



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
)  
CAMBRIDGE ADULT DAY CENTER WASHINGTON )  
LLC; UNIVERSAL EXPORTS LIMITED II, LLC; )  
BROADCO, LLC; BROADWAY FUND I, LLC; )  
FORDYCE BROWN ENTERPRISES, LP; ANNE )  
REID PRODUCTS, LLC; SHAUN HAYES; CHARLES )  
LEHNBEUTER; and WILLIAM DARMSTAEDTER, II, )  
)  
*Respondents.* )

Case No. AP-17-09

Serve: )  
)  
Cambridge Adult Day Center )  
c/o RA William Darmstaedter, II )  
117 Greenbriar Estates Drive )  
St. Louis, Missouri, 63122-3344, )  
)  
and )  
)  
Universal Exports Limited II, LLC )  
c/o RA William Darmstaedter, II )  
117 Greenbriar Estates Drive )  
St. Louis, Missouri, 63122-3344, )  
)  
and )  
)  
Broadco, LLC )  
c/o RA William Darmstaedter, II )  
117 Greenbriar Estates Drive )  
St. Louis, Missouri, 63122-3344, )  
)  
and )

Broadway Fund I, LLC )  
c/o RA William Darmstaedter, II )  
117 Greenbriar Estates Drive )  
St. Louis, Missouri, 63122-3344, )  
) )  
and )  
) )  
Fordyce Brown Enterprises, L.P. )  
c/o RA Michael E. Kohn )  
7700 Bonhomme Avenue, Suite 510 )  
Clayton, Missouri, 63105, )  
) )  
and )  
) )  
Anne Reid Products, LLC )  
c/o RA William Darmstaedter, II )  
117 Greenbriar Estates Drive )  
St. Louis, Missouri, 63122-3344, )  
) )  
and )  
) )  
Shaun R. Hayes )  
8 Fordyce Lane )  
St. Louis, Missouri 63124-1354 )  
[SRH@ueltd.net](mailto:SRH@ueltd.net), )  
) )  
and )  
) )  
Charles K. Lehnbeuter )  
3733 Saint Monica Lane )  
St. Ann, Missouri, 63074 )  
[CKL@ueltd.net](mailto:CKL@ueltd.net), )  
) )  
and )  
) )  
William Darmstaedter, II )  
117 Greenbriar Estates Drive )  
St. Louis, Missouri 63122-3344. )

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

On May 12, 2017, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Director of Enforcement Sandra J. McDowell, 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. ALLEGATIONS OF FACT**

The Petition alleges the following facts:

**A. Summary of Allegations**

The Petition alleges that from at least 2012 to 2014, Respondents Shaun Hayes (“Hayes”) and Charles K. Lehnbeuter (“Lehnbeuter”) offered and/or sold securities in and/or from Missouri raising in excess of \$1.3 million from ten or more investors for, among other things, purported real estate investments and investments in adult care facilities named Cambridge Adult Day Center (“CADC”) in, among other places, St. Louis, Missouri. William Darmstaedter, II (“Darmstaedter”) signed promissory notes for some of the investments and is the registered agent for many of the entities involved. The investigation revealed that, although some funds were spent on the CADC facilities, much of the funds were diverted to other accounts that Hayes and/or Lehnbeuter controlled and spent on other business or personal expenses. Total investor losses exceed \$1 million.

**B. Respondents and Related Parties**

1. Cambridge Adult Day Center Washington, LLC (“Cambridge ADC” or “CADC”) is a limited liability company organized in the State of Missouri on March 13, 2014. Its registered agent is Darmstaedter with an address of 3640 Market Street, St. Louis, Missouri 63110. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by Cambridge ADC.
2. Universal Exports Limited II, LLC (“Universal Exports”) is a limited liability company organized in the State of Missouri on January 3, 2013. Its registered agent is Darmstaedter with an address of 117 Greenbriar Estates Drive, St. Louis, Missouri 63122. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by Universal Exports.
3. Broadco, LLC (“Broadco”) is a limited liability company organized in the State of Missouri on September 16, 2013. Its registered agent is Darmstaedter with an address of 117 Greenbriar Estates Drive, St. Louis, Missouri 63122. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by Broadco.
4. Broadco East, LLC (“Broadco East”) is a limited liability company organized in the State of Missouri on September 17, 2013. Its registered agent is Darmstaedter with an address of 117 Greenbriar Estates Drive, St. Louis, Missouri 63122. A check of the records

maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by Broadco East.

5. Broadway Fund I, LLC (“Broadway”) is a limited liability company organized in the State of Missouri on April 3, 2013. Its registered agent is Darmstaedter with an address of 117 Greenbriar Estates Drive, St. Louis, Missouri 63122. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by Broadway.
6. Fordyce Brown Enterprises, L.P. (“Fordyce”) was formed in the State of Missouri on September 4, 2012. Its registered agent is Michael E. Kohn with an address of 7700 Bonhomme Avenue, Suite 510, Clayton, Missouri 63105. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by Fordyce.
7. Anne Reid Products, LLC (“Anne Reid”) is a limited liability company organized in the State of Missouri on February 11, 2013. Its registered agent is Darmstaedter, with an address of 117 Greenbriar Estates Drive, St. Louis, Missouri 63122. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by Anne Reid.
8. Cambridge Adult Day Center Michigan, LLC (“Cambridge Michigan”) is a limited liability company organized in the State of Missouri on February 6, 2012, and administratively dissolved on December 30, 2016, for failure to maintain a registered agent. Its registered agent was Thomas Daiber with an address of 4 Almont Acres, St. Louis, Missouri 63124. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by Cambridge Michigan.
9. 4249 Michigan, LLC (“4249 Michigan”) is a limited liability company organized in the State of Missouri on February 27, 2013, and administratively dissolved on May 26, 2015, for failure to maintain a registered agent. Its registered agent was Darmstaedter with an address of 14248 F Manchester Road, #123, Manchester, Missouri 63011. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by 4249 Michigan.
10. The Bridge Adult Day Care, LLC (“The Bridge”) is a limited liability company organized in the State of Missouri on August 13, 2013. It was administratively cancelled on May 26, 2015, for failure to maintain a registered agent. Its registered agent was Darmstaedter, with an address of 14248 F Manchester Road, #123, St. Louis, Missouri 63011. A check

of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by The Bridge.

11. Ridgeview Holdings, LLC is a limited liability company organized in the State of Missouri on May 4, 2012. Its registered agent is Michael Kohn with an address of 7700 Bonhomme Avenue, Suite 510, Clayton, Missouri 63105. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by Ridgeview Holdings, LLC.
12. LoanSum, LLC is a limited liability company organized in the State of Missouri on September 10, 2007. Its registered agent is Greg Daney with an address of 150 Weldon Parkway, Suite 103, Maryland Heights, Missouri 63043. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by LoanSum, LLC.
13. Hayes is a 57 year-old Missouri resident with a last known address of 9 Fordyce Lane, St. Louis, Missouri 63124. A check of the Central Registration Depository (“CRD”) indicates that Hayes has never been registered with a broker-dealer or investment advisory firm. The Federal Deposit Insurance Corporation (“FDIC”) banned Hayes from the banking industry on December 30, 2013, for among other things, dishonest and unethical conduct while Hayes served as President of Sun Security Bank. On April 13, 2016, Hayes was indicted for bank fraud by the U.S. Attorney’s Office for the Eastern District of Missouri. The indictment is not related to this matter.
14. Lehnbeuter is a 62 year-old Missouri resident with a last known address of 3733 Saint Monica Lane, St. Ann, Missouri 63074. A check of the CRD indicates that Lehnbeuter has not been registered with a broker-dealer or investment advisory firm since 1998 and was not registered during the relevant period. On or about February 17, 2006, Lehnbeuter pleaded guilty to two felony counts of filing a false tax return and was sentenced to six months on each count to be served concurrently.
15. Darmstaedter is a 69 year-old Missouri resident with a last known address of 117 Greenbriar Estates Drive, St. Louis, Missouri 63122. A check of the CRD indicates that Darmstaedter has not been registered with a broker-dealer or investment advisory firm since 2001 and was not registered during the relevant period. Darmstaedter has been an attorney since 1972 and is assigned bar number 22591.

### **C. Enforcement Section Investigation**

16. On or around May 13, 2015, the Enforcement Section opened an investigation on Cambridge ADC, Hayes, Lehnbeuter, and Darmstaedter after receiving information that the aforementioned persons were allegedly soliciting, among other things, unregistered investments in CADC facilities. Among the information evaluated by the Enforcement

Section was an article dated March 20, 2015, in the St. Louis Business Journal titled *Shaun Hayes' New Venture*. The article explains, among other things, Hayes' and Lehnbeuter's efforts to raise investment funds to open several CADC facilities.

**Missouri Resident 1 ("MR1")**

17. On or about June 2, 2015, the Enforcement Section interviewed 68 year-old Eugene, Missouri resident MR1, who said, among other things:
  - a. MR1 first met Hayes several years ago when Hayes was a commercial loan officer;
  - b. in 2013, Hayes solicited MR1 to obtain a nearly \$2 million loan from Prescient Bank in Wisconsin (upon information and belief, the specific loan amount was \$1.65 million). The funds were to be used to open the first CADC facility at 4249 Michigan in St. Louis, Missouri. Hayes could not obtain the loan himself due to the FDIC Order and subsequent judgments as a result of the failed banks Hayes was affiliated and/or associated with;
  - c. Hayes promised MR1 a "good return," and Hayes told MR1 the loan would be paid off using loan funds from the U.S. Department of Housing and Urban Development ("HUD") Hayes expected to receive. Additionally, MR1 would receive a \$100,000 "guarantors fee";
  - d. MR1 trusted Hayes and signed all documents related to the Prescient Bank loan. MR1 never saw the closing documents related to the property at 4249 Michigan;
  - e. MR1 became 80% owner of the CADC facility and Hayes and Lehnbeuter shared 20%. Lehnbeuter would later send unsigned documents to the Enforcement Section that suggested MR1 was 40% owner, Hayes 30%, and Lehnbeuter 30%;
  - f. 4249 Michigan became the "owner" of the building, and a US Bank account was opened under the name of 4249 Michigan, LLC. Hayes and MR1 were both signatories on the account, but MR1 trusted Hayes to manage the financial affairs;
  - g. eventually, Hayes and Lehnbeuter would deny MR1 access to documents and bank records for 4249 Michigan. MR1 believes that MR1's name was "whited out" on several documents MR1 believes MR1 signed. However, MR1 could not recall specifically what documents were allegedly altered. MR1 was removed as signatory on the 4249 Michigan, LLC US Bank account but later obtained the bank records and alleged that at least \$1 million was missing from the account. MR1 alleged that Hayes and Lehnbeuter spent the funds on personal expenses not related to 4249 Michigan;

- h. by November 2013, MR1 missed several mortgage loan payments and the St. Louis County Circuit Court put the property into receivership. The loan Hayes promised to obtain from HUD had not been retained by Hayes;
  - i. in June 2014, Prescient Bank took over the property and sued 4249 Michigan; and
  - j. by September 2014, MR1 was experiencing severe financial difficulty and MR1 and MR1's wife filed Chapter 7 bankruptcy around that time.
18. The Enforcement Section reviewed the US Bank account for 4249 Michigan from April 2013 to April 2015, and it appeared that no fraudulent activity took place in the account.

#### **\$90,000 Loan Sale Agreement**

19. On or around March 22, 2013, a Loan Sale Agreement was executed between Universal Exports and People's National Bank in which Universal Exports paid \$90,000 to People's National Bank to pay off MR1's farm land. Universal Exports now holds a second deed of trust on MR1's farm land. The source of the \$90,000 is detailed below.
20. In an April 2, 2013 email from Hayes to MR1, in which Lehnbeuter was included, Hayes listed the amount of funds owed to MR1 including:
- a. a \$100,000 guarantor's fee for obtaining the \$1.65 million loan for 4249 Michigan;
  - b. a \$45,000 fee for "48 Units"; and
  - c. a \$25,000 fee for "Shirley Condos".

#### **\$70,079.71 Loan to Universal Exports**

21. On or around April 11, 2013, MR1 loaned \$70,079.71 to Universal Exports, Lehnbeuter, and Hayes purportedly as an additional investment in 4249 Michigan. MR1, through MR1's Missouri limited liability company, executed a promissory note with Universal Exports, Lehnbeuter, and Hayes in which Universal Exports, Lehnbeuter, and Hayes promised to pay MR1 on or before October 11, 2013, with interest accruing \$60.60 per day until the amount was paid in full. Upon information and belief, MR1 received no funds back for this loan.
22. On April 29, 2013, a promissory note was executed between MR1's Missouri limited liability company and Universal Exports in which MR1 was to pay \$96,200 at 15% interest in seven installments beginning on May 31, 2013, and ending on November 30, 2013. This transaction was the result of Universal Exports, Hayes, and Lehnbeuter paying off MR1's farm loan with People's National Bank. Upon information and belief, this loan was not paid back by MR1.

23. In a June 7, 2013 email to Lehnbeuter and Hayes, MR1 asked “what project was the \$70,079.71 used for? (Just for my notes).” Upon information and belief, MR1 never received an answer concerning how Lehnbeuter and/or Hayes spent the funds.

**Missouri Resident 2 (“MR2”) and Missouri Resident 3 (“MR3”)**

24. On September 2, 2015, the Enforcement Section interviewed 64 year-old MR2 and MR2’s 57 year-old spouse MR3, both residents of St. Louis, Missouri.
25. Sometime in or around late 2012, Lehnbeuter solicited MR2 to invest in real estate. In particular, Lehnbeuter told MR2 that the investment funds would be used to invest in lots located in Kansas City, Missouri. MR2 described the investment as “speculative” and that the lots would be held for a period of time before being “flipped” to make a profit.
26. On October 28, 2012, MR2 and MR3 wrote four checks to Hayes totaling \$50,000 to invest in the Kansas City lots.
27. Lehnbeuter gave MR2 a promissory note for the investment. The investment was paid back with interest as indicated on the note.

**Deposit of MR2 and MR3’s 50,000 Investment on October 30, 2012**

28. A review of the Fordyce Brown Enterprises, LP US Bank account ending in #3374, of which Hayes was the sole signatory, from October 29, 2012 to November 15, 2012, revealed, among other things:
  - a. a beginning balance of \$292.57 on October 29, 2012;
  - b. a \$50,000 deposit of MR2 and MR3’s funds on October 30, 2012;
  - c. payments to Barclaycard US totaling \$5,500;
  - d. \$13,900 transferred to Hayes’ personal US Bank account ending in #2068;
  - e. other deposits totaling \$5,030 that included a \$2,500 check from Purcell Tire Company and a \$2,530 check from Hawthorne Asset Advisors;
  - f. ATM withdrawals totaling \$1,120;
  - g. payments in excess of \$700 to department and grocery stores;
  - h. a \$525 payment to Ophthalmic Plastic and Cosmetic Surgery, Inc. on November 5, 2012;
  - i. checks totaling \$38,560.50 that included:



- i. \$10,000 to Title Experts,
  - ii. \$750 to an unknown individual for “interest”,
  - iii. \$2,000 to Hayes’ ex-wife, \$900 to a golf club,
  - iv. \$6,000 to Hawthorne Asset Advisors,
  - v. \$1,516.11 to Lexus,
  - vi. \$3,500 to a racquet club,
  - vii. \$7,000 to MICDS for “Paige and Jack Hayes”, and
  - viii. checks to utility companies; and
  - j. an ending balance of \$449.26 on November 15, 2012.
29. On or about December 21, 2012, MR2 invested \$50,000 via a check payable to Fordyce after being solicited by Lehnbeuter to again invest in lots located in Kansas City. Not long after making this investment, MR2 received the funds back with interest.

**Deposit of MR2 and MR3’s \$50,000 Investment on December 28, 2012**

30. A review of the Fordyce Brown Enterprises, LP US Bank account ending in #3374 from December 27, 2012 to January 15, 2013, revealed, among other things:
- a. a beginning balance of \$247.49 on December 27, 2012;
  - b. MR2’s \$50,000 check deposited on December 28, 2012;
  - c. other deposits totaling \$166.66;
  - d. ATM withdrawals in excess of \$1,700;
  - e. \$5,600 in payments to Barclaycard US on December 31, 2012;
  - f. payments in excess of \$780 to restaurants and grocery stores;
  - g. checks totaling \$20,791.54 that included:
    - i. \$2,900 to Hayes’ ex-wife,
    - ii. \$750 to an unknown individual for “interest”,
    - iii. \$2,000 to RZ Financial,

- iv. \$1,516.11 to Lexus Financial,
  - v. \$1,900 to a racquet club,
  - vi. \$3,131 to a golf club, and
  - vii. checks to utility companies; and
- h. an ending balance of \$256.12 on January 15, 2013.
31. On or about January 30, 2013, MR2 and MR3 were solicited by Lehnbeuter to invest \$15,000 in real-estate located on Michigan Avenue in St. Louis. MR2 made the investment via check payable to Fordyce Brown Enterprises. Lehnbeuter gave MR2 a promissory note for this investment, and some interest payments were made.
32. Lehnbeuter later told MR2 the property on Michigan Avenue was foreclosed on. Lehnbeuter further told MR2 that he was having financial difficulties. The note is in default with some interest and principal owed to MR2 and MR3.

**Deposit of MR2 and MR3's \$15,000 Investment on January 31, 2013**

33. A review of the Fordyce Brown Enterprises, LP US Bank account ending in #3374 from January 30, 2013 to February 8, 2013, revealed, among other things:
- a. a beginning balance of \$783.46 on January 30, 2013;
  - b. the \$15,000 investment of MR2 and MR3 deposited on January 31, 2013;
  - c. other deposits totaling \$13,870;
  - d. \$740 in ATM withdrawals;
  - e. payments in excess of \$500 to grocery and department stores;
  - f. \$2,000 in payments to Barclaycard US;
  - g. checks totaling \$12,273.60 that included:
    - i. \$750 to an unknown individual for "interest",
    - ii. \$1,516.11 to Lexus Financial,
    - iii. \$1,064.76 to a laser surgery center,
    - iv. \$4,500 in checks to Anne Reid Capital for "loan payoff",

- v. \$1,500 to RZ Financial for “loan payment”, and
  - vi. several other checks to unknown individuals; and
  - h. an ending balance of \$674.21 on February 8, 2013.
34. On or about April 23, 2013, Lehnbeuter solicited MR2 and MR3 to invest \$200,000. The funds were to be loaned to an attorney and real estate investor/developer named “Steve Murphy” who was developing and/or renovating property near Chouteau’s Landing in St. Louis. On April 23, 2013, MR3 invested \$200,000 via a check payable to Broadway Fund I, LLC. Lehnbeuter gave MR3 a promissory note that specified, among other things, the note would be paid back within one year along with 8% interest.

**Deposit of MR3’s \$200,000 Investment on April 24, 2013**

35. A review of the Broadway Fund I, LLC US Bank account ending in #7052 from April 19, 2013 to May 14, 2013, in which Lehnbeuter and Hayes are signatories, revealed, among other things:
- a. a beginning balance of \$0 on April 19, 2013;
  - b. MR3’s \$200,000 investment deposited on April 24, 2013;
  - c. \$25,100 in other deposits that included a \$100 transfer from U.S. Bank account ending in #6732 and a \$25,000 cashier’s check from MR4, whose investment is described below;
  - d. \$63,000 wired to US Bank account ending in #6732, Universal Exports Limited II, LLC, on April 25, 2013;
  - e. a \$25,000 customer withdrawal on April 26, 2013;
  - f. a \$90,000 wire transfer to People’s National Bank on April 30, 2013, with the beneficiary listed as MR1. The Enforcement Section later learned that Hayes and/or Lehnbeuter, through Universal Exports, hold a second Deed of Trust on MR1’s farm land. MR2 told the Enforcement Section that MR1 and MR2 had no knowledge of this transaction;
  - g. a May 14, 2013 wire to Central Jefferson Escrow/Closing in the amount of \$15,000;
  - h. a May 14, 2013 wire to PNC Pitts Enterprises, LLC in the amount of \$22,500;
  - i. two checks totaling \$7,500 that included a \$5,000 check to an unknown individual and a \$2,500 check to “Anne Reid Enterprises”; and

- j. an ending balance of \$2,028.50 on May 14, 2013.

**Transfer of \$63,000 to Universal Exports Limited II, LLC**

- 36. A review of the Universal Exports Limited II, LLC US Bank account ending in #6732 from April 24, 2013 to May 1, 2013, of which Hayes and Lehnbeuter are signatories, revealed, among other things:
  - a. a beginning balance of \$1,957.40 on April 24, 2013;
  - b. a \$63,000 deposit transferred from the Broadway Fund I, LLC US Bank account ending in #7052 on April 25, 2013;
  - c. \$1,000 transferred to US Bank account ending in #7029, Anne Reid Products, LLC, on April 25, 2013;
  - d. \$1,500 transferred to US Bank account ending in #3374, Fordyce Brown Enterprises, LP, on April 25, 2013;
  - e. a \$4,500 customer withdrawal on April 25, 2013;
  - f. \$7,750 wired to Quick Funding, LLC on April 25, 2013;
  - g. checks totaling \$44,179.35 that included:
    - i. \$20,000 to Anne Reid Enterprise for “owner dis”,
    - ii. \$20,000 to Fordyce Brown for “owner dis.”, and
    - iii. checks to various unknown individuals and utility companies;
  - h. other deposits totaling \$300 from RZ Financial Group, LLC;
  - i. payments in excess of \$700 to restaurants and department stores; and
  - j. an ending balance of \$4,095.82 on May 1, 2013.
- 37. On or about June 19, 2013, MR2 and MR3 invested an additional \$75,000 after being solicited by Lehnbeuter. According to MR2, this investment was added onto the \$200,000 investment and a new promissory note was issued that stipulated, among other things, the note would be paid back within one year along with 8% interest.
- 38. MR2 and MR3 received an estimated return of only \$14,022.22 for the total investment at that time of \$275,000. Lehnbeuter later told MR2 that the developer, whom the funds

were lent to, was not making payments, which prevented MR2 and MR3 from being compensated.

**Deposit of MR2 and MR3's \$75,000 Investment on June 27, 2013**

39. A review of the Universal Exports Limited II, LLC US Bank account ending in #6732 from June 26, 2013 to July 8, 2013, revealed, among other things:
- a. a beginning balance of \$5,931.13 on June 26, 2013;
  - b. MR2 and MR3's \$75,000 investment deposited on June 27, 2013;
  - c. \$9,365.36 in other deposits that included:
    - i. \$8,000 from "The Corner Growcery Store, LLC" for "1801 Park Fee",
    - ii. \$750 from a commercial real estate company, and
    - iii. \$615.36 transferred from an unknown US Bank account ending in #7037 on July 3, 2013;
  - d. \$28,948.09 in checks written that included:
    - i. \$1,326 to an unknown individual for "May real estate tax",
    - ii. \$1,875 to an unknown individual for "invoice payment",
    - iii. \$3,000 to Lehnbeuter,
    - iv. \$3,277.46 to United Health Care,
    - v. \$7,000 to an unknown individual for "Advance",
    - vi. \$1,483 to an unknown individual for "interest payment", and
    - vii. other checks to unknown individuals and utility companies;
  - e. \$10,000 wired to Jefferson Bank and Trust on June 28, 2013;
  - f. \$27,000 in transfers to US Bank account ending in #3374, Fordyce Brown Enterprises;
  - g. \$8,000 in transfers to an unknown US Bank account ending in #7037;
  - h. \$5,000 transferred to US Bank account ending in #7029, Anne Reid Products, LLC, on July 1, 2013;

- i. \$6,000 transferred to US Bank account ending in #6963, 4249 Michigan, LLC, on July 1, 2013;
- j. \$2,000 transferred to US Bank account ending in #7052, Broadway Fund I, LLC, on July 8, 2013;
- k. payments in excess of \$1,300 to restaurants, gas stations, and utility companies; and
- l. an ending balance of \$4,232.35 on July 8, 2013.

### **MR2's \$100,000 Investment**

- 40. In the fall of 2013, Lehnbeuter solicited a \$100,000 investment from MR2. Lehnbeuter told MR2 that Lehnbeuter was attempting to raise \$2 million to open at least six CADC facilities. MR2 was promised a 1% share in Broadco, LLC for every \$50,000 invested. In addition, MR2 was promised a return of 10% interest until the principal investment was paid back. MR2 would continue to receive returns based on the percentage of ownership (2%). The returns, according to Lehnbeuter, would be paid "when cash flows were appropriate."
- 41. The promises Lehnbeuter made to MR2 were "mainly verbal" according to MR2. In addition, Lehnbeuter told MR2 that up to 59% interest in Broadco, LLC would be sold.
- 42. MR2 made the investment from MR2's Entrust Group self-directed IRA account on October 18, 2013. After making the investment, MR2 received a Broadco, LLC Private Placement Memorandum that stated, among other things:
  - a. "The following is a Private Placement Memorandum for up to \$1,200,000 of a combination of Promissory Notes and Ownership Units in Broadco, LLC.";
  - b. The offering price of \$50,001 "reflects \$50,000 for the Promissory Note and \$1.00 for the Ownership Unit. The unit represents a 1% Broadco, LLC ownership. Should Broadco, LLC seek additional equity, the original holders of the unit-notes will have a right of first refusal on the secondary offering.";
  - c. "The Proceeds from this offering will be used to Develop, Open, License, Staff and Operate up to Four Adult Day Care Centers in Saint Louis, Missouri and Memphis, Tennessee.";
  - d. "The interest rate on the notes is to be set at 10%, but not payable until the quarter ending on June 30, 2014 has ended and the results have been properly tabulated. Thereafter, interest payments will be payable quarterly. The payments will be based upon the amount of unpaid balance outstanding at the end of the quarter. The Principal balance will be reduced based on an amortization schedule of 20

quarters, after the quarter ending on March 31, 2015.”;

- e. “Until sufficient amount has been raised to fund the desired Centers at the discretion of the Broadco Management, the funds will be held in Escrow in a non-interest bearing account at a Bank. The offering of the securities is being done by Broadco, LLC itself, no third parties are involved in the offering.”;
  - f. Universal Exports Limited II, LLC “owns 100% of Broadco, LLC. Post offering ownership will be dependent upon the level of note-unit holder subscriptions and the ownership awarded to management and key personnel through a private distribution. Should further distributions take place the original outside investors shall possess the right of First Refusal of the secondary offering”;
  - g. The managing member of Universal Exports Limited II, LLC “will be William Darmstaedter II, who has over 30 years of experience in Investment Banking and Real Estate Finance.”; and
  - h. “The net proceeds from this transaction will be used to Develop up to Four Adult Day Care Facilities. It is the Company’s intention to develop and open up to three in Memphis, Tennessee and at least one in Saint Louis, Missouri, but this could change as the development proceeds.”;
43. MR2 has received nothing back for this investment.

**Deposit of MR2’s \$100,000 Investment on October 18, 2013**

44. A review of the Broadco, LLC US Bank account ending in #1631, of which Lehnbeuter and Hayes were signatories, from October 3, 2013 to October 31, 2013, revealed, among other things:
- a. a beginning balance of \$0 on October 3, 2013;
  - b. a \$100 transfer/deposit from 4249 Michigan, LLC, US Bank account ending in #6963, on October 3, 2013;
  - c. a \$25,001 deposit via check from a business for “Investment” on October 18, 2013;
  - d. MR2’s \$100,000 investment deposited via wire from The Entrust Group on October 18, 2013;
  - e. \$52,438.74 withdrawn/transferred to US Bank account ending in #6732, Universal Exports Limited II, LLC;
  - f. \$35,000 withdrawn/transferred to US Bank account ending in #7052, Broadway Fund I, LLC; and

- g. an ending balance of \$37,647.17 on October 31, 2013.

**\$52,438.74 Transfer to Universal Exports Limited II, LLC**

- 45. A review of the Universal Exports Limited II, LLC US Bank account ending in #6732 from October 1, 2013 to October 31, 2013, revealed, among other things:
  - a. a beginning balance of \$259.13 on October 1, 2013;
  - b. \$8,600 in deposits via five checks from October 7, 2013 to October 24, 2013;
  - c. \$52,438.74 in deposits via transfers from US Bank account ending in #1631, Broadco, LLC;
  - d. a \$300 deposit via transfer from US Bank account ending in #7029, Anne Reid Products, LLC, on October 30, 2013;
  - e. payments in excess of \$900 to restaurants, gas stations, and department stores;
  - f. \$30,500 withdrawn/transferred to US Bank account ending in #6963, 4249 Michigan, LLC;
  - g. \$325 withdrawn/transferred to US Bank account ending in #3374, Fordyce Brown Enterprises, LP;
  - h. \$1,400 withdrawn/transferred to US Bank account ending in #7052, Broadway Fund I, LLC;
  - i. \$1,000 withdrawn/transferred to US Bank account ending in #7029, Anne Reid Products, LLC;
  - j. \$840 in ATM withdrawals;
  - k. \$21,023.23 in checks written that included:
    - i. \$1,500 to Anne Reid Enterprises,
    - ii. \$2,000 to William Darmstaedter,
    - iii. two checks totaling \$2,115 to MR4,
    - iv. \$6,553.46 to United Healthcare Insurance Company,
    - v. three checks totaling \$7,097.52 to a manager of one of the CADC facilities, and



- vi. other checks to unknown individuals and utility companies; and
  - l. an ending balance of \$799.71 on October 31, 2013.
46. MR2 and MR3 were aware of Lehnbeuter's criminal record prior to the investments described above. However, MR2 and MR3 were not aware of the FDIC Order against Hayes prior to the investments.

**Missouri Resident 4 ("MR4")**

47. On or about September 25, 2015, the Enforcement Section interviewed 33 year-old Maryland Heights, Missouri resident MR4. MR4 said that around April 25, 2013, MR4 was solicited by Lehnbeuter to invest with Broadway. At the time of the investment, MR4 was an employee of Universal Exports and, among other things, served as manager for the CADC facility at 4249 Michigan in St. Louis. MR4 did not know specifically what real estate project MR4's investment funds would be used for. However, Lehnbeuter told MR4, among other things, that the investment funds would be pooled with other investors' funds to lend to an attorney and real estate investor/developer named "Steve Murphy."
48. On April 25, 2013, MR4 invested \$25,000 via a cashier's check payable to "The Broadway Fund". In return, MR4 received a promissory note from Lehnbeuter that stated among other things, MR4 would receive the principal investment back along with 4% interest within six months.

**Deposit of MR4's Initial \$25,000 Investment on May 1, 2013**

49. A review of the Broadway Fund I, LLC US Bank records ending in account #7052, from April 30, 2013 to May 14, 2013, revealed, among other things:
- a. a beginning balance of \$17,094 on April 30, 2013;
  - b. MR4's \$25,000 investment deposited on May 1, 2013;
  - c. a \$2,500 check written on May 2, 2013, payable to Anne Reid Enterprises;
  - d. a \$15,000 wire to Central Jefferson Escrow/Closing on May 14, 2013;
  - e. a \$22,500 wire to PNC Pitts Enterprises, LLC on May 14, 2013; and
  - f. an ending balance of \$2,028.50 on May 14, 2013.

### **Payments Made to MR4**

50. A review of the Broadway Fund I, LLC US Bank account ending in #7052 revealed the following payments made to MR4:
- a. \$279.17 on July 9, 2013;
  - b. \$375 on October 15, 2013; and
  - c. \$25,095.83 on October 23, 2013.

### **\$25,095.83 Payment to MR4**

51. In reviewing the source of the \$25,095.83 payment to MR4, a review of the Broadway Fund I, LLC account from October 22, 2013 to October 24, 2013, revealed, among other things:
- a. a balance of \$94.76 on October 22, 2013;
  - b. \$25,000 transferred from US Bank account ending in #1631, Broadco, LLC, on October 23, 2013; and
  - c. an ending balance of \$376.07 on October 24, 2013.

### **\$25,000 from Broadco, LLC Account**

52. In reviewing the source of the \$25,000 transfer to the Broadway Fund I, LLC account from the Broadco, LLC account, a review of the Broadco account revealed, among other things:
- a. a balance of \$84.91 on October 10, 2013;
  - b. a \$25,001 deposit via check from a business for an "Investment" on October 18, 2013; and
  - c. \$100,000 deposit on October 18, 2013, from "The Entrust Group, Inc. FBO Various Retiree", which was from MR2's investment described above.

### **MR4's Second \$25,000 Investment**

53. After MR4 received MR4's principal investment back along with interest, MR4 was solicited again by Lehnbeuter to invest with Broadway Fund I, LLC. Lehnbeuter again told MR4 that MR4's investment funds would be pooled with other investors' funds and lent to real estate investor/developer "Steve Murphy."

54. On or about October 31, 2013, MR4 invested \$25,000 via a cashier's check payable to "The Broadway Fund". MR4 explained that the funds came from MR4's savings account. Lehnbeuter and MR4 executed a promissory note and a Subscription Agreement through Broadway that specified, among other things, the note would be paid back by April 30, 2014, along with 6% interest.
55. MR4 has not received any funds back for this investment.

**Deposit of MR4's \$25,000 Investment on October 31, 2013**

56. A review of the Broadway Fund I, LLC US Bank account from October 30, 2013 to November 1, 2013, revealed, among other things:
  - a. a beginning balance of \$1,687.93;
  - b. MR4's \$25,000 investment deposited on October 31, 2013;
  - c. \$5,000 deposit via transfer from US Bank account ending in #6732, Universal Exports Limited II, LLC, on November 1, 2013;
  - d. a transfer of \$5,000 to Universal Exports Limited II, LLC on November 1, 2013;
  - e. a \$25,000 transfer to US Bank account ending in #1631, Broadco, LLC, on November 1, 2013; and
  - f. an ending balance of \$1,615.60 on November 1, 2013.

**Broadco, LLC Account**

57. A review of the Broadco, LLC US Bank account ending in #1631 from November 1, 2013 to November 29, 2013, revealed, among other things:
  - a. a beginning balance of \$37,647.17;
  - b. a transfer/deposit of \$5,000 from US Bank account ending in #6732, Universal Exports Limited II, LLC, on November 1, 2013;
  - c. a transfer/deposit of \$25,000 from US Bank account ending in #7052, Broadway Fund I, LLC, on November 1, 2013;
  - d. two checks totaling \$25,000 deposited on November 4, 2013, that included a \$15,000 check from DeWitt Insurance Agency, Inc. and \$10,000 from Lee Cameme Insurance Agency, LLC;
  - e. a \$50,001 wire/deposit from FR1, whose investment is described below, on November 6, 2013;

- f. a \$50,001 deposit from MR5, whose investment is described below, on November 13, 2013;
- g. \$98,050 in transfers/withdrawals to US Bank account ending in #6732, Universal Exports Limited II, LLC;
- h. \$51,000 in transfers/withdrawals to US Bank account ending in #7052, Broadway Fund I, LLC;
- i. \$14,725 in checks written that included:
  - i. a \$2,925 check to Scott Properties for “Nov Rent”,
  - ii. \$10,000 to SLR for “Down Pmt 3640 Market”, and
  - iii. \$1,800 to the City of St. Louis for “Building Permits.”; and
- j. an ending balance of \$28,807.67 on November 29, 2013.

**\$98,050 Transfer to Universal Exports Limited II, LLC Account**

58. A review of the US Bank Universal Exports Limited II, LLC account ending in #6732 from November 1, 2013 to November 29, 2013, revealed, among other things:
- a. a beginning balance of \$799.71 on November 1, 2013;
  - b. a deposit of \$3,750 on November 18, 2013, via check from DTN Internet Inc. for “Damina Novak pmt 1”;
  - c. \$98,050 in deposit/transfers from US Bank account ending in #1631, Broadco, LLC;
  - d. \$5,000 deposited via transfer from US Bank account ending in #7052, Broadway Fund I, LLC;
  - e. \$4,500 deposited via transfer from US Bank account ending in #3374, Fordyce Brown Enterprises, LP;
  - f. \$35,885.70 in checks written that included:
    - i. four checks to Anne Reid Enterprises totaling \$4,500,
    - ii. \$2,000 to an unknown individual’s trust for “Interest”,
    - iii. \$1,875 to Zenith Capital Management, LLC,

- iv. \$3,276.73 to United Healthcare, and
- v. other checks to unknown individuals and utility companies;
- g. payments in excess of \$1,600 to restaurants, gas stations, and department stores;
- h. \$45,625 in withdrawals/transfers to US Bank account ending in #3374, Fordyce Brown Enterprises, LP;
- i. \$2,662 in withdrawals/transfers to US Bank account ending in #7029, Anne Reid Products, LLC;
- j. \$11,000 in withdrawals/transfers to US Bank account ending in #6963, 4249 Michigan, LLC;
- k. \$5,000 in withdrawals/transfers to US Bank account ending in #1631, Broadco, LLC;
- l. \$5,000 in withdrawals/transfers to US Bank account ending in #7052, Broadway Fund I, LLC; and
- m. an ending balance of \$2,795.32 on November 29, 2013.

**\$45,625 Transfer to Fordyce Brown Enterprises, LP**

59. A review of the Fordyce Brown Enterprises, LP US Bank account ending in #3374 from November 1, 2013 to November 29, 2013, revealed, among other things:
- a. a beginning balance of \$101.65 on November 1, 2013;
  - b. deposits totaling \$16,889.88 that included:
    - i. a \$13,594.88 check from an unknown individual,
    - ii. a \$100 cash deposit, and
    - iii. several checks from different unknown individuals;
  - c. deposits totaling \$45,625 via transfers from US Bank account ending in #6732, Universal Exports Limited II, LLC;
  - d. payments totaling \$5,192.34 to Barclaycard US;
  - e. payments in excess of \$300 to grocery stores;

- f. \$580 in ATM withdrawals;
- g. \$16,000 wired to Merrill Lynch;
- h. \$11,494.98 in checks written that included:
  - i. \$2,144.98 to 1st National Bank,
  - ii. two checks totaling \$4,240 to an unknown individual,
  - iii. \$1,575 to a racquet club,
  - iv. \$2,365 to Ameren UE, and
  - v. several checks to different unknown individuals; and
- i. an ending balance of \$13,865.80 on November 29, 2013.

**\$51,000 Transfer to Broadway Fund I, LLC Account**

60. A review of the Broadway Fund I, LLC US Bank account ending in #7052 from November 1, 2013 to November 30, 2013, revealed, among other things:
- a. a beginning balance of \$1,615.60 on November 1, 2013;
  - b. a \$1,700 deposit on November 13, 2013, via check from an attorney;
  - c. \$5,000 deposit via transfer from US Bank account ending in #6732, Universal Exports Limited II, LLC;
  - d. \$51,000 in deposits via transfers from US Bank account ending in #1631, Broadco, LLC;
  - e. \$5,000 withdrawn/transferred to US Bank account ending in #6732, Universal Exports Limited II, LLC;
  - f. \$25,000 withdrawn/transferred to US Bank account ending in #1631, Broadco, LLC;
  - g. \$51,370 in checks written that included a \$15,000 loan to an attorney and a \$36,000 check to MR3 for “32K Principal 4K Interest”; and
  - h. an ending balance of \$2,484.60 on November 30, 2013.

### **MR4's \$20,000 Investment**

61. In or around September 2013, Lehnbeuter solicited a short-term loan in the amount of \$20,000 from MR4. Lehnbeuter was to lend the funds to a St. Louis attorney named Michael Kohn. Lehnbeuter and MR4 executed a promissory note and a Subscription Agreement through Broadway that specified, among other things, the note would be paid in full by January 4, 2013, with 10% interest. MR4 received no funds back for this loan.
62. Prior to MR4's first investment, MR4 was unaware of Lehnbeuter's criminal record. Sometime after the first investment, and prior to the second investment, MR4 learned about Lehnbeuter's criminal record from a coworker. MR4 had no knowledge of Hayes' FDIC Order.

### **Missouri Resident 5 ("MR5")**

63. On January 27, 2016, the Enforcement Section interviewed 71 year-old St. Louis, Missouri resident MR5. MR5 had known Hayes for approximately 20 years.
64. Sometime prior to September 24, 2014, MR5 was solicited by Hayes and Lehnbeuter to invest in CADC. MR5 was impressed by the concept of CADC and made a \$50,001 investment via funds from MR5's IRA. The Enforcement Section later learned that MR5's investment was deposited on November 13, 2013, as described below.
65. Not long after making the investment, MR5 received a promissory note from Broadco that stated, among other things:
  - a. "The first interest payment will be due on June 30, 2014 for the accrued interest from the date above to June 30, 2014. Quarterly interest only payments will be made through December of 2014.";
  - b. "The first interest and principal payment will be due on March 31, 2015 and will be for the accrued interest from January 1, 2015 to March 31, 2015. Principal payments will also be made based upon a 20 quarter amortization schedule calculated on the amount above."; and
  - c. "Interest Rate: The parties agree to an interest rate of Ten Per Cent (10.0%) payable quarterly beginning March 15, 2015 and payable every 90 days thereafter (June 15; September 15; December 15; and March 15 each respective year) until final payment on March 15, 2020. Interest shall begin to accrue on the date stated above."
66. The promissory note was signed by Darmstaedter, "Authorized Member, Broadco, LLC" and dated September 24, 2014. Darmstaedter is the registered agent for Broadco, LLC.

67. MR5 was confused as to why MR5 received a promissory note from Broadco when MR5 thought MR5's investment was in CADC. Hayes later told MR5 the name was changed to CADC after the investment.
68. MR5 received a certificate that stated MR5 "is entitled to 1 units of the par value of \$1 each of the Ownership Units of Broadco transferable in person or by Attorney only in the books of the Company and upon the surrender of the Certificate."
69. MR5 received a Private Placement Memorandum for Broadco that stated, among other things:
  - a. "The proceeds from this offering will be used to Develop, Open, License, Staff and Operate up to Four Adult Day Care Centers in Saint Louis, Missouri and Memphis, Tennessee.";
  - b. "Broadco, LLC is a start-up company. At the time of the offering Broadco has no operating Centers and will use the proceeds raised herein to initiate the development process.";
  - c. "The properties will be operated by two different entities. Broadco East will operate the Centers in Tennessee while The Bridge Adult Day Care will operate a Center in Missouri. Each Center will be owned by a specific Limited Liability Company unique to that location.";
  - d. "The offering price" of \$50,001 "reflects \$50,000 for the Promissory Note and \$1.00 for the Ownership Unit. The unit represents a 1% Broadco, LLC ownership. Should Broadco, LLC seek additional equity, the original holders of the unit-notes will have a right of first refusal on the secondary offering.";
  - e. "The interest rate on the notes is to be set at 10%, but not payable until the quarter ending on June 30, 2014 has ended and the results have been properly tabulated. Thereafter, interest payments will be payable quarterly. The payments will be based upon the amount of unpaid balance outstanding at the end of the quarter. The Principal balance will be reduced based on amortization schedule of 20 quarters, after the quarter ending on March 31, 2015";
  - f. "Until a sufficient amount has been raised to fund the desired Centers at the discretion of the Broadco Management, the funds will be held in Escrow in a non-interest bearing account at a Bank. The offering of the securities is being done by Broadco, LLC itself, no third parties are involved in the offering.";
  - g. Universal Exports Limited II, LLC "owns 100% of Broadco, LLC. Post offering ownership will be dependent upon the level of note-unit holder subscriptions and the ownership awarded to management and key personnel through a private distribution. Should further distributions take place the original outside investors shall possess the right of First Refusal of the secondary offering";



- h. The managing member of Universal Exports Limited II, LLC “will be William Darmstaedter II, who has over 30 years of experience in Investment Banking and Real Estate Finance.”; and
  - i. “The net proceeds from this transaction will be used to Develop up to Four Adult Day Care Facilities. It is the Company’s intention to develop and open up to three in Memphis, Tennessee and at least one in Saint Louis, Missouri, but this could change as the development proceeds.”
- 70. Another investor in Broadco forwarded an email to MR5 that the investor received on January 14, 2016, from Lehnbeuter. In the email, Lehnbeuter said, among other things:
  - a. “Shaun Hayes is not and has not been an owner of Broadco, LLC.”; and
  - b. “Broadco, LLC began as effort to open adult day center in Missouri and Tennessee. We were unsuccessful. With no additional Broadco, LLC investment capital, we were able to secure the acquisition of Washington Ave with \$600,000 of new funds and Broadco ownership of 43%. This effort, while also failing, has lead to an outcome that will now generate returns to Broadco, LLC. Unit Holders, those who hold a note and have an equity interest, will have first priority to any returns that come from Washington Avenue.”
- 71. MR5’s \$50,001 investment was deposited in the Broadco, LLC US Bank account ending in #1631 on November 13, 2013, see paragraph 57 above.

**Virginia Resident (“VR1”)**

- 72. On January 25, 2016, the Enforcement Section interviewed 56 year-old Virginia resident VR1. VR1 told the Enforcement Section, among other things, that VR1 had known Hayes for many years.
- 73. In or around late December 2013, Hayes solicited VR1 to invest in CADC. Hayes told VR1, among other things, that Hayes was planning to open several CADC facilities and that VR1 could be part-owner of one of the facilities.
- 74. On or about August 29, 2014, VR1 invested \$20,000 in Broadco, LLC. The funds came from VR1’s Entrust Group self-directed IRA account.
- 75. Not long after making the investment, VR1 received a promissory note from Lehnbeuter. The “Secured Promissory Note” states, among other things:
  - a. “For Value Received, the undersigned, Broadco, LLC, a Missouri limited liability company (“Borrower”), hereby promises to pay to the order of The Entrust Group Inc fbo [VR1] (“Lender”), the principal sum of twenty thousand and No/100 Dollars (\$20,000), with interest accruing from August 27, 2014 on the principal

balance from time to time remaining unpaid prior to default or maturity at the Interest Rate (defined below).”;

- b. the interest rate is defined in the note as “an annual fixed interest rate equal to ten percent (10%).”;
  - c. the maturity date for the note is March 15, 2020; and
  - d. the note is signed by Lehnbeuter and dated August 27, 2014.
76. In a revised note, language pertaining to “collateral security” was removed. In addition, the note specified that “The first payment will be due on March 15, 2015 and will be for the accrued interest from the date above to March 15, 2015. Thereafter the quarterly payments will be in the amount of \$1,282.94 (Including principal and interest).” The note is signed by Darmstaedter and dated August 29, 2014.
77. In an email from Lehnbeuter to Hayes on August 28, 2014, Lehnbeuter told Hayes “Very sorry for the mix up with [VR1’s] note. The Darmstaedter Law Firm sent wrong note form.”
78. On January 9, 2014, MR4, representing Universal Exports, sent VR1, via email, at the behest of Hayes, a Private Placement Memorandum and Confidentiality Agreement. In addition, MR4 emailed a PowerPoint presentation that was “made to an institutional investor with specific interest in Missouri. The content emphasizes St. Louis but should not be taken to mean that we are not going to Memphis.”
79. The PowerPoint presentation presents statistics on the aging population and the need for services like CADC. In addition, options for investing in CADC are described as “Capital investment in wholly owned centers” or “Franchise options.”
80. With regard to Capital Investment, one slide purports that “Capital is needed in order to meet the goal of opening 30-40 centers in the first 5 years. These centers will be clustered in small to mid-sized metropolitan areas in the Midwest. Future sites include; St. Louis, Columbia, Kansas City, Joplin, Springfield, and Cape Girardeau. These centers will remain wholly owned by the parent company, Broadco.”
81. Regarding the “Franchise Options” one PowerPoint slide states “Franchises will be sold for a fee of \$30,000. The franchise model will differ slightly from the wholly owned, as not to interfere with corporate territory. These smaller centers (25-50 participants) will be focused in smaller ‘micro-politan’ cities throughout the Midwestern region. In exchange for the franchise fee and annual revenue share, the franchise will gain the use of the corporate brand and support in all areas of the business.”
82. In a January 9, 2014 email, Hayes explains to VR1 that VR1’s investment “is equity and debt so your cash gets repaid as a loan unlike a common stock which doesn’t.”

83. In a November 5, 2014 email to investors, Lehnbeuter provided a “Broadco Investor Update.” In this email, Lehnbeuter stated, among other things:
- a. “We closed the acquisition of 2200 Washington Avenue Adult Day Care on Friday, 10/24/14. This is a solid a foundation for Broadco as we could have hoped for. We maintained a 43% ownership interest and will take in a 9% management fee off of gross receipts.”;
  - b. “At 200 participants at a time, this is the largest Adult Day license in the State of Missouri. When we took over, they were averaging 65 participants per weekday and 37 on Saturday. Between the licensed capacity and the huge market, the upside has always seemed immense.”;
  - c. “The near term revenue growth potential has surprised us. We knew the center could provide services for a lot more people. We just did not think the additions would be this large, this quickly. The previous operators had a lot of folks “in the system” but could not get them classified as “billable.” We fixed that and in the process picked up 15 new billable participants. We are expecting to generate in excess of \$1 million in revenue from this center over the next 12 months.”;
  - d. “Financing has been approved for the Springfield franchise, and work on the facility will begin in November. Labadie in North City, Poplar Bluff, and Kennett are all moving forward with expected openings beginning in Q1 2015.”;
  - e. “With the acquisition and our new project pipeline, we plan to begin making interest payments on the Broadco Investor Notes at the end of Q1 2015. We anticipate that Washington Avenue by itself will allow us to retire the debt and provide equity returns to all of us.”; and
  - f. “Capital is our constraint and as evidenced by the activity, we are figuring out how to raise a lot of money. If you are aware of anyone who might have an interest in the emerging industry, please pass on the information.”

**Deposit of VR1’s \$20,000 Investment on August 29, 2014**

84. A review of the Broadco, LLC BMO Harris Bank account ending in #4979, of which Lehnbeuter was the sole signatory, from August 20, 2014 to September 30, 2014, revealed, among other things:
- a. a beginning balance of \$0 on August 20, 2014;
  - b. VR1’s \$20,000 investment deposited via wire on August 29, 2014;
  - c. deposits totaling \$5,350.52 that included:
    - i. a \$100 cash deposit,

- ii. \$2,400 via transfers from the BMO Harris bank account ending in #4960, Universal Exports, and
  - iii. a \$2,700 check from The Kohn Partnership, LP;
- d. \$12,495.36 in checks written that included:
- i. two checks totaling \$690 to Lehnbeuter,
  - ii. \$1,350 to Annette Lehnbeuter,
  - iii. \$4,075 for cash,
  - iv. \$1,200 to Straub's, a grocery store,
  - v. \$3,225 to a racquet club,
  - vi. \$75 to Ophthalmology Consultants, LTD, and
  - vii. other checks to unknown individuals and utility companies;
- e. \$100 withdrawn/transferred to CADC BMO Harris Bank account ending in #5444 on September 2, 2014;
- f. \$2,000 withdrawn/transferred to Lehnbeuter's BMO Harris Bank account ending in #4960 on September 2, 2014;
- g. \$5,550 in cash withdrawals;
- h. payments in excess of \$5,000 to restaurants, gas stations, department stores, JR Cigars, St. Louis Symphony, The Wine and Cheese Place, Pomme Café & Wine Bar, Randall's Wines, and Enterprise Rent a Car; and
- i. an ending balance of \$34.02 on September 30, 2014.
85. Prior to the investment, VR1 was unaware of Hayes' FDIC Order and Lehnbeuter's criminal record.

**Florida Resident 1 ("FR1") and Florida Resident 2 ("FR2")**

86. From February 9, 2016 to June 23, 2016, the Enforcement Section interviewed 40 year-old Florida resident FR1 and FR1's 37 year-old spouse FR2. FR1 and FR2 made multiple investments with Hayes and Lehnbeuter from 2012 through 2014. They stated that they had known Hayes for several years.

### **FR1 and FR2's \$185,000 Investment in June 2012**

87. In or around June 2012, Hayes and Lehnbeuter solicited FR1 and FR2 to invest in an apartment building located in north St. Louis, Missouri. Hayes and/or Lehnbeuter promised a return on the investment by obtaining a HUD loan. Hayes and/or Lehnbeuter arranged to have a promissory note executed between FR1 and FR2's Missouri limited liability company and Ridgeview Holdings, LLC. The note promised a return of the principal investment and 4% interest by October 5, 2014. After the investment, FR1 and FR2 held a subordinated deed of trust for the building. FR1 and FR2 later learned that LoanSum, LLC, a hard money lender, held first position on the building.
88. In or around August 2013, Lehnbeuter and/or Hayes told FR1 and FR2 that LoanSum, LLC would sell the building to another investor and the name of the entity having first position on the building would be Ridgeview Diamond, LLC. In order to sell the property to Ridgeview Diamond, LLC, Hayes and/or Lehnbeuter told FR1 and FR2 they would have to execute a Deed of Release with Ridgeview Holdings, LLC. After the building was sold to Ridgeview Diamond, LLC, FR1 and FR2 would receive the \$185,000 principal and interest promised.
89. FR1 executed the Deed of Release on August 13, 2013.
90. After approximately one year, FR1 and FR2 had still not received any return on their investment. Hayes and Lehnbeuter then told FR1 and FR2 that the building's owner, Loan Sum, LLC, decided not to sell the building. Through research, FR1 and FR2 found that Ridgeview Diamond, LLC was never a registered entity. Another year passed and FR1 and FR2 had still not received any return on their investment. FR1 and FR2 then learned from other investors who invested in the building that they had been paid back their investments.
91. To date, FR1 and FR2 have not received any returns on the \$185,000 investment.

### **FR1's \$24,000 Investment in 4249 Michigan, LLC**

92. In or around 2013, FR1 invested \$24,000 in the first CADC facility located at 4249 Michigan in St. Louis after being solicited by Hayes. The funds were to be used for general operating capital for the facility. FR1 received these investment funds back along with "one ownership payment."

### **FR1's \$50,001 CADC Investment in November 2013**

93. In or around November 2013, Hayes solicited FR1 to invest in Broadco. Broadco was described by Hayes as a "parent company" of several CADC facilities that sells franchises in CADC. Hayes told FR1 that Broadco received "royalty payments" for others to use the CADC name and operating business model. Hayes told FR1 that more facilities would open in the St. Louis area and the state of Tennessee.

94. On November 6, 2013, FR1 invested \$50,001 via wire transfer to Broadco, LLC's US Bank account ending in #1631. The funds were to be used for operating expenses related to opening more CADC facilities.
95. FR1 received a promissory note and Private Placement Memorandum from Hayes.
96. Since making the \$50,001 investment, FR1 has received nothing back.
97. FR1's promissory note stated, among other things:
  - a. that the "Maker", Broadco, LLC, promised to pay [FR1], the "Holder", "the principal sum of Fifty Thousand and no/100 Dollars (\$50,000) (the "Loan") on or before March 15, 2020 (the "Maturity Date") together with interest thereon, or on so much thereof as is from time to time outstanding and unpaid, at the rates hereinafter set forth.";
  - b. "The parties agree to an interest rate of Ten Per Cent (10.0%) payable quarterly beginning March 15, 2015 and payable every 90 days thereafter (June 15; September 15; December 15; and March 15 each respective year) until final payment on March 15, 2020.";
  - c. "The first interest payment will be due on June 30, 2014 for the accrued interest from the date above to June 30, 2014. Quarterly interest only payments will be made through December of 2014.";
  - d. "The first interest and principal payment will be due on March 31, 2015 and will be for the accrued interest from January 1, 2015 to March 31, 2015. Principal payments will also be made based upon a 20 quarter amortization schedule calculated on the amount above."; and
  - e. the top left of the note is dated "11/15/13", and the note is signed and dated "9-24-2014" by William Darmstaedter, II.
98. The Private Placement Memorandum sent to FR1 from Hayes stated, among other things:
  - a. "The following is a Private Placement Memorandum for up to \$1,200,000 of a combination of Promissory notes and Ownership units in Broadco, LLC. The proceeds of this offering will be used to fund the establishment and development of up to four (4) Adult Day Care Centers.";
  - b. "The proceeds from this offering will be used to Develop, Open, License, Staff and Operate up to Four Adult Day Care Centers in Saint Louis, Missouri and Memphis, Tennessee.";

- c. “Broadco, LLC is a start-up company. At the time of the offering Broadco has no operating Centers and will use the proceeds raised herein to initiate the development process.”;
  - d. “The offering price reflects \$50,000 for the Promissory Note and \$1.00 for the Ownership Unit. The unit represents a 1% Broadco, LLC ownership. Should Broadco, LLC seek additional equity, the original holders of the unit-notes will have a right of first refusal on the secondary offering.”;
  - e. “The interest rate on the notes is to be set at 10%, but not payable until the quarter ending on June 30, 2014 has ended and the results have been properly tabulated. Thereafter interest payments will be payable quarterly. The payments will be based upon the amount of unpaid balance outstanding at the end of the quarter. The principal balance will be reduced based on an amortization schedule of 20 quarters, after the quarter ending on March 31, 2015.”;
  - f. “Until a sufficient amount has been raised to fund the desired Centers at the discretion of the Broadco Management, the funds will be held in Escrow in a non-interest bearing account at a Bank.”;
  - g. “At the time of this offering, UEIII, LTD, LLC owns 100% of Broadco, LLC. Post offering ownership will be dependent upon the level of note-unit holder subscriptions and the ownership awarded to management and key personnel through a private distribution. Should further distributions take place the original outside investors shall possess the right of First Refusal of the secondary offering.”; and
  - h. “UEIII, LTD, LLC percentage of ownership is subject to change based upon the amount of the Subscription. Should 24 units be sold UEIII, LTD will have a 76% ownership in Broadco. UEIII, LTD Managing Member will be William Darmstaedter II, who has over 30 years of experience in Investment Banking and Real Estate Finance.”
99. FR1’s \$50,001 investment was deposited in the Broadco, LLC US Bank account ending in #1631 on November 6, 2013, see paragraph 57 above.

**FR1’s \$100,001 Investment**

100. On or about September 29, 2014, FR1 invested \$100,001 in CADCO. Lehnbeuter told FR1 the funds were to be used for operational expenses for the facility. Lehnbeuter supplied FR1 with an Investor’s Agreement and Subscription Agreement. In addition, Lehnbeuter sent a welcome letter to FR1 that stated, among other things, FR1 acknowledged “that you are not an accredited investor for purposes of Rule 501 of Reg. D.” Lehnbeuter sent the Enforcement Section documents pertaining to this investment on or about April 11, 2016, that included FR1’s Investor’s Agreement and a portion of the Subscription Agreement.

### **FR1's Investor's Agreement**

101. FR1's Investor's Agreement, provided to the Enforcement Section by Lehnbeuter, stated, among other things:
- a. the date of September 29, 2014;
  - b. that it is "made and entered into" as of the above date "by and among Cambridge Adult Day Centers Washington Avenue, LLC, a Missouri Limited Liability Company ("Company") and each holder ("Investors") of a Promissory Note and Unit ("Notes-Units") from the Company listed on Schedule I (together with any subsequent investors or transferees, who become parties hereto as provided herein, Investors and Company are hereinafter referred to as the "Parties."); and
  - c. "All Certificates for the 'Unit-Notes' must bear the following or a substantially similar legend:

*These securities have not been registered under the Securities Act of 1933. They may not be sold, offered for sale, pledged or hypothecated in the absence of an effective registration statement as to the securities under said Act or an opinion of counsel satisfactory to the Company that such registration is not required."*

### **Deposit of FR1's \$100,001 Investment on October 14, 2014**

102. A review of the Cambridge Washington BMO Harris Bank account ending in #6917 from October 7, 2014 to October 30, 2014, in which Lehnbeuter and Darmstaedter were signatories, indicated, among other things:
- a. a beginning balance of \$100 on October 7, 2014;
  - b. \$35 withdrawn/transferred to Broadco, LLC's BMO Harris Bank account ending in #4979 on October 8, 2014;
  - c. FR1's \$100,001 investment deposited via wire on October 14, 2014;
  - d. \$46,000 withdrawn/transferred to Universal Exports Limited II, LLC BMO Harris Bank account ending in #4960 from October 14, 2014 to October 27, 2014;
  - e. a \$39,674 wire to "MIB JEFF CITY MO\*" on October 23, 2014;
  - f. a \$800 cash withdrawal on October 29, 2014;
  - g. \$10,502.17 in checks written that included:



- i. \$6,762.34 to DeWitt Insurance,
  - ii. \$678.24 to an employee of CADC, and
  - iii. two checks totaling \$2,000 for cash; and
- h. an ending balance of \$4,838.36 on October 30, 2014.

**\$46,000 Transfer to Universal Exports Limited II, LLC Account**

103. A review of the Universal Exports Limited II, LLC BMO Harris Bank account ending in #4960 from October 1, 2014 to October 31, 2014, of which Lehnbeuter and Darmstaedter were signatories, revealed, among other things:
- a. a beginning balance of \$10.44 on October 1, 2014;
  - b. deposits totaling \$51,000 that included \$46,000 transferred from Cambridge ADC BMO Harris Bank account ending in #6917, and a \$5,000 check from a manager of a CADC facility in southeast Missouri;
  - c. withdraws totaling \$1,000 that were transferred to the Broadco, LLC BMO Harris Bank account ending in #4979;
  - d. \$4,600 in cash withdrawals;
  - e. \$39,340 in checks written that included:
    - i. two checks totaling \$1,340 to Annette Lehnbeuter,
    - ii. \$4,000 to Cambridge St. Charles,
    - iii. \$2,500 to a CADC employee,
    - iv. \$1,500 written for cash, and
    - v. \$30,000 to BMO Harris for “SRH Child Support.”; and
  - f. an ending balance of \$6,070.44 on October 30, 2014.
104. FR1 and FR2 were unaware of Lehnbeuter’s criminal record and Hayes’ FDIC Order prior to any of their investments.

### **California Resident 1 (“CR1”)**

105. On June 10, 2015, the Enforcement Section interviewed 50 year-old California resident CR1. CR1 told the Enforcement Section, among other things, that CR1 learned about CADC from her spouse, a retired firefighter from St. Louis. CR1’s spouse allegedly saw an advertisement in the St. Louis Business Journal for CADC, and contacted Hayes to learn more about CADC. CR1’s spouse was impressed by the business plan and convinced CR1 to invest in CADC.
106. On November 24, 2014, CR1 wired \$100,001 to the Cambridge ADC BMO Harris Bank account ending in #6917. The funds came from CR1’s IRA.
107. CR1 understood that the investment funds were to be used for Cambridge ADC’s operating expenses.
108. CR1 received paperwork indicating that CR1 owned a percentage of one of the CADC facilities. In addition, the paperwork indicated that the investment funds would be paid back within six years and interest would be paid quarterly. The first interest payment in May 2015, was received but it was late. CR1 received no more payments for the investment.
109. CR1 was upset after the investment because it took a long time to get the investment documents signed by Hayes and/or Lehnbeuter.
110. CR1 was supposed to earn returns based on CR1’s percentage of ownership of the CADC facility after the funds were paid back.
111. On or about April 11, 2016, Lehnbeuter sent the Enforcement Section paperwork pertaining to CR1’s investment that included an Investor’s Agreement and Subscription Agreement.

### **CR1’s Investor’s Agreement**

112. CR1’s Investor’s Agreement, among other things:
  - a. appeared to be dated “10/25/13”;
  - b. was between Cambridge Washington and “each holder (‘Investors’) of a Promissory Note and Unit (‘Notes-Units’) from the Company listed on Schedule I”;
  - c. outlines “Restrictions on Transfer”; and
  - d. stated, “The Board of Directors may from time to time authorize the issuance of options to reward management, consultants, directors or other persons or entities who are deemed to have made meaningful contributions to CADC Washington.”

### **CR1's Subscription Agreement**

113. CR1's Subscription Agreement stated, among other things:
- a. "The undersigned hereby subscribes for and offers to purchase unit-notes of \$100,001 (the 'Subscription') to Cambridge Adult Day Centers Washington Avenue, LLC";
  - b. the "Unit-Notes" are not "and will not be registered under the Securities Act of 1933 or under any state securities laws";
  - c. "The undersigned has carefully considered and has, to the extent the undersigned believes such discussion necessary, discussed with the undersigned's professional legal, tax and financial advisers the suitability of an investment in the Company for the undersigned's particular tax and financial situation and the undersigned has determined that the 'Unit-Notes' are a suitable investment for the undersigned.";
  - d. "All certificates for the 'Unit-Notes' must bear the following or a substantially similar legend:  
  

*These Securities have not been registered under the Securities Act of 1933. They may not be sold, offered for sale, pledged, or hypothecated in the absence of an effective registration statement as to the securities under said Act or an opinion of counsel satisfactory to the Company that such registration is not required.*";
  - e. "These securities are subject to the terms and conditions of an Investors' Agreement, dated as of 10/23/13, to which the Company and the holder of this certificate are parties, a copy of which is on file in the principle office of the Company."; and
  - f. on the "Signature Page For Subscription Agreement" the Agreement is signed by CR1 but not dated.

### **Deposit of CR1's \$100,001 Investment on November 24, 2014**

114. A review of the CADC Washington BMO Harris Bank account ending in #6917 from November 19, 2014 to December 29, 2014, revealed, among other things:
- a. a beginning balance of \$25,720.93 on November 19, 2014;
  - b. CR1's \$100,001 investment deposited via wire on November 24, 2014;

- c. \$148,100.03 in deposits, \$125,383.12 of which came from the Department of Social Services for health claim payments;
- d. cash withdrawals totaling \$3,700;
- e. \$100,000 withdrawn/transferred to BMO Harris Bank account ending in #4979, Broadco, LLC, on December 5, 2014;
- f. \$106,070.03 in checks written that included:
  - i. a check in excess of \$21,000 to a law firm for “CADC Acquisition”,
  - ii. three checks totaling \$3,566.43 to US Foods,
  - iii. \$11,398.38 to Washington Avenue Properties for “Dec Rent”,
  - iv. \$5,302.52 to Midwest Adult Daycare Services for “Oct/Nov Van Lease”,
  - v. \$400 to Lehnbeuter,
  - vi. \$224 to Hayes,
  - vii. two checks totaling \$2,300 for cash, and
  - viii. other checks to unknown individuals;
- g. payments totaling \$34,504.83 for payroll and taxes;
- h. payments in excess of \$2,000 to gas stations, restaurants, and other stores;
- i. a \$33,000 withdrawal/wire transfer on December 23, 2014, to “CENTER WASHINGT\* 14248 F MANSHESTER RD 123 BALLWIN\*MO”; and
- j. the account was closed and a \$14,395.95 cashier’s check was issued to CADC on December 29, 2014.

**\$100,000 Transfer to Broadco, LLC Account**

- 115. A review of the Broadco, LLC BMO Harris Bank account ending in #4979 from December 1, 2014 to December 31, 2014, revealed, among other things:
  - a. a beginning balance of \$2,747.89 on December 1, 2014;
  - b. \$100,000 transferred from Cambridge Washington on December 5, 2014;

- c. \$98,450 withdrawn/transferred via wire transfer to “PELTS TITLE, LLC 217 COLLEGE AVE P.\*O. BOX 68 KENNETT, MO 63857\*”;
  - d. \$72,000 deposited on December 16, 2014, via wire transfer from a California resident;
  - e. \$2,064.97 in other deposits;
  - f. \$69,741 withdrawn/transferred via wire transfer to “BLVD SUIT\*E200 CREVE COEUR MO 63141\*” on December 18, 2014;
  - g. \$4,000 in cash withdrawals;
  - h. \$2,775 in checks written that included two checks totaling \$775 to Darmstaedter and \$2,000 to the registered agent of the CADC Kennett and Hayti facilities, for “Loan Repayment”;
  - i. \$84.75 in payments to restaurants and department stores;
  - j. \$813.14 in payments to Enterprise Rent a Car; and
  - k. the account was closed and a cashier’s check was issued for \$248.97 on December 29, 2014.
116. CR1 was not aware of Lehnbeuter’s criminal record and the FDIC Order against Hayes prior to the investment.

**California Resident 2 (“CR2”)**

117. On January 23, 2015, the Enforcement Section interviewed 52 year-old California resident CR2. CR2 told the Enforcement Section, among other things, that around June 2014, CR1’s spouse told CR2 about CADC. CR1’s spouse gave CR2 a CADC brochure and told CR2 that it would be a good investment opportunity.
118. Using wire instructions provided by CR1’s spouse, CR2 invested \$25,000 on November 18, 2014, via wire transfer to Broadco, LLC’s BMO Harris Bank account ending in #4979.
119. Not long after making the investment, CR2 received some type of certificate indicating CR2 had ownership interest in a CADC facility. In addition, CR2 received a promissory note that promised 6% interest and return of the principal investment within five years.
120. The first promised interest payment, which was to occur in mid-March 2015, did not arrive until April 18, 2015. That check bounced due to insufficient funds in the account.

121. CR2 called Lehnbeuter to complain about the bounced check and Lehnbeuter responded that the check was probably written from the wrong account. Lehnbeuter indicated he would take care of it. Lehnbeuter refused CR2's request to wire the interest payment because Lehnbeuter didn't want to incur the expense for the wire.
122. By April 20, 2015, CR2 still had not received the promised interest payment and CR2 decided to end CR2's investment with CADC by writing a letter demanding CR2's principal investment be returned. CR2 received no response.
123. CR2 was unaware of Lehnbeuter's criminal record and the FDIC Order against Hayes prior to the investment.
124. CR2 received nothing back for this investment.

#### **CR2's \$25,000 Investment**

125. A review of the Broadco, LLC BMO Harris Bank account ending in #4979 from November 1, 2014 to November 26, 2014, revealed, among other things:
  - a. a beginning balance of \$425 on November 1, 2014;
  - b. deposits via transfer from Cambridge Washington account ending in #6917 of \$5,000 deposited on November 3, 2014, \$500 deposited on November 12, 2014, and \$1,575 deposited on November 12, 2014;
  - c. \$10,000 deposited on November 6, 2014, via a check from an unknown individual for "20% Unit";
  - d. CR2's \$25,000 investment deposited on November 18, 2014;
  - e. \$30,000 deposited on November 25, 2014, via wire transfer from "PURCELL PROPERTIES, L.P. \*PO BOX 100\*POTOSI MO 63664-0100\*";
  - f. \$24,000 withdrawn/transferred to Universal Exports, account ending in #4960, from November 3, 2014 to November 21, 2014;
  - g. \$30,000 withdrawn on November 25, 2014, with a cashier's check issued and made payable to Hayes' ex-wife;
  - h. \$15,984.05 in checks written that included:
    - i. \$9,547.05 to RBF for "195690 Thayer",
    - ii. \$3,937 to a supply store, and
    - iii. \$2,500 to an unknown individual;

- i. various payments that included:
  - i. \$768.42 to Enterprise Rent A Car,
  - ii. \$384.19 to the Clayton Athletic Club,
  - iii. \$805 to Anderson's Conn Valley Vineyards,
  - iv. \$87 to The Charles P. Stanley Cigar Company and Lounge, and
  - v. \$107 to Riley's Pub; and
- j. an ending balance of \$2,747.89 on November 26, 2014.

**\$24,000 Transfer to Universal Exports Account**

126. A review of the Universal Exports Limited II, LLC BMO Harris Bank account ending in #4960 from November 1, 2014 to November 30, 2014, revealed, among other things:
- a. a beginning balance of \$6,070.44 on November 1, 2014;
  - b. deposits totaling \$32,294 that included: \$24,000 transferred from the Broadco, LLC BMO Harris Bank account and \$7,600 transferred from the Cambridge Washington BMO Harris Bank account ending in #6917;
  - c. \$3,500 in cash withdrawals;
  - d. \$25,119.23 in checks written that included:
    - i. \$16,000 for cash,
    - ii. \$4,160.40 to Citibank, N.A., and
    - iii. other checks to unknown individuals;
  - e. a \$3,694 cashier's check to an unknown individual; and
  - f. an ending balance of \$6,041.21 on November 30, 2014.

**Missouri Resident 6 ("MR6")**

127. On March 18, 2016, the Enforcement Section interviewed 50 year-old St. Louis, Missouri resident MR6. MR6 told the Enforcement Section, among other things, the following:

- a. MR6 had known Hayes for several years. Sometime in 2013, Hayes and Lehnbeuter solicited an investment from MR6 to fund a CADC facility;
  - b. Lehnbeuter showed MR6 a spreadsheet purporting to show the return MR6 could expect to receive for MR6's investment;
  - b. MR6 drove with Hayes and Lehnbeuter to locations where CADC facilities would possibly be located;
  - c. Hayes told MR6 to move MR6's Vanguard IRA to The Entrust Group, a self-directed IRA, which MR6 did; and
  - d. from The Entrust Group IRA, MR6 invested \$20,000 on or about December 16, 2013.
128. MR6 could not recall what was promised in return for the investment, but did receive a Broadco, LLC Private Placement Memorandum that stated, among other things:
- a. "The following is a Private Placement Memorandum for up to \$1,200,000 of a combination of Promissory notes and Ownership Units in Broadco, LLC. The proceeds of this offering will be used to fund the establishment and development of up to four (4) Adult Day Care Centers.";
  - b. "The proceeds from this offering will be used to Develop, Open, License, Staff and Operate up to Four Adult Day Care Centers in Saint Louis, Missouri and Memphis, Tennessee.";
  - c. "Broadco, LLC is a start-up company. At the time of the offering Broadco has no operating Centers and will use the proceeds raised herein to initiate the development process.";
  - d. "The properties will be operated by two different entities. Broadco-East will operate the Centers in Tennessee while The Bridge Adult Day Care will operate a Center in Missouri. Each Center will be owned by a specific Limited Liability Company unique to that location.";
  - e. "The offering price reflects \$50,000 for the Promissory Note and \$1.00 for the Ownership Unit. The unit represents a 1% Broadco, LLC ownership. Should Broadco, LLC seek additional equity, the original holders of the unit-notes will have a right of first refusal on the secondary offering.";
  - f. "The interest rate on the notes is to be set at 10%, but not payable until the quarter ending on June 30, 2014 has ended and the results have been properly tabulated. Thereafter interest payments will be paid quarterly. The payments will be based upon the amount of unpaid balance outstanding at the end of the quarter. The



principal balance will be reduced based on an amortization schedule of 20 quarters, after the quarter ending on March 31, 2015.”;

- g. “Until a sufficient amount has been raised to fund the desired Centers at the discretion of the Broadco Management, the funds will be held in Escrow in a non-interest bearing account at a Bank. The offering of the securities is being done by Broadco, LLC itself, no third parties are involved in the offering.”;
- h. “At the time of this offering, UEIII, LTD, LLC owns 100% of Broadco, LLC. Post offering ownership will be dependent upon the level of note-unit holder subscriptions and the ownership awarded to management and key personnel through a private distribution. Should further distributions take place the original outside investors shall possess the right of First Refusal of the secondary offering.”;
- i. “UEIII, LTD, LLC percentage of ownership is subject to change based upon the amount of the Subscription. Should 24 units be sold UEIII, LTD will have a 76% ownership in Broadco. UEIII, LTD Managing Member will be William Darmstaedter II, who has over 30 years of experience in Investment Banking and Real Estate Finance.”; and
- j. “The net proceeds from this transaction will be used to Develop up to Four Adult Day Care Facilities. It is the Company’s intention to develop and open up to three in Memphis, Tennessee and at least one in Saint Louis, Missouri, but this could change as the development proceeds.”

129. MR6 received nothing in return for this investment.

130. MR6 was aware of Hayes’ FDIC Order, but was not aware of Lehnbeuter’s criminal record prior to the investment.

131. Sometime after making the \$20,000 investment, Lehnbeuter tried to persuade MR6 to borrow funds from a bank to invest in a CADC facility where MR6 would have ownership, but MR6 declined.

#### **MR6’s \$20,000 Investment**

132. A review of the Broadco, LLC US Bank account ending in #1631 from December 2, 2013 to December 31, 2013, revealed, among other things:

- a. a beginning balance of \$28,807.67 on December 2, 2013;
- b. MR6’s \$20,000 investment deposited on December 20, 2013, via a check from The Entrust Group;

- c. \$17,250 withdrawn/transferred to US Bank account ending in #6732, Universal Exports Limited II, LLC;
- d. \$3,500 withdrawn/transferred to US Bank account ending in #2225, The Bridge Adult Day Care, LLC;
- e. \$14,000 withdrawn/transferred to an unknown US Bank account ending in #1615;
- f. \$14,925 in checks written that included:
  - i. \$2,925 to Scott Properties for “December Rent”,
  - ii. \$5,000 to “SLR”,
  - iii. \$6,000 to an unknown individual for “5000/1000”, and
  - iv. \$1,000 to another unknown individual; and
- g. an ending balance of \$1,732.67 on December 31, 2013.

**\$17,250 Transfer to Universal Exports Limited II, LLC**

133. A review of the Universal Exports Limited II, LLC US Bank account ending in #6732 from December 2, 2013 to December 31, 2013, revealed, among other things:
- a. a beginning balance of \$2,795.32 on December 2, 2013;
  - b. \$17,250 deposited via transfers from Broadco, LLC’s US Bank account ending in #1631;
  - c. \$9,100 deposited via transfers from Broadway Fund I, LLC’s US Bank account ending in #7052;
  - d. \$3,750 deposited on December 31, 2013, via check from DTN Internet Inc. for “2<sup>nd</sup> pmt.”;
  - e. \$16,305.79 in checks written that included:
    - i. five checks totaling \$10,000 to Anne Reid Enterprises,
    - ii. \$1,312.47 to Accountemps,
    - iii. \$625 to Feathershark for "IT Serv-Broadco”,
    - iv. \$2,000 to Darmstaedter for “Legal”, and

- v. other checks to unknown individuals;
- f. payments in excess of \$1,700 to restaurants, gas stations, and department stores;
- g. \$4,300 withdrawn/transferred to US Bank account ending in #3374, Fordyce Brown Enterprises, LP;
- h. \$2,100 withdrawn/transferred to US Bank account ending in #7029, Anne Reid Products, LLC;
- i. \$2,600 withdrawn/transferred to an unknown US Bank account ending in #1631; and
- j. an ending balance of \$4,731.50 on December 31, 2013.

## **II. COMMISSIONER'S DETERMINATIONS AND FINDINGS**

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

134. **THE COMMISSIONER DETERMINES** that Respondents offered and sold unregistered, non-exempt securities in the State of Missouri, by among other things:
- a. soliciting investors through Hayes, Lehnbeuter, and Darmstaedter to invest in, among other things:
    - i. lots in Kansas City, Missouri,
    - ii. apartment buildings in St. Louis, Missouri, and
    - iii. ownership interest in CADC facilities;
  - b. receiving funds from investors to fund the purported CADC facilities, lots, and apartment buildings;
  - c. providing promissory notes, Subscription Agreements, and Private Placement Memorandum regarding the returns and percentages of interest on the loans;
  - d. promising returns on the investments that were dependent upon the efforts of others and not on the efforts of the investors; and
  - e. pooling investor funds with the funds of other investors.
135. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26) RSMo. (Cum. Supp. 2013).<sup>1</sup>

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<sup>1</sup> Unless otherwise noted, all statutory references are to the 2013 cumulative supplement to the Revised Statutes of Missouri.

136. The investments that Respondents offered and/or sold constitute securities as that term is defined in Section 409.1-102(28).
137. 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.
138. Respondents offered and sold securities in Missouri without these securities being (1) federal covered, (2) exempt from registration under Sections 409.2-201 or 409.2-203, or (3) registered under the Missouri Securities Act of 2003.
139. At the time Respondents engaged in the conduct set forth above, some of the investors were more than 60 years-old and were elderly persons as that term is defined under Section 409.6-604(d)(3)(B).
140. Respondents’ conduct in violation of Section 409.3-301 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.

**Multiple Violations of Transacting Business as an Unregistered Agent**

141. **THE COMMISSIONER FURTHER DETERMINES** that Respondents Hayes, Lehnbeuter, and Darmstaedter transacted business as unregistered agents in the State of Missouri.
142. Respondents Hayes, Lehnbeuter, and Darmstaedter offered and/or sold securities to investors in Missouri on behalf of CADDC, Universal Exports, Broadco, Broadway, Fordyce, and Anne Reid.
143. These activities constitute transacting business in the State of Missouri under Section 409.1-102(1).
144. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, Respondents Hayes, Lehnbeuter, and Darmstaedter were not registered as securities agents in the State of Missouri.
145. At the time Respondents engaged in this conduct, some of the investors were more than 60 years-old and were elderly persons as that term is defined under Section 409.6-604(d)(3)(B).
146. Respondents Hayes, Lehnbeuter, and Darmstaedter’s conduct in violation of Section 409.4-402(a) 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.

### **Multiple Violations of Employing an Unregistered Agent**

147. **THE COMMISSIONER FURTHER DETERMINES** that Respondents CADC, Universal Exports, Broadco, Broadway, Fordyce, and Anne Reid employed and/or associated with unregistered agents in the State of Missouri.
148. Respondents CADC, Universal Exports, Broadco, Broadway, Fordyce, and Anne Reid employed Respondents Hayes, Lehnbeuter, and Darmstaedter who offered and sold securities on behalf of them.
149. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, Respondents CADC, Universal Exports, Broadco, Broadway, Fordyce, and Anne Reid had no registration or granted exemption for any agents to transact business in the State of Missouri.
150. Respondents CADC, Universal Exports, Broadco, Broadway, Fordyce, and Anne Reid's activities constitute employing and/or associating with an agent in the State of Missouri under Section 409.4-402(d).
151. At the time Respondents engaged in this conduct, some of the investors were more than 60 years-old and were elderly persons as that term is defined under Section 409.6-604(d)(3)(B).
152. Respondents' conduct in violation of Section 409.4-402(d) 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.

### **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**

153. **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 or 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, omitting to disclose the following material facts that could impact the return and the viability of the investments:
  - a. Respondents were not registered to offer or sell securities in the State of Missouri;
  - b. the securities were not registered or exempt from registration;
  - c. information regarding Lehnbeuter's criminal record and the FDIC Order against Hayes;
  - d. the financial condition of CADC, Hayes, Lehnbeuter, and Darmstaedter;

- e. that all investor funds would not be forwarded to bank accounts to invest in CADC facilities, lots in Kansas City, or apartment buildings in St. Louis, Missouri; and/or
  - f. that investor funds would be spent on personal and business expenses and used to pay other investors.
154. **THE COMMISSIONER FURTHER DETERMINES** that in connection with the offer, sale or purchase of a security as described above, Respondents, on behalf CADC, engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person by, among other things:
- a. convincing investors to invest in fictitious lots and apartment buildings;
  - b. converting investment funds to personal and business funds;
  - c. created fraudulent promissory notes, Subscription Agreements and Private Placement Memorandum and sent them to investors; and
  - d. using investment funds to pay other investors.
155. **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 investors in order to obtain additional investment funds, and/or avoid or delay detection by:
- a. claiming that payments from investments were delayed because property was foreclosed on, the developer that the funds were lent to was not making payments, names of companies were changed, and buildings were sold to other investors;
  - b. claiming that the funds could not be sent via wire transfer due to not wanting to incur expenses related to the wire transfer;
  - c. claiming that the profits would be available when the Kansas City lots were flipped, when Respondents received a loan from HUD to pay back the funds, and when the real estate was developed/renovated by “Steve Murphy”; and
  - d. providing investors and/or agents with promissory notes, Subscription Agreements, and Private Placement Memorandum.
156. At the time Respondents engaged in this conduct, most of the investors were more than 60 years-old and were elderly person as that term is defined under Section 409.6-604(d)(3)(B).
157. Respondents made untrue statements of material fact, 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 or 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, 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.

158. 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).

### **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, by offering or selling any securities as defined by Section 409.1-102(28), 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), by transacting business as an unregistered agent;
- C. Section 409.4-402(d), by employing an unregistered agent; and
- D. Section 409.5-501, 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, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's requests for:

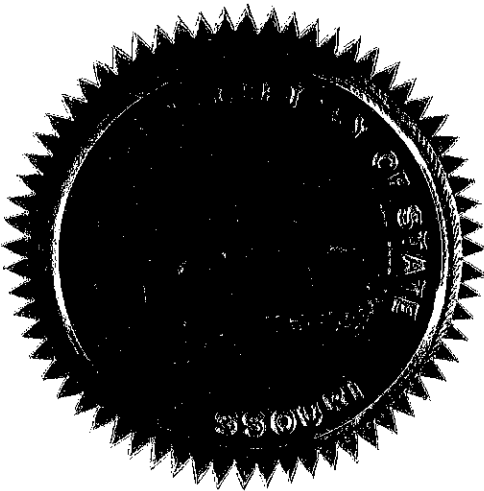
- A. \$15,000 civil penalty against each Respondent for multiple violations of Section 409.3-301, when at least one of these violations was committed against an elderly person;
- B. \$15,000 civil penalty against each Hayes, Lehnbeuter, and Darmstaedter for multiple violations of Section 409.4-402(a), when at least one of these violations was committed against an elderly person;
- C. \$15,000 civil penalty against each CADC, Universal Exports, Broadco, Broadway, Fordyce, and Anne Reid for multiple violations of Section 409.4-

402(d), when at least one of the violations was committed against an elderly person; and

- D. \$15,000 civil penalty against each Respondent for multiple violations of Section 409.5-501, when at least one of these violations was committed against an elderly person.
- E. an order against Respondents to pay restitution in an amount of \$1.3 million or more 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, and 409.5-501, in a final order, unless Respondents requests a hearing and show cause why this restitution or disgorgement should not be imposed; 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 19th DAY OF MAY, 2017.



JOHN R. ASHCROFT  
SECRETARY OF STATE

  
DAVID M. MINNICK  
COMMISSIONER OF SECURITIES





STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:

CAMBRIDGE ADULT DAY CENTER WASHINGTON )  
LLC; UNIVERSAL EXPORTS LIMITED II, LLC; )  
BROADCO, LLC; BROADWAY FUND I, LLC; )  
FORDYCE BROWN ENTERPRISES, LP; ANNE )  
REID PRODUCTS, LLC; SHAUN HAYES; CHARLES )  
LEHNBEUTER; and WILLIAM DARMSTAEDTER, II, )

*Respondents.*

Case No. AP-17-09

Serve:

Cambridge Adult Day Center )  
c/o RA William Darmstaedter, II )  
117 Greenbriar Estates Drive )  
St. Louis, Missouri, 63122-3344, )

and )

Universal Exports Limited II, LLC )  
c/o RA William Darmstaedter, II )  
117 Greenbriar Estates Drive )  
St. Louis, Missouri, 63122-3344, )

and )

Broadco, LLC )  
c/o RA William Darmstaedter, II )  
117 Greenbriar Estates Drive )  
St. Louis, Missouri, 63122-3344, )

and )

Broadway Fund I, LLC  
c/o RA William Darmstaedter, II  
117 Greenbriar Estates Drive  
St. Louis, Missouri, 63122-3344,

and

Fordyce Brown Enterprises, L.P.  
c/o RA Michael E. Kohn  
7700 Bonhomme Avenue, Suite 510  
Clayton, Missouri, 63105,

and

Anne Reid Products, LLC  
c/o RA William Darmstaedter, II  
117 Greenbriar Estates Drive  
St. Louis, Missouri, 63122-3344,

and

Shaun R. Hayes  
8 Fordyce Lane  
St. Louis, Missouri 63124-1354  
[SRH@ueltd.net](mailto:SRH@ueltd.net),

and

Charles K. Lehnbeuter  
3733 Saint Monica Lane  
St. Ann, Missouri, 63074,  
[CKL@ueltd.net](mailto:CKL@ueltd.net),

and

William Darmstaedter, II  
117 Greenbriar Estates Drive  
St. Louis, Missouri 63122-3344.

**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. (2016), and 15 CSR 30-55.020. Any request for a hearing before the Commissioner must contain:

- a. a brief statement of the facts;
- b. a summary of the factual and legal issues involved;
- c. a request for relief;
- d. suggestions in support of the relief sought, including the relevant statutes;
- e. the name of the party requesting the hearing; and
- f. the name of the attorney representing the party, if any.

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:

**David M. Minnick, 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 19<sup>th</sup> day of May, 2017, 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 and regular U.S. Mail with electronic communication if applicable to:**

Cambridge Adult Day Center  
c/o RA William Darmstaedter, II  
117 Greenbriar Estates Drive  
St. Louis, Missouri, 63122-3344,

Charles K. Lehnbeuter  
3733 Saint Monica Lane  
St. Ann, Missouri, 63074  
CKL@ueltd.net,

Universal Exports Limited II, LLC  
c/o RA William Darmstaedter, II  
117 Greenbriar Estates Drive  
St. Louis, Missouri, 63122-3344,

and

William Darmstaedter, II  
117 Greenbriar Estates Drive  
St. Louis, Missouri 63122-3344.

Broadco, LLC  
c/o RA William Darmstaedter, II  
117 Greenbriar Estates Drive  
St. Louis, Missouri, 63122-3344,

**and by hand delivery to:**

Sandra J. McDowell  
Director of Enforcement  
Securities Division  
Missouri Secretary of State

Broadway Fund I, LLC  
c/o RA William Darmstaedter, II  
117 Greenbriar Estates Drive  
St. Louis, Missouri, 63122-3344,

Fordyce Brown Enterprises, L.P.  
c/o RA Michael E. Kohn  
7700 Bonhomme Avenue, Suite 510  
Clayton, Missouri, 63105,

Anne Reid Products, LLC  
c/o RA William Darmstaedter, II  
117 Greenbriar Estates Drive  
St. Louis, Missouri, 63122-3344,

Shaun R. Hayes  
8 Fordyce Lane  
St. Louis, Missouri 63124-1354  
SRH@ueltd.net,

  
Laurie Dawson  
Securities Office Manager  
600 West Main Street  
Jefferson City, Missouri 65101  
Telephone: (573) 751-4136  
Facsimile: (573) 526-3124