



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
)  
JK JANITORIAL SOFTWARE, LLC; JOHN )  
SHULL; and KRISTIN SHULL, ) Case No.: AP-18-05  
)  
*Respondents.* )

**FINAL ORDER TO CEASE AND DESIST AND ORDER IMPOSING RESTITUTION,  
CIVIL PENALTIES, AND COSTS**

Now on this 4<sup>th</sup> day of October, 2018, the Missouri Commissioner of Securities (the “Commissioner”), having reviewed this matter, issues the following findings and orders:

**I. PROCEDURAL BACKGROUND**

1. On April 27, 2018, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“the Enforcement Section”), through Enforcement Counsel Derek Green, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed (“the Petition”).
2. On April 27, 2018, the Enforcement Section sent, via U.S. mail, a copy of the Petition to the last known address of Respondents JK Janitorial Software, LLC, John Shull, and Kristin Shull at 204 NW Redwood Court, Lee’s Summit, Missouri 64064, and to Respondent JK Janitorial Software, LLC’s other known address at 923 NE Woods Chapel Road #262, Lee’s Summit, Missouri 64064.
3. On May 4, 2018, the Missouri Commissioner of Securities (“the Commissioner”) issued an Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties and Costs Should Not Be Imposed (“the Order”). On that same day, the Office of the Commissioner sent, via certified U.S. mail, a copy of the Order and Notice of Right to Request a Hearing to Respondents John Shull and Kristin Shull’s last known address at 204 NW Redwood Court, Lee’s Summit, Missouri 64064, and to Respondent JK Janitorial Software, LLC’s known address at 923 NE Woods Chapel Road #262, Lee’s Summit, Missouri 64064.

4. On or around May 4, 2018, a copy of the Order was made available to the general public on the Missouri Secretary of State's website.<sup>1</sup>
5. On or around May 25, 2018, the Commissioner received all copies of the Order sent to Respondents at 204 NW Redwood Court, Lee's Summit, Missouri 64064 marked return to sender.
6. On August 17, 2018, Respondent Kristin Shull was served with a copy of the Order by the Department of Civil Process for the Circuit Court of Jackson County, Missouri.
7. On August 21, 2018, Respondents John Shull and JK Janitorial Software, LLC were served with a copy of the Order by the Department of Civil Process for the Circuit Court of Jackson County, Missouri.
8. On September 24, 2018, the Enforcement Section submitted a Motion for Final Order.
9. Respondents failed to request a hearing within the time allowed by Section 409.6-604, RSMo.<sup>2</sup>
10. The Commissioner has not ordered a hearing in this matter in accordance with Section 409.6-604.
11. Respondents have failed to respond to the Motion for Final Order.

## **II. FINDINGS OF FACT**

### **A. Summary**

12. In June 2016, John Shull ("John") and Kristin Shull ("Kristin"),<sup>3</sup> husband and wife, solicited and received a \$96,000 investment in JK Janitorial Software, LLC ("JK Janitorial") from a Lee's Summit, Missouri husband and wife ("MR1 & spouse"). The investors were told their investment would be used to further the development of JK Janitorial's software and were not told their investment would be comingled with the Shull's personal funds, and used for personal expenses of John.

### **B. Respondents and Related Parties**

13. John is 55 years old, Kristin is 47 years old, and they reside at 204 NW Redwood Court, Lee's Summit, Missouri 64064. John is the owner of JK Janitorial.
14. JK Janitorial is a Missouri limited liability company organized on March 2, 2016 by Kristin, who is also JK Janitorial's registered agent, with an address of 204 NW Redwood

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<sup>1</sup> <https://www.sos.mo.gov/CMSImages/Securities/AP-18-05.pdf>

<sup>2</sup> Unless otherwise specified, all statutory references are to the 2016 Revised Statutes of Missouri.

<sup>3</sup> These Respondents are referred to by their first names not out of disrespect but to avoid confusion.

Court, Lee's Summit, Missouri 64064. This address is a UPS Store with drop box services. JK Janitorial was created to engage in software design activities.

15. BCC Service Plus, LLC ("Service Plus") is a Missouri limited liability company organized on July 29, 2003 by John, who is also Service Plus's registered agent, with an address of 204 Woods NW Redwood Court, Lee's Summit, Missouri 64064.
16. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, Respondents were not registered as a broker-dealer or agent in the state of Missouri.
17. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a "federal covered security" for the securities offered and sold by Respondents.

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

18. In or around March 2016, John contacted the local Economic Development Council ("EDC") about investing in his software platform and seeking professional help on planning and developing his software.
19. John had been working for 18 months to develop the software and had expended \$250,000.
20. John was seeking \$50,000 to \$300,000 in investments for JK Janitorial and indicated he is personally ready to invest in JK Janitorial, but needed professional help on planning and commercializing his software.
21. A business consultant ("BC") was brought in by the EDC to help with business planning and development. In addition, an enterprise level software architect assessed JK Janitorial's software code.
22. The code did not pass the software assessment and it was recommended that JK Janitorial re-start development.
23. On or around May 15, 2016, the scope of the EDC program work was completed.
24. On June 9, 2016, after BC had completed his advisory role, John and Kristin entered into an operating agreement with BC. The agreement made BC a 20% owner of JK Janitorial and gave BC equal voting rights with John and Kristin.
25. In early 2016, John approached MR1 about investing in JK Janitorial.
26. MR1 met John at a local golf course approximately seven to 10 years ago.

27. After the initial discussion, and prior to investing, MR1 spoke to John multiple times on the phone, and both John and Kristin came to MR1's residence at least three times, to discuss the investment.
28. In June 2016, MR1 and MR1's spouse invested \$96,000 in JK Janitorial.
29. MR1 and MR1's spouse had no responsibilities in JK Janitorial, and were only investors.
30. MR1 was told the investment money would be used by JK Janitorial for further development of JK Janitorial's software, but was not told MR1's investment money would be used to repay any prior debt, would be comingled with the Shulls' funds, or would be used for personal expenses.
31. A disclosure document for investors in JK Janitorial was created, but the disclosure document was not given to, or signed by, MR1 or MR1's spouse prior to their investment. The stated use of the funds in the disclosure document was the repayment of \$35,000 of JK Janitorial debt, with the remaining invested amount being used for software development.
32. JK Janitorial's Risk Disclosure and Investor Statement provides that "Investor is investing in the LLC . . . for investment purposes only, and intending to make a profit therefrom. . .
33. BC was in charge of tax matters for JK Janitorial and asked John and Kristin for JK Janitorial's bank statements throughout December 2016, to prep for filing JK Janitorial's taxes.
34. BC was not a signatory of the JK Janitorial bank account, but saw the first statement from when the account was opened on or about June 15, 2016, at Summit Bank. BC said there was questionable activity on the statement, but John and Kristin told BC the activity was caused from errors by the bank.
35. On or about January 5, 2017, BC received a copy of JK Janitorial's bank statements which showed John and Kristin had made deposits of over \$20,000, and withdrawn over \$40,000 for unknown reasons.
36. After seeing JK Janitorial's bank statements, BC notified MR1 about the use of funds, and submitted a demand letter on behalf of MR1 to John and Kristin, requesting the funds be replaced in the JK Janitorial account.
37. On February 28, 2017, the Enforcement Section received a response to a written request for information from BC. BC's response included the following:
  - a. two copies of JK Janitorial's operating agreement: one signed by MR1 and MR1's spouse; and the other signed by John, Kristin, and BC, dated June 9, 2016;

- b. an unsigned copy of “Joint Interest Holder Statement of Authority and Waiver of Voting Rights” for MR1;
- c. a copy of a January 5, 2017, email from Kristin to BC which contained JK Janitorial’s bank account statement from June 15, 2016 through January 3, 2017;
- d. a copy of a January 5, 2017, email from Kristin to BC, in which Kristin gives an explanation for the use of funds in JK Janitorial’s bank account. Kristin lists multiple checks which total \$38,414.85 that were used for business expenses, and states, “...All others (even check with no number) to John and I”; and
- e. a copy of a January 10, 2017, message from the EDC message board from Kristin Shull which states, “At this time, there is \$52,698.75 left of the [MR1 and spouse ] initial investment of \$96,000[.]”

**D. Review of Bank Records**

38. The Enforcement Section reviewed JK Janitorial’s Summit Bank checking account number ending in 5554 from June 15, 2016, to February 28, 2017. The review revealed, among other things, the following:
- a. deposits totaling \$96,000 from MR1 and MR1’s spouse;
  - b. a balance of \$96,000 on June 16, 2016;
  - c. a transfer of \$32,500 to Summit Bank checking account number ending in 5814, an account in which Kristin is the sole signatory;
  - d. a deposit via check from Service Plus for \$1,400 on September 20, 2016;
  - e. other transfers totaling \$17,300 to account ending in 5814;
  - f. checks written to John, “Cash,” and Service Plus totaling \$12,170;
  - g. \$38,414.85 in what appear to be business related expenses;
  - h. a balance of \$315.15 on November 30, 2016;
  - i. a deposit of \$18,800 via a cashier’s check from an unknown person on December 15, 2016;
  - j. from December 15, 2016, through February 28, 2017, transfers totaling \$12,000 to an account ending in 5814, and \$950 in checks to John and “Cash”; and
  - k. an ending balance of \$762.09 on February 28, 2017.

39. In connection with the offer and/or sale of MR1's investment, Respondents omitted to disclose:
  - a. John and Kristin would be comingling investor funds with their personal funds; and
  - b. John and Kristin would be using investor funds on personal expenses.
40. On or about November 21, 2017, John told MR1 that John may have a buyer for JK Janitorial.
41. As of April 26, 2018, MR1 and MR1's spouse have not received any return on their investment or any repayment of their investment from Respondents.

### **III. CONCLUSIONS OF LAW**

42. Respondents received constructive notice of the Order through the service of the Commissioner on May 4, 2018, in accordance with Section 409.6-611. Respondents received actual notice of the Order through service on August 17 and August 21, 2018, through the efforts of the Department of Civil Process for the Circuit Court of Jackson County, Missouri. Respondents failed to request a hearing within the time allowed by Section 409.6-604, and because the Commissioner never ordered such a hearing, the Order issued on May 4, 2018, against Respondents became **FINAL** by operation of law.

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

43. **THE COMMISSIONER CONCLUDES** that Respondents violated Section 409.3-301 when Respondents offered and sold an unregistered, non-exempt security in the state of Missouri to MR1 by, among other things:
  - a. soliciting MR1 and MR1's spouse to invest in Respondent JK Janitorial and receiving funds from MR1 and MR1's spouse;
  - b. MR1 and MR1's spouse invested funds in a common enterprise with Respondents John and Kristin;
  - c. MR1 and MR1's spouse's funds were to be used by Respondents to further develop JK Janitorial's software;
  - d. MR1 and MR1's spouse expected a profit from the efforts of Respondents and not from MR1 or MR1's spouse's own efforts; and
  - e. MR1 and MR1's spouse's expected profits were interwoven with and dependent upon the efforts of the Respondents.

44. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26).
45. The investment that Respondents offered and/or sold constitute securities as that term is defined in Section 409.1-102(28).
46. 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.
47. Respondents offered and/or sold securities in Missouri without these securities being (1) a federal covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-203 or (3) registered under the Missouri Securities Act of 2003.
48. Respondents offered and/or sold unregistered securities in violation of Section 409.3-301 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.

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

49. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents John and Kristin violated Section 409.4-402(a) when Respondents John and Kristin transacted business as an unregistered agent in the state of Missouri.
50. Respondents John and Kristin transacted business in the state of Missouri on behalf of Respondent JK Janitorial by, among other things, offering and/or selling securities to investors in Missouri.
51. These activities constitute transacting business as an agent in the state of Missouri under Section 409.1-102(1).
52. At all times relevant to this matter, Respondents John and Kristin were not registered as an agent in the state of Missouri.
53. Respondents John and Kristin offered and/or sold securities to investors in Missouri without being registered or exempt from registration as an agent in violation of Section 409.4-402(a), 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.

**Multiple Violations of Employing an Unregistered Agent**

54. **THE COMMISSIONER FURTHER CONCLUDES** that Respondent JK Janitorial violated Section 409.4-402(d) when it employed or associated with an unregistered agent in the state of Missouri.

55. Respondent JK Janitorial employed or associated with Respondents John and Kristin who offered and sold securities on behalf of Respondent JK Janitorial.
56. These activities constitute employing and/or associating with an agent in the state of Missouri under Section 409.4-402(d).
57. At all times relevant to this matter, Respondent JK Janitorial had no registration or granted exemption for any agents of Respondent JK Janitorial to transact business in and/or from the state of Missouri.
58. Respondent JK Janitorial employed an unregistered agent who transacted business in the state of Missouri in violation of Section 409.4-402(d), 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.

**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**

59. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.5-501(2) when, in connection with the offer, sale or purchase of a security, 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, the following:
  - a. that John and Kristin would be using investor funds for personal expenses;
  - b. that John and Kristin would be commingling investor funds with their personal funds;
  - c. that John and Kristin would use investor funds to repay prior debt;
  - d. that Respondents were not registered to sell securities in the state of Missouri; and
  - e. that the securities offered and sold by Respondents were not registered or exempt from registration in the state of Missouri.
60. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.5-501(3) when, in connection with the offer, sale or purchase of a security, 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 the investors in order to avoid or delay detection by:
  - a. telling BC the activity on the Summit Bank statement was caused from errors by the bank; and



- b. ignoring BC's requests for JK Janitorial's bank statements in order to prepare for filing JK Janitorial's taxes.
61. 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.
62. 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).

#### **IV. 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 and/or from 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.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondents shall each pay a civil penalty in the amount of \$1,000 for the violation of Section 409.3-301. This amount shall be made payable to the state of Missouri and shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102, within 30 days from the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondents John and Kristin shall each pay a civil penalty in the amount of \$1,000 for the violation of Section 409.4-402(a). This amount shall be made payable to the state of Missouri and shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102, within 30

days from the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondent JK Janitorial shall pay a civil penalty in the amount of \$10,000 for more than one violation of Section 409.4-402(d). This amount shall be made payable to the state of Missouri and shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102, within 30 days from the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondents shall each pay a civil penalty in the amount of \$10,000 for more than one violation of Section 409.5-501. This amount shall be made payable to the state of Missouri and shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102, within 30 days from the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondents shall pay, jointly and severally, restitution for multiple violations of Sections 409.3-301, 409.4-402, and 409.5-501, plus eight percent interest from the dates of the violations in accordance with Section 409.6.604(d)(2). The amount of restitution plus interest is \$113,343.12 as of September 21, 2018. This amount shall be paid within 30 days from the date of this Final Order and shall be made payable to the Missouri Secretary of State's Investor Restitution Fund. Respondents shall deliver, or cause to be delivered, this payment to the Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri, 65102. The Commissioner will take reasonable and necessary actions to distribute all such funds to the investors.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(e), Respondents shall pay, jointly and severally, \$4,058.69 in actual costs for the investigation into, and the proceedings associated with, this matter. This amount shall be made payable to the Investor Education and Protection Fund, and shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102, within 30 days of the date of this Final Order

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 4<sup>th</sup> DAY OF OCTOBER, 2018.



JOHN R. ASHCROFT  
SECRETARY OF STATE

  
DAVID M. MINNICK  
COMMISSIONER OF SECURITIES

CERTIFICATE OF SERVICE

I hereby certify that on this 5<sup>th</sup> day of October, 2018, a copy of the foregoing Final Order to Cease and Desist in the above styled case was **mailed by certified and regular U.S. mail:**

JK Janitorial Software, LLC  
204 NW Redwood Court  
Lee's Summit, Missouri 64064


John Shull  
204 NW Redwood Court  
Lee's Summit, Missouri 64064

and

Kristin Shull  
204 NW Redwood Court  
Lee's Summit, Missouri 64064

**and hand delivered to:**

Derek Green, Enforcement Counsel  
Securities Division  
Missouri Secretary of State's Office  
600 West Main Street, Room 229  
Jefferson City, Missouri 65101

  
Laurie Dawson  
Securities Office Manager