



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
Wallace Neal Jordan and Gundaker/Jordan)
American Holdings, Inc.,)
)
Respondents.) Case No. AP-15-07
Serve:)
)
Wallace Neal Jordan)
302 Abbington Street)
Henderson, Nevada 89074-4928)
)
Gundaker/Jordan American Holdings, Inc.)
c/o Wallace Neal Jordan, Registered Agent)
302 Abbington Street)
Henderson, Nevada 89074-4928)

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

On February 27, 2015, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Assistant Commissioner Mary S. Hosmer, submitted a Corrected Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed. After reviewing the petition, the Commissioner issues the following order:

I. FACTUAL BACKGROUND

The petition alleges the following facts:

A. Respondents and Related Parties

1. Wallace Neal Jordan (“Jordan”) is a 75 year-old resident of Nevada. Jordan resided in the State of Missouri from June 2004 until 2010. Jordan currently resides at 302 Abbington Street, Henderson, Nevada 89074.

2. Gundaker/Jordan American Holdings, Inc. (“GJ Holdings”) is a Florida corporation formed on May 18, 1989, with a mailing address of 302 Abbington Street, Henderson, Nevada 89074. GJ Holdings is a money management firm. Jordan is the president and registered agent for GJ Holdings.
3. Sage-Quest Money Management, Inc. (“Sage-Quest”) was a Nevada corporation formed on June 30, 2010, to provide money management services. Sage-Quest’s corporate status was listed as “revoked” by the State of Nevada on June 30, 2012. Jordan was listed as the president and only officer of Sage-Quest.
4. Equity Assets Management, Inc. (“Equity Assets”) was a Florida corporation formed on June 23, 1972, to provide investment management services. Equity Assets last filed an annual report with the State of Florida on May 1, 1995, and went to inactive status on August 1, 1995. Jordan was listed as president for Equity Assets.
5. Jordan does business as Sage-Quest and Equity Assets.
6. A check of the records maintained by the Commissioner indicates Equity Assets was registered as an investment adviser in Missouri from August 13, 2003, until December 31, 2010. Equity Assets has a Central Registration Depository (“CRD”) number of 110247.
7. A check of the records maintained by the Commissioner indicates Jordan, CRD number 1501163, has not been registered as a broker-dealer agent in Missouri since December 31, 2007. Jordan was registered as an investment adviser representative of Equity Assets in Missouri from November 21, 2002 until December 31, 2010.
8. At all times relevant Jordan was not registered as an issuer agent in the State of Missouri.
9. A check of the records maintained by the Commissioner indicates that at all times relevant GJ Holdings was not registered as an issuer agent in the State of Missouri.
10. A check of the records maintained by the Commissioner reflects that, on November 14, 2005, Jordan notice filed with the Missouri Securities Division indicating the securities issued by GJ Holdings were federal covered securities. This notice filing number is R2005-1587.
11. 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 any securities issued by Sage-Quest.
12. As used herein, the term "Respondents" refer to Jordan and GJ Holdings.

B. Enforcement Section Investigation

Missouri Resident 1 (MR)

13. In 2010, Jordan spoke to a 59 year-old Macon, Missouri resident (“MR”) regarding an investment in Sage-Quest. Jordan contracted with MR to provide plumbing services at Jordan’s residence in Excello, Missouri. While at Jordan’s residence, Jordan told MR, among other things, the following:
 - a. GJ Holdings’ securities were traded on the stock market;
 - b. GJ Holdings’ securities once traded at over \$6 a share;
 - c. two investors in GJ Holdings made a million dollars on each of their \$10,000 investments;
 - d. Jordan’s business partners stole money from GJ Holdings;
 - e. Jordan was starting a new company, Sage-Quest, that would be a great investment opportunity for MR;
 - f. Jordan would “re-activate” GJ Holdings on the stock market, which would allow Jordan to easily get Sage-Quest on the stock market;
 - g. the shares in Sage-Quest were “unbelievably cheap”;
 - h. everyone who invested in Sage-Quest would “get rich”;
 - i. MR should “beg, borrow, or steal” money, because “this is the time to invest” in Sage-Quest. MR should not “miss out on this opportunity to get rich”; and
 - j. the invested funds would be used for the startup costs of Sage-Quest.
14. In or around late 2010, MR agreed to exchange his plumbing services at Jordan’s residence for an investment in Sage-Quest. MR completed \$2,415 worth of plumbing work in exchange for Sage-Quest stock.
15. In January 2011, Jordan called MR, who was in Missouri, to solicit an additional investment from MR in Sage-Quest.
16. On or about January 18, 2011, MR invested an additional \$10,000 with Jordan in Sage-Quest via check. Jordan instructed MR to make the Sage-Quest investment check payable to GJ Holdings. MR mailed this investment check to Jordan’s residence in Nevada.
17. MR never signed a contract and/or agreement with respect to the investments, and MR never received a receipt for such investments with Jordan.

18. MR has not received a prospectus for MR's investment in Sage-Quest to date.
19. In early 2013, MR asked Jordan about receiving MR's shares of stock. Jordan acknowledged MR's investment amount of \$12,415. Jordan subsequently mailed MR a brochure and prospectus for GJ Holdings, as well as a brochure for Sage-Quest. To date, MR has not received any shares of stock from Jordan.
20. Jordan has continued to solicit MR to invest additional funds with Jordan. These solicitations from Jordan were made via telephone calls to MR in Missouri.
21. On or about August 20, 2013, Jordan offered MR 1,200 of "Jordan's shares" in Sage-Quest at one cent per share. MR did not invest any additional money with Jordan, GJ Holdings, and/or Sage-Quest.
22. On February 24, 2014, MR contacted Jordan and asked for a refund of MR's investment money. Jordan told MR that Jordan could not refund MR's money until Sage-Quest "started trading on the stock market" and then MR would not want a refund because MR's stock would be worth "so much money."
23. Jordan told MR that others have invested \$100,000 and they "patiently wait for the company to start trading." Jordan again solicited MR to purchase "Jordan's shares" of Sage-Quest stock at one cent per share. MR did not purchase any additional shares.
24. In December 2014, Jordan left a voicemail with MR, stating "Sage-Quest was going to have a great 2015" and "money was going to start coming in."

Jordan's Bank Records

25. A review of GJ Holdings' bank account records ("GJ Account") for the period of January 5, 2011, to April 22, 2011, revealed the following:
 - a. the account had a beginning balance of \$33,810.30;
 - b. MR's \$10,000 investment check was deposited in the account on January 18, 2011, and commingled with GJ Holdings' business and Jordan's personal funds;
 - c. the only other deposit in the account for this time period was for \$16.09 on January 10, 2011;
 - d. withdrawals and purchases totaling at least \$43,000 that appear to be for Jordan's personal use and GJ Holdings expenses, including but not limited to, payments to AARP, expenditures at restaurants, grocery stores, department stores, skin care companies, and over \$17,000 at multiple gambling casinos; and
 - e. the account had an ending balance of \$603.45 on April 22, 2011.

26. Prior to MR's investment in Sage-Quest, Jordan and GJ Holdings did not disclose to MR, among other things:
- a. that Jordan and GJ Holdings were not registered to sell securities in the State of Missouri;
 - b. that the Sage-Quest securities were not registered in the State of Missouri;
 - c. the financial condition of Sage-Quest;
 - d. how investment funds would be spent;
 - e. why MR's investment funds would be deposited in a GJ Account;
 - f. that investment funds would be commingled with funds in the GJ Account and with Jordan's personal funds and used for expenses unrelated to Sage-Quest;
 - g. that MR would not receive shares of stock in Sage-Quest; and/or
 - h. information about the background and employment history of Jordan.

Correspondences with Jordan

27. Between March 26, 2012, and January 13, 2014, the staff of the Enforcement Section requested information from Jordan regarding his solicitation and sale of securities to Missouri investors. Jordan has not provided complete information relating to his offer and sale of securities in Missouri and has refused to provide contact information for investors.

II. COMMISSIONER'S DETERMINATION AND FINDING

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

28. The **COMMISSIONER DETERMINES** that Respondents offered and/or sold securities:
- a. "Sale" and "offer to sell" are defined in Section 409.1-102 (26), RSMo. (Cum. Supp. 2013). Respondents solicited MR to invest in Sage-Quest and received funds from MR. This activity constitutes the offer and sale of securities;
 - b. "stock" is enumerated in the list of items that are securities in Section 409.1-102(28), RSMo. (Cum. Supp. 2013).
29. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, there was no registration, granted exemption, or notice filing

indicating status as a “federal covered security” for the securities offered and sold by Respondents.

30. Respondents offered and 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.
31. Respondents offered and sold unregistered securities in violation of Section 409.3-301, RSMo. (Cum. Supp. 2013), and engaged 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).

Multiple Violations of Transacting Business as an Unregistered Agent

32. The **COMMISSIONER FURTHER DETERMINES** that Jordan and GJ Holdings offered and/or sold securities on behalf of Sage-Quest by, among other things, offering and/or selling investments to MR.
33. These activities constitute transacting business as an agent in the State of Missouri under Section 409.1-102(1), RSMo. (Cum. Supp. 2013).
34. At all times relevant, Jordan and GJ Holdings were not registered as agents in the State of Missouri.
35. Jordan and GJ Holdings 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).
36. Jordan’s and GJ Holdings 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 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

37. The **COMMISSIONER FURTHER DETERMINES** that in connection with the offer, sale or purchase of a security as described above, Respondents omitted to state to investors, 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: telling MR that: (1) Jordan was starting a new company, Sage-Quest, that would be a great investment opportunity for MR; (2) Jordan would “re-activate” GJ Holdings on the stock market, which would allow Jordan to easily get Sage-Quest on the stock market; (3) the shares in

Sage-Quest were “unbelievably cheap”; (4) everyone who invested in Sage-Quest would “get rich”; (5) MR should “beg, borrow, or steal” money, because “this is the time to invest” in Sage-Quest; (6) MR should not “miss out on this opportunity to get rich”; and (7) the invested funds would be used for the startup costs of Sage-Quest but failing to disclose the following, which would impact the viability of the investment and the claimed returns:

- a. that Jordan and GJ Holdings were not registered as agents to sell securities in the State of Missouri;
 - b. that the Sage-Quest securities were not registered in the State of Missouri;
 - c. the financial condition of Sage-Quest;
 - d. how investment funds would be spent;
 - e. why MR’s investment funds would be deposited in a GJ Account;
 - f. that investment funds would be commingled with funds in the GJ Account and with Jordan’s personal funds and used for expenses unrelated to Sage-Quest;
 - g. that MR would not receive shares of stock in Sage-Quest; and/or
 - h. information about the background and employment history of Jordan.
38. The **COMMISSIONER FURTHER DETERMINES** that in connection with the offer, sale or purchase of a security as described above, Respondents engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person by, among other things, lulling MR in order to obtain additional investment funds, and/or avoid or delay detection by, (1) telling MR that Jordan could not refund MR’s money until Sage-Quest “started trading on the stock market”; (2) telling MR that MR would not want a refund because MR’s stock would be worth “so much money”; (3) telling MR that others had invested \$100,000 in Sage-Quest and they were “patiently” waiting for “the company to start trading”; (4) soliciting MR to purchase “Jordan’s shares” of Sage-Quest stock at one cent per share; and (5) telling MR that “Sage-Quest was going to have a great 2015” and “money was going to start coming in” without disclosing:
- a. how MR’s funds had been spent;
 - b. the financial condition of Sage-Quest; and/or
 - c. why MR could not get shares of stock in Sage-Quest.
39. Respondents omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made not misleading and

engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person, in violation of Section 409.5-501, RSMo. (Cum. Supp. 2013).

40. Respondents' conduct in violation of Section 409.5-501, RSMo. (Cum. Supp. 2013), constitutes engaging in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2013).
41. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. See Section 409.6-605(b), RSMo. (Cum. Supp. 2013).

III. ORDER

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

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

IV. STATEMENT

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

- A. \$10,000 civil penalty against each Respondent for more than one violation of Section 409.3-301, RSMo. (Cum. Supp. 2013);
- B. \$10,000 civil penalty against each Respondent for more than one violation of Section 409.4-402(a), RSMo. (Cum. Supp. 2013);
- C. \$10,000 civil penalty against each Respondent for more than one violation of Section 409.5-501, RSMo. (Cum. Supp. 2013);

- D. 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 or disgorge any profits arising from the violation of Sections 409.3-301, 409.4-402, 409.5-501, RSMo. (Cum. Supp. 2013); and
- E. 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-THIRD DAY OF MARCH, 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:)

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Wallace Neal Jordan and Gundaker/Jordan)
American Holdings, Inc.)

Respondents.)

Case No. AP-15-07

Serve:)

Wallace Neal Jordan)
302 Abbington Street)
Henderson, Nevada 89074-4928)

Gundaker/Jordan American Holdings, Inc.)
c/o Wallace Neal Jordan, Registered Agent)
302 Abbington Street)
Henderson, Nevada 89074-4928)

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 23rd day of March, 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:**

Wallace Neal Jordan
302 Abbington Street
Henderson, Nevada 89074-4928

and

Gundaker/Jordan American Holdings, Inc.
c/o Wallace Neal Jordan, Registered Agent
302 Abbington Street
Henderson, Nevada 89074-4928



Marsha Presley, Securities Office Manager