



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
 )  
RICHARD JOOS, individually and )  
d/b/a Safe Money Millionaire, Wealth Beyond ) Case No. AP-19-13  
Wall Street, Growth Management Group, LLC, )  
Safe Money Group and Franklin Financial, )  
 )  
Respondent. )

**FINDINGS OF FACT AND CONCLUSIONS OF LAW FOR FINAL ORDER TO CEASE AND DESIST AND ORDER AWARDING DISGORGEMENT, CIVIL PENALTIES, AND COSTS**

Now on this 27<sup>th</sup> day of February, 2020, the Missouri Commissioner of Securities (“the Commissioner”), having heard the evidence presented by the Petitioner and the Respondent at hearing, and having reviewed the post-hearing filing submitted by the Petitioner, makes findings of fact and conclusions of law and enters a final order as follows:

**I. PROCEDURAL BACKGROUND**

1. On August 27, 2019, Petitioner, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“the Enforcement Section”), submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed.
2. On August 28, 2019, 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”).
3. On October 21, 2019, Respondent, appearing *pro se*, filed a Request for Hearing. This Request was deemed timely filed.
4. On January 7, 2020, Respondent filed a Request to Appear by Telephone; Respondent’s request was granted on January 7, 2020, which was communicated that afternoon to the parties.

5. On January 7, 2020, Petitioner and Respondent filed a Joint Stipulation of Facts (“the Stipulation”).
6. On January 8, 2020, an evidentiary hearing in this matter was held. Petitioner was represented by Director of Enforcement Steven C. Reed. Respondent appeared *pro se* by telephone at his request, and fully participated in the hearing. Respondent asked questions of the witness called by Petitioner, made statements and gave his own testimony. Respondent spoke on his own behalf prior to the close of the hearing.

## **II. FINDINGS OF FACT**

### **A. Respondent and Related Parties**

7. Joos is an 81-year-old Independence, Missouri resident with a last known address of 11320 Highridge Drive, Independence, Missouri 64052.
8. A check of the Central Registration Depository (“CRD”) indicates that Joos is assigned CRD number 1687216 but has not been a registered investment adviser representative or broker-dealer agent since December 31, 2012.
9. A check of the records maintained by the Missouri Department of Insurance, Financial Institutions & Professional Registration indicates Joos holds an active Insurance Producer license and is assigned number 0141939.
10. Joos filed Chapter 13 Bankruptcy in the U.S. Bankruptcy Court for the Western District of Missouri on September 12, 2006 that was subsequently discharged on January 26, 2012.<sup>1</sup>
11. Franklin Financial is a Missouri fictitious name registration made by Joos on May 4, 2018, with an address at 11320 Highridge Drive, Independence, Missouri 64052.
12. 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 Franklin Financial.
13. Safe Money Millionaire is a business Joos is purportedly associated and/or affiliated with and that appears to have no business registration in Missouri.
14. 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 Safe Money Millionaire.
15. Wealth Beyond Wall Street is a business Joos is purportedly associated and/or affiliated with and that appears to have no business registration in Missouri.
16. A check of the records maintained by the Commissioner indicates that at all times relevant,

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<sup>1</sup> See case number 06-42401-jwv13, U.S. Bankruptcy Court for the Western District of Missouri

there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by Wealth Beyond Wall Street.

17. Growth Management Group, LLC, is a business Joos is purportedly associated and/or affiliated with and that appears to have no business registration in Missouri.
18. 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 Growth Management Group, LLC.
19. Safe Money Group is a business Joos is purportedly associated and/or affiliated with and that appears to have no business registration in Missouri.
20. 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 Safe Money Group.
21. Future Income Payments, LLC (“FIP”), was a limited liability company organized in the State of Nevada on December 23, 2015, and Scott Kohn (“Kohn”) was its Manager. FIP’s last known address was 2850 West Horizon Ridge Parkway, Henderson, Nevada 89052. FIP’s business registration expired on December 31, 2018.
22. FIP purportedly purchased pensions from retirees, bundled them into structured cash flows, then sold investments in the cash flows to investors.
23. Kohn is a 65-year-old Huntington Beach, California resident with a last known address of 7521 Edinger Avenue, Huntington Beach, California 92647.
24. A check of the CRD indicates that Kohn has never been registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, or issuer agent.
25. In 2006, in the U.S. District Court for the Central District of California, Kohn pleaded guilty to three (3) felony offenses related to trafficking in counterfeit goods and served fifteen (15) months in prison.<sup>2</sup>
26. On or about March 12, 2019, Kohn was indicted on one (1) count of wire fraud and one (1) count of money laundering in the U.S. District Court for the District of South Carolina, Greenville Division, for Kohn’s activities related to FIP.<sup>3</sup>
27. 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 FIP.

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<sup>2</sup> See *U.S. v. Scott Kohn*, U.S. District Court for the Central District of California, case number 8:03-cr-00330-DOC

<sup>3</sup> See *U.S. v. Scott A. Kohn and Future Income Payments, LLC*, case number 6:19-239

28. Conestoga International, LLC (“Conestoga”), was organized in San Juan, Puerto Rico, on May 31, 2011, and its registered agent is Strategic Solutions, Inc., Chartis Building 250 Munoz Rivera Avenue, Suite 1400, San Juan, Puerto Rico, 00918.
29. Conestoga purportedly purchased life insurance policies from holders of such policies then sold fractional interests in the policies to investors.
30. A check of the records maintained by the Commissioner indicates Conestoga Settlement Trust (a related entity) notice-filed a Securities & Exchange Commission (“SEC”) Rule 506(b), Regulation D, Notice of Exempt Offering of Securities on April 7, 2011.
31. Diversified Financing, LLC, was a Florida corporation formed on July 7, 2014. Its registered agent was Main Sail Financial, LLC, 1391 Northwest Street Lucie West Boulevard #105, Port St. Lucie, Florida 34986. Diversified Financing, LLC, was administratively dissolved on September 28, 2018.
32. Diversified Financing, LLC, purportedly engaged in lending funds to commercial businesses and offered a four-year, high-yield note to investors.
33. According to records filed with the Florida Division of Corporations, Daryl G. Bank (“Bank”) and Raeann Gibson (“Gibson”) served as managers for Diversified Financing, LLC.
34. On or about February 5, 2010, the Financial Industry Regulatory Authority (“FINRA”) barred Bank from associating with any member firm for alleged fraudulent activities related to funds Bank wired from his then-employing firm, making false entries in the firm’s books and records, and providing false information and testimony to FINRA.<sup>4</sup>
35. On or about August 23, 2017, in the U.S. District Court for the Eastern District of Virginia, Bank and Gibson were indicted on multiple counts of wire and mail fraud for alleged fraudulent activities related to securities sales while they were purportedly associated with other businesses.<sup>5</sup>
36. On or about February 14, 2018, the SEC barred Bank from associating with any SEC-registered firm and barred Bank from future sales of penny stocks for allegedly engaging in fraudulent activities related to selling unregistered investments in the sale and lease of Federal Communication Commission (“FCC”) licenses to major wireless carriers.<sup>6</sup>
37. 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 Diversified Financing, LLC.

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<sup>4</sup> See FINRA Docket/Case Number 2008012955302

<sup>5</sup> See *U.S. v. Daryl G. Bank and Raeann Gibson*, U.S. District Court for the Eastern District of Virginia, case number 2:17-cr-00126-MSD-LRL.

<sup>6</sup> See *In the Matter of Daryl G. Bank and Bobby D. Jones, Respondents*, Administrative Proceeding File Numbers 3-18175 and 3-18236, Release No. 82711.

**B. Enforcement Section's Investigation**

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

38. On or around December 18, 2018, the Enforcement Section received a complaint and documents from a 62 year-old St. Louis, Missouri resident ("MR1") who would later tell the Enforcement Section, among other things, the following:
- a. sometime around early 2012, MR1 found an advertisement on the internet from Safe Money Millionaire promoting "safe" investments. MR1 called the telephone number on the website and spoke to a representative who would later refer Joos to MR1;
  - b. Joos visited MR1 at MR1's home and on or around March 15, 2012, sold a \$30,000 annuity to MR1. Prior to this sale, Joos provided several documents to MR1 touting Joos's purported experience as described below;
  - c. after the annuity sale, Joos began sending MR1 newsletters on Wealth Beyond Wall Street stationary described below. Joos began soliciting MR1 to invest in Conestoga. Joos represented the investment as an insurance product that would provide good returns for MR1. Joos was never specific regarding the potential risks associated with an investment in Conestoga. Joos never disclosed the commission or other fees Joos would earn for MR1's investment in Conestoga. Joos never disclosed his 2012 bankruptcy;
  - d. Joos had MR1 sign a document indicating MR1 was an accredited investor,<sup>7</sup> a requirement for investments in Conestoga; however, MR1 and MR1's spouse are not accredited investors;
  - e. on March 10, 2014, and August 28, 2014, MR1 made investments totaling \$100,000 in Conestoga;
  - f. on July 3, 2017, MR1 sent an email to Joos to inquire about the status of the Conestoga investment but Joos never responded to MR1's email;
  - g. sometime in late 2017, MR1 received correspondence from Conestoga that indicated MR1 needed to pay more than \$3,000 in premiums for the investment's policy. Joos never disclosed to MR1 that any further funds would be required to keep the investment active;
  - h. MR1 contacted Joos about the requested payment and Joos responded to "not worry about it" and instructed MR1 to make the payment;
  - i. on December 5, 2017, MR1 paid \$3,277.69 in fees requested by Conestoga;

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<sup>7</sup> The term "accredited investor" includes, among other things, any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1 million, excluding the person's primary residence.

- j. in late 2018, Conestoga sent MR1 correspondence requesting a payment of more than \$7,000 but MR1 did not make this payment; and
- k. to date, MR1 has received no returns on MR1's investment in Conestoga.

**MR1's Conestoga International Documents**

- 38. Conestoga marketing documents Joos provided to MR1 prior to MR1's investment in Conestoga stated, among other things, the following:
  - a. the investments have been "[U]sed by institutional investors and the super wealthy for decades, life settlements may also be offered to the accredited investor.";
  - b. traditional investments, such a stocks, bonds, and mutual funds were described as "Win", "Lose", or "Draw";
  - c. investments in the life insurance policies were described as "Win Early", "Win On Time", and "Win Later"; and
  - d. "Life Settlements are designed to always win-unique because the investor knows what the payout will be when the asset is purchased. When policies mature the payout amounts promised are fixed amounts that are already known-backed by the most financially sound insurance companies in the world."

**MR1's Diversified Financing, LLC, Investment**

- 39. In or around early 2017, Joos began soliciting MR1 to invest in Diversified Financing, LLC. Joos purported that the investment would provide a good return and would be "safe."
- 40. Documents Joos provided to MR1 regarding the Diversified Financing, LLC, investment purport, among other things, the following:
  - a. the four year "Secured Note" provides "ten percent annualized interest at maturity.";
  - b. their strategy is "To Seek growth from medium term, high yielding, secured specialty financing opportunities.";
  - c. the notes are "Secured by collateral in the form of pledged assets.";
  - d. the notes "May protect against volatility in the stock or bond markets."; and
  - e. the notes include "Active Risk Management Factors" that are not defined.
- 41. Joos never disclosed the commission or other fees Joos would earn for MR1's investment in Diversified Financing, LLC.

42. On or around February 25, 2017, Joos sent MR1 a letter on Wealth Beyond Wall Street stationery that included instructions regarding the investment in Diversified Financing, LLC. Among other things, Joos told MR1:
  - a. “Here are the documents that need to be signed and initialed. This is paying 10% a year for 4 years. You should have \$56,000 at the end of 4 years.”; and
  - b. “You need to make out a check to Diversified Financing for \$40,000.”
43. On or about February 25, 2017, MR1 invested \$40,000 via check payable to Diversified Financing, LLC. On the same date, MR1 executed a “Secured Promissory Note” with Diversified Financing, LLC, that promised 10% interest per year for a four year investment.
44. In a March 1, 2017, email from Joos to MR1, Joos sent MR1 the fully executed Diversified Financing, LLC, promissory note and said “[MR1], here are your documents. Your money is now earning 10%. Congratulations and thank you so much.”
45. The fully executed note is signed by Bank, representing Diversified Financing, LLC, on March 1, 2017, and is notarized on the same date in Florida.
46. To date, MR1 has received no returns for MR1’s investment in Diversified Financing, LLC.
47. In or around July 2017, Joos sent mail to MR1 soliciting MR1 to invest another \$40,000 in Diversified Financing, LLC but MR1 declined to make the investment.
48. On July 21, 2017, MR1 sent an email to Joos to inquire about the status of the Diversified Financing, LLC, investment but Joos never responded back to MR1.

### **Joos’s Purported Qualifications**

49. Prior to MR1’s annuity purchase, Joos provided documents to MR1 touting Joos’s purported qualifications. In a January 22, 2012, letter on Franklin Financial letterhead, Joos purported, among other things, the following:
  - a. “I have not had one client lose a dime since the year 2000. I have over 600 clients that depend on me for their retirement.”; and
  - b. “If you can tell me how much income you will need a year or what you are living on now I can work towards that goal without ever having to worry about losing your money in the markets.”
50. Joos provided a copy of a certificate to MR1 that purported Joos to be a “Safe Money Millionaire Advisor” since November 16, 2011.

51. On a flyer with Joos's Franklin Financial business card attached, Joos purports: "I assist my clients in working toward financial solutions throughout their lifetime, with programs designed to: making safe investments without any risk to assure lifetime incomes so the client doesn't worry about running out of money, reduce and defer taxes, and maximize retirement income and cover risk management."

### **Joos Newsletters**

52. Joos mailed MR1 newsletters using Wealth Beyond Wall Street stationary. A May 31, 2017, newsletter provided, among other things:

- a. "It seems like forever that we've been told, 'The only way to make money is to invest in the stock market'! Well, that's the Wall Street way...I'm here to tell you, there IS another way. It's the same way affluent folks have been making high returns for decades...by lending to small business. And now you can too! I'm an Affiliate Member of a unique commercial [l]ending platform were [sic] small business obtains the capital they need to grow and my clients obtain the higher yields they're looking for. It's a win-win for everyone! Let's get together and I'll show you the way to 6-10% annual yields with your short and mid-term capital."; and
- b. Joos purports a 270-day loan will yield 6%; an 18-month loan will yield 7%; and a 4-year loan will yield 10% with "No Market Losses" and "Predictable Income."

53. An October 2017 newsletter provided, among other things:

- a. "It has been 9 years since we had a Market Correction. It is a good time to take your profits and put in to something that is safe from market losses and gets a good return. Is 8.84% to conservative for you to get on your money.";
- b. "Let me show you how we can get a good return with out having to worry about losing your wealth."; and
- c. "Are you looking for a better income at retirement. I can give you 14-18% more income per year with the different strategies we have in place and possibly tax free."

### **Kansas Resident 1 ("KR1")**

54. On June 18, 2019, the Enforcement Section contacted a 64 year-old Lawrence, Kansas, resident who said, among other things:

- a. approximately five years ago, KR1 found an advertisement from Joos soliciting investors for a "safe money" program later identified as FIP;
- b. KR1 contacted and later met with Joos who purported an investment in FIP would yield a 7% return on investment. Joos represented FIP as an insurance product;



- c. Joos never disclosed the commission Joos would receive from FIP for KR1's investment;
- d. Joos never disclosed that Joos or his associated businesses were not registered to offer and/or sell securities or that the securities Joos offered were not registered or exempt from registration;
- e. Joos never disclosed his bankruptcy filing that was subsequently discharged on January 26, 2012;
- f. upon information, KR1 invested \$66,831 on August 13, 2015;
- g. for approximately two years, KR1 received interest payments from FIP that, upon information, amounted to approximately \$40,584, before the payments stopped; and
- h. KR1 is currently involved in a class action lawsuit against FIP.

**Missouri Resident 2 ("MR2")**

55. On July 15, 2019, the Enforcement Section was contacted by a 76-year-old Roach, Missouri, resident ("MR2"). MR2 told the Enforcement Section, among other things, the following:
- a. in or around 2013, Joos solicited MR2 to invest in Conestoga;
  - b. Joos never disclosed that Joos or his business were not registered to offer and/or sell securities, the commission Joos would receive for MR2's investment, or that Joos filed bankruptcy in 2012;
  - c. on or around March 14, 2013, MR2 invested \$25,000 in Conestoga;
  - d. sometime after making the investment, MR2 began receiving mail from Conestoga indicating that MR2 would be required to make monthly premium payments on the investments since the life insurance policy holders were living longer than expected. MR2 could not recall if Joos disclosed the premium payments as part of the investment;
  - e. MR2 is paying approximately \$3,000 per year to keep the investment active; and
  - f. to date, MR2 has received approximately \$7,200 back from Conestoga.

**Missouri Resident 3 (“MR3”)**

56. On July 15, 2019, the Enforcement Section was contacted by a 74-year-old Sibley, Missouri resident (“MR3”). MR3 told the Enforcement Section, among other things, the following:
- a. Joos solicited MR3 to invest in Conestoga. Joos represented the investment as an insurance product;
  - b. Joos never disclosed his 2012 bankruptcy or that Joos and his business were not registered to offer and/or sell securities;
  - c. Joos purported Joos would not receive a commission for MR3’s investment (the Enforcement Section would later learn that Joos did receive a commission amounting to \$1,900 for MR3’s investment);
  - d. on or around June 21, 2013, MR3 invested \$25,000 in Conestoga;
  - e. sometime after making the investment, Conestoga sent MR3 mail indicating MR3 would be required to make premium payments to keep the investment active. Joos never disclosed further payments would be required from MR3;
  - f. MR3 is currently paying over \$1,000 per year to keep the investment active; and
  - g. to date, MR3 has not received any funds back from Conestoga.

**Missouri Resident 4 (“MR4”)**

57. On July 15, 2019, the Enforcement Section was contacted by a 74-year-old Kansas City, Missouri resident (“MR4”). MR4 told the Enforcement Section, among other things, the following:
- a. MR4 met Joos sometime in 2007 when MR4 purchased an annuity from Joos;
  - b. in or around 2013, Joos solicited MR4 to invest in Conestoga. Joos purported that the investment would provide good returns and that “Warren Buffet was high on it.”;
  - c. Joos never disclosed his 2012 bankruptcy or that Joos and his business were not registered to offer and/or sell securities;
  - d. Joos never disclosed the commission Joos would receive for MR4’s investment in Conestoga;
  - e. on January 30, 2013, MR4 invested \$35,000 in Conestoga, specifically, six different policies;

- f. approximately two years after making the investment, MR4 began receiving notices from Conestoga that MR4 was required to make premium payments on the policies;
- g. MR4 refused to make the payments and lost 5 of the investments as a result; and
- h. to date, MR4 has not received a return on MR4's investment.

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

58. On July 15, 2019, the Enforcement Section was contacted by a 64-year-old Blue Springs, Missouri resident ("MR5"). MR5 told the Enforcement Section, among other things, the following:
- a. MR5 knew Joos through MR5's church;
  - b. in or around 2013, Joos solicited MR5 to invest in Conestoga. Joos represented the investment as an insurance product that was "safe", could "double your money", or provide a 15% return on investment;
  - c. Joos never disclosed that Joos filed bankruptcy in 2012 or that Joos and his business were not registered to offer and/or sell securities;
  - d. Joos never disclosed the commission Joos would receive for MR5's investment;
  - e. on or around July 2, 2013, MR5 invested \$25,000 in Conestoga, specifically five different policies;
  - f. sometime after making the investment, Conestoga sent notices to MR5 that MR5 was required to make payments on some of the policies due to the policy owners living longer than expected;
  - g. MR5 is currently paying \$1,500 per year to keep the investment active;
  - h. one of the policy owners passed away but the insurance company refused to honor the contract with Conestoga. Apparently, legal action is ongoing to resolve the issue; and
  - i. to date, MR5 has received no returns on MR5's investment in Conestoga.

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

59. On July 15, 2019, the Enforcement Section was contacted by a 62-year-old Lees Summit, Missouri resident ("MR6"). MR6 told the Enforcement Section, among other things, the following:

- a. sometime in 2013, MR6 found an advertisement online from Safe Money Millionaire. MR6 called the telephone number on the website and the representative put MR6 in contact with Joos;
- b. Joos began soliciting MR6 to invest in Conestoga, purporting it would be a good investment;
- c. Joos never disclosed that Joos and his associated businesses were not registered to offer and/or sell securities;
- d. Joos never disclosed that Joos filed bankruptcy in 2012 or the commission Joos would earn for MR6's investment in Conestoga;
- e. on or around June 25, 2013, MR6 invested \$100,000 in Conestoga, specifically four policies;
- f. sometime after making the investment, Conestoga began sending MR6 notices that requested premium payments for some of the policies. MR6 refused to send payments for one of the policies and \$30,000 was "revoked" as a result;
- g. to date, MR6 has made a total of approximately \$5,000-\$6,000 in premium payments;
- h. to date, MR6 has not received any returns on MR6's investment in Conestoga; and
- i. Conestoga will not respond to MR6's mail when MR6 requests information.

**Joos Response to the Enforcement Section on August 10, 2018**

60. On or around August 10, 2018, Joos responded to another inquiry from the Enforcement Section in which he, among other things:
  - a. acknowledged he was not securities-registered;
  - b. claimed he sells only insurance products;
  - c. received a commission amounting to \$2,400 for KR1's investment; and
  - d. identified a 52-year-old Independence, Missouri, investor who invested \$170,450 in FIP on August 29, 2015. Joos earned a \$6,810 commission for this transaction and paid 1% of that commission, \$681.00, to an investment advisor representative to review and approve the transaction.

**Enforcement Section's Letter to Joos Dated June 3, 2019**

61. On June 3, 2019, the Enforcement Section sent a letter to Joos requesting, among other things, the following information:
- a. a narrative explaining Joos's relationship with several different entities;
  - b. a list of all investors in the entities;
  - c. copies of all documents provided to or signed by the investors; and
  - d. amount of commissions or other fees Joos earned for the investments.

**Joos Response to the Enforcement Section on June 17, 2019**

62. On June 17, 2019, Joos responded to the Enforcement Section's letter from June 3, 2019, in which he said, among other things:
- a. Joos never sold securities;
  - b. Joos was an "appointed affiliate" for Conestoga;
  - c. none of the businesses Joos previously associated with are accepting new business or are no longer in operation; and
  - d. Joos was unable to provide any documents due to a fire.

**Conestoga's Response to the Enforcement Section on August 14, 2019**

63. Information received from Conestoga indicates, among other things:
- a. from January 17, 2013, to July 25, 2014, Joos sold \$648,235.94 in Conestoga investments to at least 12 investors that included the investors listed above; and
  - b. Joos earned a total of \$46,987.01 in commissions for the investments in Conestoga.

**Joos's Social Media**

64. A review of Joos's LinkedIn page revealed, among other things, the following:
- a. Joos identifies himself as "Senior Financial Advisor at Growth Management Group, LLC";
  - b. Joos is associated with Safe Money Group and Franklin Financial;

- c. as a “Registered Representative” of Safe Money Group, Joos is “Helping families save a different way so you don’t have to worry about market crashes and being able to take your retirement money out tax free and lasting a lifetime. You will also get double digit returns on your money and be able to get access any time tax free. I have been at this for 30 years and I don’t know of any other strategy that will do this for you.”; and
  - d. on another LinkedIn page, Joos refers to himself as a “Safe Money Millionaire Advisor” and asks “Are you earning 12-16% on your money if not call 1-800-220-5785. Would you like a tax free income for life? Call me.”
65. On his Facebook page, Joos purports “I help people reach their financial dreams without putting their money at risk.”
66. Prior to the offer and/or sale of the investments referenced above, Joos made material misstatements and/or omitted to disclose material information including, but not limited to, the following:
- a. that Joos was not registered to offer and/or sell securities;
  - b. that the businesses Joos associated with, including Franklin Financial, were not registered to offer and/or sell securities;
  - c. that Franklin Financial was operating without a business registration until May 4, 2018;
  - d. that the securities offered by Joos were not registered or exempt from registration;
  - e. the specific risks associated with the investments;
  - f. the commission or other fees Joos would earn for the investments;
  - g. that Joos filed Chapter 13 Bankruptcy that was subsequently discharged on January 26, 2012; and
  - h. that Bank, with Diversified Financing, LLC, was barred by FINRA on February 5, 2010, from associating with any member firm for alleged fraudulent activities related to funds Bank wired from his then-employing firm, making false entries in the firm’s books and records, and providing false information and testimony to FINRA.

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

67. Under the Missouri Securities Act of 2003 (“the Act”), the Commissioner must provide a hearing on an issued cease and desist order upon the request of a person or persons subject

to the order. Section 409.6-604(b).<sup>8</sup>

68. Under the Act, the Commissioner may issue a final order after the requested hearing and after making findings of fact and conclusions of law. Section 409.6-604(c).
69. Under the Act, the Commissioner may issue a final order imposing civil penalties and charging the cost of the investigation. Sections 409.6-604(d) and (e).
70. In the Petition, Petitioner alleged several violations of law, including:
  - a. offering and selling unregistered, non-exempt securities, a violation of Section 409.3-301;
  - b. acting as an unregistered agent, a violation of Section 409.4-402(a); and
  - c. 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, a violation of Section 409.5-501.
71. Although the Commissioner issued the Cease and Desist Order that found violations of the above, as a hearing was requested by a person aggrieved by the Order, the Enforcement Section has the burden of proving the violations at the hearing. Respondents have the burden of proof for any affirmative defenses raised. 15 CSR 15-55.090(2).
72. This Order is in the public interest and is consistent with the purposes intended by the Act.

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

**THE COMMISSIONER CONCLUDES** that Respondent offered and sold unregistered, non-exempt securities, as follows:

73. Respondent, acting as agent for and on behalf of Conestoga, FIP and Diversified Financing (altogether, “Issuers”), offered and sold, in and/or from Missouri, securities of the Issuers, as defined under Sections 409.1-102(26) and 409.1-102(28).
74. There were no registrations, granted exemptions, or notice filings indicating status as a “federal covered security” for the Issuers’ securities, as required by Section 409.3-301.
75. While Conestoga did claim an exemption under Rule D, Rule 506, the conditions for this exemption were violated and the securities sold were therefore unregistered and non-exempt.

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<sup>8</sup> Unless otherwise specified, all statutory references are to the 2016 Revised Statutes of Missouri.

76. During the time the Respondent engaged in the conduct set forth above in Paragraphs 40-41, at least three investors (i.e., MR2, MR3 and MR4) were “elderly person[s]” for the purposes of Section 409.6-604(d)(3)(B).
77. As such, Respondent offered and 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**

**THE COMMISSIONER CONCLUDES** that Respondent transacted business as an unregistered agent in the state of Missouri, as follows:

78. Respondent offered and/or sold securities to investors in and/or from Missouri.
79. These activities constitute transacting business as an agent in the state of Missouri under Section 409.1-102(1);
80. At no time during the Review Period was Respondent registered as an agent in the state of Missouri, as required pursuant to Section 409.1-102(1).
81. At the time Respondent engaged in the conduct described above, at least three investors (i.e., MR2, MR3 and MR4) were “elderly person[s]” for the purposes of Section 409.6-604(d)(3)(B).
82. As such, Respondent offered and/or sold securities to investors in and/or from 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 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**

**THE COMMISSIONER CONCLUDES** that in connection with the offer, sale or purchase of a security, Respondent 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, as follows:

83. Respondent failed to disclose that Respondent was not registered to offer and/or sell securities.
84. Respondent failed to disclose that the businesses Respondent associated with were not registered to offer and/or sell securities.



85. Respondent failed to disclose that the securities offered by Respondent were not registered or exempt from registration.
86. Respondent failed to disclose the commission or other fees Respondent would earn for the investments.
87. Respondent falsely told MR3 that Respondent would not receive a commission for MR3's Conestoga investment when, according to information received from Conestoga, Respondent received a \$1,900 commission payment for MR3's investment.
88. At the time Respondent engaged in the conduct set forth in 51-55 above, at least three investors were "elderly person[s]" for the purposes of Section 409.6-604(d)(3)(B).
89. As such, Respondent 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.
90. An 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 the Cease and Desist Order entered in Case No. AP-19-13 on August 28, 2019, is **FINAL**.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondent shall pay a civil penalty in the amount of \$15,000 for more than one violation of Section 409.3-301, when at least one of these violations was committed against an elderly person. This amount shall be made payable to the State of Missouri and paid within 30 days of 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. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondent shall pay a civil penalty in the amount of \$15,000 for more than one violation of Section 409.4-402(a), when at least one of these violations was committed against an elderly person. This amount shall be made payable to the State of Missouri and paid within 30 days of 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. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondent shall pay a civil penalty in the amount of \$15,000 for more than one violation of Section 409.5-501(2), when at least one of these violations was committed against an elderly person. This amount shall be made payable to the State of Missouri and paid within 30 days of 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. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondent shall pay the amount of \$49,947.01, which represents disgorgement of all commissions generated by Respondent from the sale of securities to MR1, MR2, MR3, MR4, MR5, MR6 and KR1 during the Review Period, plus interest calculated at the rate of eight percent annum from the dates of the violations as set forth in Exhibit A attached to this Order, for violations of Sections 409.3-301, 409.4-402(a) and 409.5-501(2). This amount shall be made payable to the Missouri Secretary of State's Investor Restitution Fund, and the Commissioner will take reasonable and necessary actions to distribute such funds to the investors listed on Exhibit B. This amount 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.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(e), Respondent shall pay \$2,482.20 in actual costs for investigation into, and the proceedings associated with, this matter. This amount shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund and paid within 30 days of the date of this Final Order. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 27<sup>th</sup> DAY OF FEBRUARY, 2020.



JOHN R. ASHCROFT  
SECRETARY OF STATE

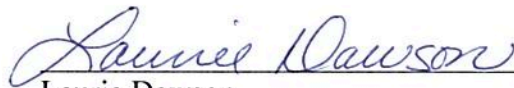
  
DAVID M. MINNICK  
COMMISSIONER OF SECURITIES

**CERTIFICATE OF SERVICE**

I hereby certify that on this 27<sup>th</sup> day of February, 2020, a copy of the foregoing Final Order to Cease and Desist and Order Awarding, Civil Penalties, Disgorgement and Costs in the above styled case was **mailed by certified U.S. mail and emailed to:**

Mr. Richard Joos  
11320 Highridge  
Independence, Missouri 64052  
[rjoos@sbcglobal.net](mailto:rjoos@sbcglobal.net)

Douglas M. Jacoby  
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Laurie Dawson  
Securities Office Manager