



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;) Case No.: AP-17-09
FORDYCE BROWN ENTERPRISES, LP; ANNE)
REID PRODUCTS, LLC; SHAUN HAYES; CHARLES)
LEHNBEUTER; and WILLIAM DARMSTAEDTER, II,)
)
Respondents.)

CONSENT ORDER AS TO RESPONDENT WILLIAM DARMSTAEDTER, II

SUMMARY OF ENFORCEMENT SECTION’S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Director of Enforcement Sandra J. McDowell, has alleged that William Darmstaedter, II (“Darmstaedter” or “Respondent”) violated Sections 409.3-301 and 409.4-402, RSMo. (2016)¹ by, among other things: (a) offering and/or selling unregistered, non-exempt securities in Missouri by providing promissory notes to investors, some of which were elderly, that promised a return on their investments, and (b) acting as an unregistered agent transacting business in Missouri. These violations constitute grounds to issues an order pursuant to Section 409.6-604.
2. Respondent and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondent’s alleged violations of Sections 409.3-301 and 409.4-402(a).

CONSENT TO JURISDICTION

3. Respondent and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over the Respondent and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*

¹ Unless otherwise noted, all statutory references are to the 2016 Revised Statutes of Missouri.

4. Respondent and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

WAIVER AND EXCEPTION

5. Respondent waives Respondent’s right to a hearing with respect to this matter.
6. Respondent waives any right that Respondent may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever releases and holds harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondent stipulates and agrees with the Enforcement Section that, should the facts contained herein prove to be false or incomplete in a material way, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER’S ORDER

8. Respondent and the Enforcement Section stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondent agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondent’s (a) testimonial obligations; (b) right to take legal or factual positions in connection with litigation, arbitration, or other legal proceeding in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondent agrees that Respondent is not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondent neither admits nor denies the allegations made by the Enforcement Section but consents to the Commissioner’s Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

COMMISSIONER'S FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

12. 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 Central Registration Depository (“CRD”) indicates that, at all times relevant to this matter, Darmstaedter was not registered with a broker-dealer or investment advisory firm. Darmstaedter was previously licensed for over 25 years until his license lapsed in 2007. Darmstaedter was licensed under AG Edwards, Boatmen's National Bank of St. Louis, Nationsbank, and Bank of America.
13. Shaun Hayes (“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 CRD indicates that Hayes has never been registered with a broker-dealer or investment advisory firm.
14. Charles K. Lehnbeuter (“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, at all times relevant to this matter, Lehnbeuter was not registered with a broker-dealer or investment advisory firm.
15. Cambridge Adult Day Center Washington, LLC (“Cambridge ADC” or “CADC”) is a Missouri limited liability company organized in the State of Missouri on March 13, 2014. 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.
16. Universal Exports Limited II, LLC (“Universal Exports”) is a Missouri limited liability company organized in the State of Missouri on January 3, 2013. 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.
17. Broadco, LLC (“Broadco”) is a Missouri limited liability company organized in the State of Missouri on September 16, 2013. 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.
18. Broadco East, LLC (“Broadco East”) is a Missouri limited liability company organized in the State of Missouri on September 17, 2013. 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.

19. Broadway Fund I, LLC (“Broadway”) is a Missouri limited liability company organized in the State of Missouri on April 3, 2013. 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.
20. Anne Reid Products, LLC (“Anne Reid”) is a Missouri limited liability company organized in the State of Missouri on February 11, 2013. 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.
21. 4249 Michigan, LLC (“4249 Michigan”) is a Missouri 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. 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.
22. Darmstaedter is the registered agent for Cambridge ADC, Universal Exports, Broadco, Broadco East, Broadway, Anne Reid, and 4249 Michigan. The addresses used include 3640 Market Street, St. Louis, Missouri, 63110; 117 Greenbriar Estates Drive, St. Louis, Missouri, 63122; and 14248 F Manchester Road #123, Manchester, Missouri, 63011.
23. On or around May 13, 2015, the Enforcement Section opened an investigation on Cambridge ADC, Hayes, Lehnbeuter, and Darmstaedter after receiving information that they were soliciting, among other things, unregistered investments in CADC facilities.
24. On or about October 18, 2013, an elderly Missouri resident from St. Louis was solicited by Lehnbeuter to invest in Broadco. The investor was told they were trying to raise \$2 million to open at least six CADC facilities. The investor invested \$100,000 and received a Broadco Private Placement Memorandum that included a combination of Promissory Notes and ownership interest in Broadco. Universal Exports owns 100% of Broadco. The Promissory Notes stated that the managing member of Universal Exports is Darmstaedter. However, Darmstaedter informed the Enforcement Section that he was not the managing member of Universal Exports.
25. A review of a US Bank account for Universal Exports in October 2013, revealed, among other things, a check written for \$2,000 to Darmstaedter.
26. On or about November 13, 2013, another elderly Missouri resident from St. Louis was solicited by Hayes and Lehnbeuter to invest in CADC facilities. This investor made a \$50,001 investment and received a promissory note from Broadco signed by Darmstaedter, “Authorized Member, Broadco, LLC” and dated September 24, 2014.

27. In or around late December 2013, Hayes solicited an investor from Virginia to invest in CADC facilities. In August 2014, the Virginia investor made an investment of \$20,000 in Broadco and received an initial promissory note from Lehnbeuter. However, later the investor received a revised note signed by Darmstaedter and dated August 29, 2014. However, Darmstaedter informed the Enforcement Section that he signed the note merely as a representative of the company.
28. In or around November 2013, a Florida resident was solicited by Hayes to invest in Broadco. Broadco was described by Hayes as a “parent company” of the CADC facilities that sells franchises in those facilities. The Florida investor made an investment of \$50,001 to be used for operating expenses related to opening more facilities. The Florida investor received a promissory note and Private Placement Memorandum dated “11/15/13”. The note is signed and dated “9-24-2014” by Darmstaedter.
29. The Private Placement Memorandum sent to the Florida investor included a combination of promissory notes and ownership interest in Broadco. It stated that the proceeds would be used to fund the establishment and development of up to four CADC facilities. It stated Universal Exports owns 100% of Broadco, and the managing member of Universal Exports is Darmstaedter. However, Darmstaedter informed the Enforcement Section that this was added without his knowledge and it was never fully executed by the members. He further informed the Enforcement Section that the only portions of the Private Placement agreement that he drafted were the notes, the subscriber’s agreement, and the risk factors.
30. A review of the Cambridge Washington bank account from October 2014, in which Darmstaedter was a signatory, showed investment funds were deposited then transferred and withdrawn for various reasons other than investing in the CADC facilities.
31. A review of the Universal Exports bank account from October 2014, in which Darmstaedter was a signatory, showed transfers, deposits, cash withdrawals, and checks pertaining to business and personal expenses not associated with investment purposes. However, Darmstaedter never wrote a check from this account and never used the debit card to withdrawal funds. Darmstaedter informed the Enforcement Section that he believed he did not become a signatory to any of the accounts until the accounts were moved to Bank of Montreal Harris in the fall of 2015.
32. In 2013, a Missouri resident from St. Louis was solicited by Hayes and Lehnbeuter to invest in a CADC facility. The investor invested \$20,000 and received a Broadco Private Placement Memorandum that included a combination of promissory notes and ownership interest in Broadco. It stated that the proceeds would be used to fund the establishment and development of up to four CADC facilities. It stated Universal Exports owns 100% of Broadco, and the managing member of Universal Exports is Darmstaedter. However, Darmstaedter informed the Enforcement Section that this was added without his knowledge and it was never fully executed by the members. He further informed the

Enforcement Section that the only portions of the Private Placement agreement that he drafted were the notes, the subscriber's agreement, and the risk factors.

33. A review of the Universal Exports bank account in December 2013, revealed, among other things, a check written for \$2,000 to Darmstaedter for "Legal".
34. Darmstaedter never solicited investors but rather drafted documents that were normal items in the creation of limited liability companies seeking outside investors.
35. Darmstaedter served as registered agent for the purpose of receiving service of process and other items in the normal course of business. Darmstaedter did not personally solicit investments pertaining to this matter.

II. CONCLUSIONS OF LAW

36. The Commissioner finds Respondent offered and/or sold unregistered, non-exempt securities in the State of Missouri by providing promissory notes to elderly investors that promised a return on their investments, and by acting as an unregistered agent and transacting business with elderly people in the State of Missouri, and that this conduct constitutes grounds to discipline Respondent under Sections 409.3-301 and 409.4-402(a).
37. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondent and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409.

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

38. Respondent, his agents, employees, servants, and all other persons participating in the above-described violations with knowledge of this Order are permanently enjoined and restrained from violating Section 409.3-301 and 409.4-402.
39. Respondent shall pay restitution in the amount of \$9,600. This amount shall be paid in monthly installments of \$200 and shall last for a period of 48 months with the first monthly installment due on September 1, 2017, and all remaining installments shall be due on the 1st of each month thereafter. The payments shall be made payable to the Missouri Secretary of State's Investor Restitution Fund and sent to the Secretary of State Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101. The Commissioner will take reasonable and necessary actions to distribute such funds to the investors.

40. Respondent shall pay \$2,000 as the cost of this investigation. This payment shall be suspended provided Respondent complies with the terms of this Consent Order and does not violate the Missouri Securities Act for a period of five years from the date of execution of this Consent Order. This suspended amount shall become due immediately upon the sooner of (1) Respondent's noncompliance with the terms of this Consent Order, or (2) a finding, after notice and opportunity for a hearing, by the Commissioner or a court of competent jurisdiction that Respondent has violated the Missouri Securities Act. Such immediately due payments shall be in addition to all other penalties then available under the law. The payment shall be sent to the Securities Division at 600 West Main Street, Jefferson City, Missouri 65101 and made payable to the Investor Education and Protection Fund. The Division will send the money to the Missouri Secretary of State's Investor Education and Protection Fund.
41. After five years from the date of this Consent Order, provided Respondent has complied with all terms of this Consent Order, all suspended payments referenced in paragraphs 40 above shall be waived.
42. All charges relating to violations of Sections 409.3-301, 409.4-402, 409.5-501 against Respondent, set out in the Order issued by the Commissioner on May 19, 2017, are explicitly vacated and will not be pursued by the Commissioner.
43. Respondent shall pay its own costs and attorney's fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 5th DAY OF July, 2017.




JOHN R. ASHCROFT
SECRETARY OF STATE


DAVID M. MINNICK
COMMISSIONER OF SECURITIES

Consented to by:

THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION


SAUNDRA J. MCDOWELL
DIRECTOR OF ENFORCEMENT

And


WILLIAM DARMSTAEDTER, II
RESPONDENT