



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 CHARLES LEHNBEUTER

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 Charles K. Lehnbeuter (“Lehnbeuter” or “Respondent”) violated Sections 409.3-301, 409.4-402, and 409.5-501, 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, (b) acting as an unregistered agent transacting business in Missouri, and (c) making untrue statements or omitting to state material facts or engaging in an act, practice, or course of business that would operate as fraud or deceit upon another person in connection with the offer or sale of a security. These violations constitute grounds to issue 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, 409.4-402(a), and 409.5-501.

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. Lehnbeuter is a 62 year-old Missouri resident with an address of 8333 Knollwood Drive, St. Louis, Missouri, 63121. 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. In 2006, Lehnbeuter pled guilty to filing false tax returns.
13. William Darmstaedter, II (“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.
14. 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.
15. 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. 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 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 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 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 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 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 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. 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.
24. LoanSum, LLC (“LoanSum”) 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.
25. 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 and purported real estate investments.

26. In or around June 2012, Lehnbeuter solicited a married couple from Florida to invest \$185,000 in an apartment building located in St. Louis. A promissory note was executed that promised a return of the principal investment and 4% interest by October 2014. To date, the Florida investors have received no returns on the investment.
27. In late 2012, Lehnbeuter solicited an elderly St. Louis resident to invest in real estate. Lehnbeuter told the investor that the funds would be used for lots located in Kansas City. The investor was told the lots would be held for a period of time then “flipped” to make a profit. In October 2012, the investor and the investor’s spouse were given a promissory note for their investment of \$50,000. In December 2012, the investor invested another \$50,000 in lots located in Kansas City after being solicited by Lehnbeuter. A review of the bank account in which the funds were deposited showed they were used for personal and business expenses unrelated to the investment purposes. However, both investments were paid back with interest.
28. In January 2013, the same elderly St. Louis investor and spouse were solicited by Lehnbeuter to invest \$15,000 in real-estate located in St. Louis. A promissory note was executed and some interest payments were made. The note is currently in default with some interest and principal still owed.
29. In April 2013, Lehnbeuter solicited the same elderly St. Louis investor and spouse to invest \$200,000 that was to be loaned to a real estate investor and developer named “Steve Murphy” who was developing and renovating property near Chouteau’s Landing in St. Louis. Lehnbeuter gave them a promissory note that specified it would be paid back within a year along with 8% interest. However, a review of the bank accounts, in which Lehnbeuter was a signatory, revealed the funds were used for personal and business expenses unrelated to the investment purpose.
30. In June 2013, the same elderly St. Louis investor and spouse invested an additional \$75,000 after being solicited by Lehnbeuter. This investment was added onto the \$200,000 investment. A new promissory note was issued that stated it would be paid back within a year along with 8% interest. The investor and spouse received a return of \$14,022.22. Lehnbeuter said that the developer the funds were lent to was not making payments, which prevented them from being compensated.
31. In late 2013, Lehnbeuter solicited another investment from the same elderly St. Louis investor of \$100,000. Lehnbeuter told the investor that he was trying to raise \$2 million to open six CADC facilities. The investor received a Private Placement Memorandum and was promised a 2% share in Broadco along with 10% interest. To date, the investor has received nothing back for this investment. In addition, a review of the bank accounts, in which Lehnbeuter was a signatory, revealed the funds were used for personal and business expenses unrelated to the investment purpose.

32. In April 2013, Lehnbeuter solicited a Maryland Heights, Missouri resident to invest \$25,000 with Broadway. Lehnbeuter told the investor that the funds would be pooled with other investors' funds to lend to a real estate investor and developer named "Steve Murphy." Lehnbeuter executed a promissory note that stated the investor would receive the investment back with 4% interest. The investor received the investment back with interest. Shortly afterwards, Lehnbeuter solicited the investor again to invest \$25,000 with Broadway for the same purpose. Lehnbeuter executed a promissory note and a subscription agreement through Broadway that specified it would be paid back by April 2014, along with 6% interest. To date, the investor has received no funds back for this investment. In September 2013, Lehnbeuter solicited a \$20,000 loan from the same investor. The funds were to go to attorney Michael Kohn. Lehnbeuter executed a promissory note and a subscription agreement that specified it would be paid in full by January 2013, with 10% interest. To date, the investor has received no funds back for this investment. A review of bank accounts revealed investment funds were used for personal and business expenses unrelated to the investment purposes.
33. In 2013, Hayes solicited an elderly Eugene, Missouri resident and obtained nearly \$2 million to open a CADC facility at 4249 Michigan. Hayes promised a good return, ownership interest in the facility, and a \$100,000 guarantors fee. Lehnbeuter sent unsigned documents to the Enforcement Section that indicated ownership of the facility as investor 40%, Hayes 30%, and Lehnbeuter 30%.
34. In 2013, the Eugene, Missouri investor invested \$70,079.71 with Universal Exports, Hayes, and Lehnbeuter as another investment in 4249 Michigan. A promissory note was executed and the investor was to be paid before October 2013, with interest accruing \$60.60 per day. To date, the investor has received no funds back for this investment.
35. In October 2013, Lehnbeuter solicited an elderly St. Louis, Missouri resident to invest in Broadco. The investor was told they were trying to raise \$2 million to open six CADC facilities. The investor received a Private Placement Memorandum, which included promissory notes and ownership interest, for the \$100,000 investment.
36. On or about November 2013, another elderly St. Louis, Missouri resident was solicited by Lehnbeuter to invest in four CADC facilities. This investor made a \$50,001 investment and received a promissory note and Private Placement Agreement. The investor was to receive 10% interest along with ownership interest. A review of the bank account in which the funds were deposited revealed the funds were used for personal and business expenses unrelated to the investment purpose.
37. In or around late December 2013, Hayes solicited a Virginia resident to invest in CADC facilities. The investor invested \$20,000 with Broadco and received a promissory note signed by Lehnbeuter. A review of the Broadco bank account where the funds were deposited, in which Lehnbeuter was the sole signatory, revealed the funds were used for personal and business expenses unrelated to the investment purpose.

38. A further review of the multiple bank accounts, in which Lehnbeuter was a signatory, revealed, among other things, at least two payments totaling \$2,700 to Annette Lehnbeuter and four checks totaling \$3,690 to Lehnbeuter. In addition, \$2,000 was withdrawn/transferred to Lehnbeuter's BMO Harris Bank account during the same timeframe.
39. In 2013, another St. Louis, Missouri resident was solicited by Lehnbeuter to invest in a CADC facility. The investor received a Private Placement Memorandum, which included a combination of promissory notes and ownership interest, for the \$20,000 investment. The proceeds were to be used to fund the development of four CADC facilities. To date, the investor has received no funds back for this investment. In addition, a review of the bank account in which the funds were deposited revealed the funds were used for personal and business expenses unrelated to the investment purpose.
40. In September 2014, one of the Florida investors again invested in the CADC facility with \$100,001. The funds were to be used for operational expenses. Lehnbeuter supplied the investor with an investor agreement and subscription agreement. A review of the bank accounts, in which the funds were deposited and in which Lehnbeuter was a signatory, revealed the funds were used for personal and business expenses unrelated to the investment purpose.

II. CONCLUSIONS OF LAW

41. 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; acted as an unregistered agent by transacting business with elderly people in the state of Missouri; and made untrue statements or omitted to state material facts in connection with the offer or sale of a security, in violation of Sections 409.3-301, 409.4-402(a), and 409.5-501, and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604.
42. 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:

43. 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 offering and selling securities and violating Section 409.3-301, 409.4-402, and 409.5-501.

44. Respondent hereby agrees to be BARRED, effective immediately, from registration as an investment adviser, investment adviser representative, broker-dealer, or agent in the state of Missouri.
45. Respondent shall pay restitution in the amount of \$16,800. This amount shall be paid in monthly installments of \$200 and shall last for a period of seven years 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.
46. Respondent agrees that any funds directly or indirectly received from the Broadway Fund I, LLC, shall be used to satisfy the obligations to investors related to that fund, totaling an amount of at least \$320,000. Respondent agrees in good faith that he will use his best efforts to achieve payments for these investors as soon as possible.
47. 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 seven 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.
48. After seven 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 47 above shall be waived.
49. 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.

50. 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 12th DAY OF July, 2017.



JOHN R. ASHCROFT
SECRETARY OF STATE

David M. Minick
DAVID M. MINNICK
COMMISSIONER OF SECURITIES

Consented to by:

THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION

SJ McDowell
SAUNDRA J. MCDOWELL
DIRECTOR OF ENFORCEMENT

And

CK Lehnbeuter
CHARLES K. LEHNBEUTER
RESPONDENT