of MR's total investment funds from the Hathman Personal Account to the Scharf Personal Account;
  - c. from October 2, 2013 until on or around October 22, 2013, MR's investment funds were commingled with Scharf's personal and/or other business funds and used, among others things, for:
    - i. withdrawals of cash – via ATM transactions, including fees, checks written to cash, and counter withdrawals – totaling \$11,469.50. At least one of the withdrawals occurred at the Ameristar Casino;
    - ii. payment to the Missouri Department of Corrections in the amount of \$450;
    - iii. payment of child support in the amount of \$3,800; and
    - iv. A transfer of \$16,530 to the SCI Account on October 15, 2013; and
  - d. on or about October 22, 2013, an ending balance of \$35.50.
26. A review of the SCI Account revealed, among other things, the following:
- a. an opening balance on October 15, 2013 of \$16,530 by way of a transfer of some of MR's investment funds from the Scharf Personal Account;
  - b. from October 15, 2013 until on or around November 29, 2013, MR's investment funds were used, among other things, for:
    - i. withdrawals of cash via checks and ATM transactions, including ATM fees, in the amount of \$7,627;
    - ii. a payment to First National Bank of St. Louis for \$4,569.15. The memo line of this check indicated funds were for the "Purchase of 2804 Marshall";
    - iii. a payment to Home Depot in the amount of \$1,279.38; and
    - iv. debit card purchases in the amount of \$2,630.97 at Roadhouse Restaurant, Wal-Mart, Pretzel Shop, St. Louis Rams, Club Fitness, Office Depot, Dynamic Fitness, and Regal Cinemas, among other places; and
  - c. an ending balance of on or about November 29, 2013, of \$2.46.

### **E. Additional Investigative Findings**

27. At all times relevant to this matter, SCI and Scharf did not have an account at Edward Jones. Hathman had a personal account at Edward Jones that was not used for SCI purposes.<sup>2</sup>
28. In connection with the offer and/or sale of securities, SCI, Hathman, and Scharf failed to disclose to investors, including MR, among other things:
  - a. that neither Hathman nor Scharf were registered as agents to offer and/or sell securities in the State of Missouri;
  - b. that the securities offered and/or sold by Hathman, Scharf, and SCI were not registered to be offered and/or sold in Missouri;
  - c. the specific risks of the investment;
  - d. the financial condition of SCI, Hathman, and Scharf;
  - e. financial information to support the purported and promised returns; and
  - f. that MR's investment funds would be used by Hathman and Scharf primarily for personal expenses.
29. In connection with the offer and/or sale of securities, Hathman, Scharf, and SCI misrepresented to investors on the REI Website, among other things, that “[a]ll investments will be deposited in an [Edward Jones] account which will be diligently managed by a Registered Representative of the company (stockbroker).”
30. In connection with the offer and/or sale of securities, Hathman, Scharf, and SCI misrepresented to MR, among other things, that:
  - a. Hathman was a real estate agent;
  - b. Hathman was registered as a broker-dealer;
  - c. MR's investment funds would be used to purchase approximately five more properties;
  - d. there were no risks involved with MR's investment;
  - e. MR would have at least some of MR's investment funds returned, “guaranteed”;

---

<sup>2</sup> The Edward Jones account in Hathman's name had minimal activity in 2013 and 2014. In January 2013, the account had a balance of \$27.55. From January 2013, the only activity in this account consisted of three dollar low-balance assessments until the account had a zero balance on December 31, 2013. The account was closed in November of 2014.



- f. “[MR’s investment] funds shall be held by Edward Jones and said funds shall be overseen by an Edward Jones Registered Representative for investment security purposes”;
- g. SCI would “not commingle the monies payable to [MR]...with any other monies of SCI”; and
- h. “SCI shall give the Investor a quarterly update (“Investor Statement”) of how Investor funds have been applied toward any acquisitions and general expenditures SCI made with said funds.”

**II. COMMISSIONER’S DETERMINATION AND FINDING**

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

- 31. The **COMMISSIONER DETERMINES** that Respondents Hathman, Scarf, and SCI offered securities on the REI Website, by, among other things:
  - a. soliciting and employing agents to solicit funds from investors;
  - b. promising that investors would receive returns on investments with Respondent SCI;
  - c. promising that all investor funds would be pooled and deposited in an Edward Jones account;
  - d. describing a scheme in which investment returns would be dependent on the efforts of others and not the efforts of the investors; and
  - e. promising that investment funds would be used by Respondents for, among other things, the purchase and/or sale of tax liens, mobile homes, and other real estate.
  
- 32. The **COMMISSIONER FURTHER DETERMINES** that Respondents offered and sold securities to MR, by, among other things:
  - a. promising MR that investment returns would be dependent on the efforts of others and not the efforts of MR;
  - b. receiving and employing agents to receive investment funds from at least one individual, MR;
  - c. promising that MR’s investment funds would be used by Respondents for, among other things, the purchase, development, and/or sale of mobile homes and other real estate; and

- d. providing and executing the Investor Agreement with MR.
- 33. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26), RSMo. (Cum. Supp. 2013).
- 34. The interests that Respondents offered and/or sold are investment contracts and therefore constitute securities as that term is defined in Sections 409.1-102(28).
- 35. At all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for the securities offered and/or sold by Respondents.
- 36. Respondents offered and/or sold securities in Missouri without these securities being (1) a federal covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-203, RSMo. (Cum. Supp. 2013), or (3) registered under the Missouri Securities Act of 2003, in violation of Section 409.3-301, RSMo. (Cum. Supp. 2013).
- 37. Respondents’ actions in violation of Section 409.3-301 constitute 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 Transacting Business as an Unregistered Agent**

- 38. The **COMMISSIONER DETERMINES** that Respondent SCI acted as an issuer when it issued or attempted to issue securities in Missouri and that Respondent Hathman and Respondent Scharf were representatives of SCI.
- 39. Respondent Hathman and Respondent Scharf effected or attempted to effect sales of securities on behalf of SCI, by, among other things, soliciting investors, including MR, to invest in SCI.
- 40. In effecting or attempting to effect these sales of securities, Respondent Hathman and Respondent Scharf each acted as an agent as that term is defined in Section 409.1-102(1), RSMo. (Cum. Supp. 2013).
- 41. At all times relevant, neither Respondent Hathman nor Respondent Scharf were registered as agents in the State of Missouri.
- 42. Respondent Hathman and Respondent Scharf transacted business in Missouri by offering and/or selling securities without being registered or exempt from registration as an agent in violation of Section 409.4-402(a), RSMo. (Cum. Supp. 2013).
- 43. Respondent Hathman’s and Respondent Scharf’s conduct in violation of 409.4-402(a), RSMo. (Cum. Supp. 2013) constitutes an illegal act, practice, or course of business and such conduct is, therefore, subject to the Commissioner’s authority under Section 409.6-604, RSMo. (Cum. Supp. 2013).

**Multiple Violations of Employing and/or Associating with an Unregistered Agent**

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

**Multiple Violations of Making an Untrue Statement, Omitting to State Material Facts or Engaging in An Act, Practice, or Course of Business that Would Operate as a Fraud or Deceit Upon Another Person in Connection with the Offer or Sale of a Security**

49. The **COMMISSIONER FURTHER DETERMINES** that, in connection with the offer and/or sale of securities 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. Such statements and material omissions included, but were not limited to, the following:
  - a. Respondents stated to investors on the REI Website that investors could receive "a 200% Profit (OR Greater) on Mobile Home Units," that the investment Respondents were soliciting was "relatively safe," and that Respondent Hathman and Respondent Scharf were "investment representatives." Under the circumstances in which they were made, these statements were misleading, because Respondents failed to disclose the following material facts pertaining to such investments and the Respondents:
    - i. that neither Respondent Hathman nor Respondent Scharf were registered as agents to offer and/or sell securities in the State of Missouri;
    - ii. that the securities offered and/or sold by Respondents were not registered to be offered and/or sold in Missouri;

- iii. the specific risks of the investment;
  - iv. the financial condition of each of the Respondents; and
  - v. financial information to support the promised return.
- b. Respondent SCI, Respondent Hathman, and/or Respondent Scharf stated to MR that MR's investment in SCI was a "sure thing," that "everything was going to be perfect" with MR's investment in SCI, that there were no risks involved with MR's investment, that MR's investment funds would be used to purchase approximately five properties, that Respondents could make MR "millions of dollars" from MR's investment, that MR's investment would garner a 20% return and that at least some of MR's investment funds would be returned, "guaranteed." Under the circumstances in which they were made, these statements were misleading, because Respondents failed to disclose the following material facts to MR pertaining to such investments and the Respondents:
- i. that neither Respondent Hathman nor Respondent Scharf were registered as agents to offer and/or sell securities in the State of Missouri;
  - ii. that the securities offered and/or sold by Respondents were not registered to be offered and/or sold in Missouri;
  - iii. the specific risks of the investment;
  - iv. the financial condition of each of the Respondents;
  - v. financial information to support the promised return; and
  - vi. that MR's investment funds would be used by Hathman and Scharf for primarily personal expenses.
- c. Respondents stated to MR that the focus of MR's investment would be "on buying and selling mobile homes." Under the circumstances in which it was made, this statement was misleading, because Respondents failed to disclose the material fact that MR's investment funds would primarily be used to pay the personal expenses of Respondent Hathman and Respondent Scharf.
50. The **COMMISSIONER FURTHER DETERMINES** that, in connection with the offer, sale, or purchase of a security as described above, Respondents made untrue statements of material fact on the REI Website, including, but not limited to, that "[a]ll investments will be deposited in an [Edward Jones] account which will be diligently managed by a Registered Representative of the company (stockbroker)."
51. The **COMMISSIONER FURTHER DETERMINES** that, in connection with the offer, sale, or purchase of a security as described above, Respondent Hathman, on behalf of

SCI, made untrue statements of material fact to MR, including, but not limited to, the following:

- a. Hathman was a real estate agent;
- b. Hathman was registered as a broker-dealer;
- c. MR's investment funds would be used to purchase approximately five more properties;
- d. there were no risks involved with MR's investment; and
- e. MR would have at least some of MR's investment funds returned, "guaranteed."

52. The **COMMISSIONER FURTHER DETERMINES** that, in connection with the offer, sale, or purchase of a security as described above, Respondents made untrue statements of material facts to MR via the Investment Agreement, including, but not limited to, the following:

- a. "[MR's investment] funds shall be held by Edward Jones and said funds shall be overseen by an Edward Jones Registered Representative for investment security purposes";
- b. "SCI shall not commingle the monies payable to [MR]...with any other monies of SCI"; and
- c. "SCI shall give [MR] a quarterly update ("Investor Statement") of how [MR's investment] funds have been applied toward any acquisitions and general expenditures SCI made with said funds."

53. The **COMMISSIONER FURTHER DETERMINES** that, in connection with the offer, sale, or purchase of a security as described above, Respondent Hathman and Respondent Scharf, on behalf of SCI, engaged in an act, practice or course of business that would operate as a fraud or deceit upon MR, by, among other things:

- a. commingling MR's investment funds with Hathman's and Scharf's personal funds;
- b. using MR's investment funds for child support payments, Ameristar Casino activities, and at Regal Cinemas, among other uses; and
- c. lulling MR by stating that MR would receive at least some of MR's investment funds "guaranteed" and that another investor was going to invest one million dollars (\$1,000,000) to pay back MR.

54. Respondents made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made not misleading and engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person, in violation of Section 409.5-501, RSMo. (Cum. Supp. 2013).
55. Respondents' actions in violation of Section 409.5-501, RSMo. (Cum. Supp. 2013), constitutes engaging in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2013).
56. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. See Section 409.6-605(b), RSMo. (Cum. Supp. 2013).

### **III. ORDER**

**NOW, THEREFORE,** it is hereby ordered that Respondents, their agents, employees, and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order be prohibited from violating or materially aiding in any violation of:

- A. Section 409.3-301, RSMo. (Cum. Supp. 2013), by offering and/or selling any securities as defined by Section 409.1-102(28), RSMo. (Cum. Supp. 2013), in the State of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-301;
- B. Section 409.4-402(a), RSMo. (Cum. Supp. 2013), by transacting business as an unregistered agent;
- C. 409.4-402(d), RSMo. (Cum. Supp. 2013), by employing an unregistered agent; and
- D. 409.5-501, RSMo. (Cum. Supp. 2013), by, in connection with the offer or sale of securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

### **IV. STATEMENT**

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

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

**SO ORDERED:**

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



JASON KANDER  
SECRETARY OF STATE

*Andrew M. Hartnett*

---

ANDREW M. HARTNETT  
COMMISSIONER OF SECURITIES



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
)  
STORM CROW INVESTMENTS, LLC; ) Case No. AP-15-04  
MICHAEL HATHMAN; and )  
STEVEN SCHARF, )  
)  
*Respondents.* )  
)  
Serve: Storm Crow Investments, LLC )  
Registered Agent: United States )  
Corporation Agents, Inc. )  
500 N Rainbow Blvd, Suite 300A )  
Las Vegas, Nevada 89107 )  
)  
Serve: Michael Hathman )  
11726 Berrybell Drive )  
Maryland Heights, Missouri 63043 )  
)  
and )  
)  
Serve: Steven Scharf )  
1401 Santa Margarita )  
Saint Charles, Missouri 63301 )

**NOTICE**

**TO: Respondents and any unnamed representatives aggrieved by this Order:**

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), RSMo. (Cum. Supp. 2013), and 15 CSR 30-55.020.

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

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



**Andrew M. Hartnett, Commissioner of Securities**  
**Office of the Secretary of State, Missouri**  
**600 West Main Street, Room 229**  
**Jefferson City, Missouri, 65102**

CERTIFICATE OF SERVICE

I hereby certify that on this 29<sup>th</sup> day of January, 2015, a copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed in the above styled case was **mailed by certified U.S. mail to:**

Storm Crow Investments, LLC  
Registered Agent: United States  
Corporation Agents, Inc.  
500 N Rainbow Blvd, Suite 300A  
Las Vegas, Nevada 89107

Michael Hathman  
11726 Berrybell Drive  
Maryland Heights, Missouri 63043

and

Steven Scharf  
1401 Santa Margarita  
Saint Charles, Missouri 63301

  
\_\_\_\_\_  
Marsha Presley  
Securities Office Manager