



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
STERI MED SOLUTIONS LLC) Case No.: AP-22-04
d/b/a STERIPORT SOLUTIONS; and)
DAVID EDWARD FENTON, DVM,)
)
Respondents.)

CONSENT ORDER

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“**Securities Division**”), through Director of Enforcement Douglas M. Jacoby, alleges that between November 1, 2014 to January 31, 2016, Respondents, in connection with the offer and sale of a security to nineteen individual investors (eleven of whom were sixty years of age or older at the time of the transactions and were elderly persons), employed a device, scheme or artifice to defraud and engaged in acts, practices or a course of business that operated or would operate as a fraud or deceit on another person, in violation of Section 409.5-501 of the Missouri Securities Act of 2003, Chapter 409, *et seq.* (the “**Act**”).¹
2. Respondents and the Securities Division desire to settle the allegations and the matters raised by the Securities Division relating to the alleged violations of Section 409.5-501.

CONSENT TO JURISDICTION

3. Respondents and the Securities Division stipulate and agree that the Missouri Commissioner of Securities (“**the Commissioner**”) has jurisdiction over Respondents and this matter pursuant to the Act.
4. Respondents and the Securities Division 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.”

¹ Unless otherwise indicated, all statutory citations refer to the 2016 edition of the Revised Statutes of Missouri updated by the 2021 Cumulative Supplement.

WAIVER AND EXCEPTION

5. Respondents waive any right to a hearing with respect to this matter.
6. Respondents waive any rights that they may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold harmless the Missouri Office of the Secretary of State, Secretary of State, the 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. Respondents stipulate and agree with the Securities Division that, should the facts contained herein prove to be false or incomplete, the Securities Division reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO THE COMMISSIONER'S ORDER

8. Respondents and the Securities Division 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. Respondents agree 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 Respondents' (a) testimonial obligations; (b) right to take legal or factual positions in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondents agree that they are not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondents neither admit nor deny the allegations made by the Securities Division or the Findings of the Commissioner, but consent 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.

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

I. FINDINGS OF FACT

A. Relevant Persons

12. Steri Med Solutions LLC d/b/a Steriport Solutions ("**Steri Med**" or "**Company**") is a Missouri limited liability company founded by Respondent David E. Fenton and organized in September 2013, with a last known principal place of business at 900 Old Highway 63 North, Columbia, Missouri, 65201. Steri Med is a hazardous and medical waste disposal service that operated under the names Steri Med Solutions and Steriport Solutions from September 2013 through December 2020 ("**Revelant Period**"). To date, Steri Med's registration remains

active with the office of the Missouri Secretary of State.

13. David E. Fenton, DVM (“**Fenton**”) is a seventy-two-year-old resident of Columbia, Missouri. Fenton is the founder of Steri Med and Steriport LLC. According to the Operating Agreement of Steri Med Solutions LLC (“**Operating Agreement**”), which is discussed in more detail below, Fenton is identified as the Manager² of Steri Med during the Relevant Period. Fenton was also a signatory on Steri Med’s bank account at The Bank of Missouri.

B. Related Parties

14. Steriport Solutions, LLC (“**Steriport LLC**”) is a Missouri limited liability company organized by Fenton in June 2017. According to documents filed with the office of the Missouri Secretary of State, Steriport LLC had no specifically defined business purpose and did not engage in any business activity. Despite its history of stasis, Steriport LLC’s registration remains active with the office of the Missouri Secretary of State.

C. The Enforcement Section’s Investigation

1. *Offer and Sale of Securities*

15. For the first full year after Fenton founded Steri Med, from September 2013 to October 2014, Steri Med was a company in name only, while Fenton conducted research to assess the viability of entering the hazardous medical waste disposal industry.
16. By late summer of 2014, after deciding to move forward with developing the business of Steri Med, Fenton began soliciting investors for the upstart enterprise. In doing so, Fenton specifically targeted his relatives and close associates.
17. To document the investment, Fenton engaged a local lawyer to create the twenty-four page Operating Agreement, which stated, among other things, the following:
 - a. that through execution of the Operating Agreement and payment of cash to Steri Med, the investor would acquire an ownership interest in Steri Med in the form of a unit (“**Unit**”) or units (“**Units**”);
 - b. that each Unit would cost an investor \$10,000 and represent a 2.5% ownership share of the annual net operating profit or loss of Steri Med;
 - c. that upon purchasing a Unit or Units, the investor would be designated a member (“**Member**”) of Steri Med;
 - d. the annual net profits (or losses) of Steri Med shall be allocated (or charged against) each of the Members on a pro-rata basis according to the number of Units owned;
 - e. Members shall have no right, power or authority to control or manage the business

² As that term is defined in the Operating Agreement.

of Steri Med;

- f. that there shall be one “Manager” of Steri Med, which shall be Fenton, and that Fenton shall hold such office until his resignation, incapacity or death;
 - g. that in the case of Fenton’s resignation, incapacity or death, the Members shall have the right to appoint a successor manager upon the unanimous consent of the Members; and
 - h. that all cash of Steri Med shall be deposited for the benefit of Steri Med in one or more separate accounts of Steri Med, which shall be maintained in such financial institutions as the Manager shall determine, and withdrawals shall be made only for the purpose(s) of Steri Med’s business.
18. Fenton provided a copy of the Operating Agreement, along with a pitch brochure that included more than twenty pages of financial projections for the business of Steri Med, to each investor he solicited for an investment in the Company.
19. As a result of the solicitations, Fenton raised a total of \$420,000 in working capital for Steri Med between October 2014 and February 2015, from at least nineteen (19) investors, all of whom were relatives and close associates of Fenton’s, including Fenton’s spouse and adult son.
20. Each of the nineteen investors provided Fenton a check representing their investment in Steri Med. Each check was written to the order of Steri Med, and ranged in amounts as low as \$10,000 to as high as \$60,000.
21. Although the signature page of each Operating Agreement that Fenton provided investors was pre-signed by Fenton, Fenton did not require or obtain counter signatures from any of the investors.
22. Of the nineteen investors in Steri Med,
- a. eighteen (18) of the investors were individuals who had either invested on their own, individually, or in concert with their spouse; and
 - b. one (1) of the investors was a Columbia, Missouri-based corporation in which Fenton had an investment interest and was serving as vice president (“**MR1**”).
23. Of the eighteen individual investors in Steri Med,
- a. sixteen (16) of the investors were Missouri residents (“**MR2-MR17**”);
 - b. one (1) of the investors was an Iowa resident (“**IAR1**”); and
 - c. one (1) of the investors was an Indiana resident (“**INR1**”).

24. Despite Fenton having raised a total of \$420,000 from investors for Steri Med, a review of Steri Med's checking account ending in #4971 at The Bank of Missouri ("**Steri Med Checking Account**") shows a deposit of only \$400,000 on February 17, 2015.
25. Following the capital raise, Fenton, in coordination with the accounting firm he engaged to support Steri Med, created a master list of Members of Steri Med ("**Member List**"). The document, which is referenced in Article II, Section 1 of the Operating Agreement, identifies sixteen (16) purchasers³ of Units (i.e., Members) in Steri Med.
26. Of all nineteen investors in Steri Med, including the president of MR1, eleven (11) were sixty years of age or older at the time of their investment in Steri Med.

2. *Fraud Count No. 1*

27. On or around February 16, 2015, Fenton solicited a Columbia, Missouri couple ("**MR2 and MR3**") to invest in Steri Med. In doing so, Fenton provided MR2 and MR3 with a copy of the Operating Agreement.
28. The signature page of MR2 and MR3's Operating Agreement, which is signed by Fenton as Manager, provides, among other things, "...the undersigned member has specifically agreed to contribute \$20,000 per Unit to [Steri Med] in exchange for the number of Units of [Steri Med] expressly stated below."
29. The "undersigned member" is identified on the signature page of the Operating Agreement as MR2 and MR3.
30. The number of Units purchased (and associated ownership percentage of Steri Med) is identified on the signature page of MR2 and MR3's Operating Agreement as one (1) Unit and 5 percent, respectively.
31. On February 16, 2015, MR2 and MR3 wrote out a check ("**Check #4787**") from their joint Landmark Bank checking account in the amount of \$20,000 to "Steri Med Solutions LLC" and presented the check to Fenton.
32. A review of the Steri Med Checking Account records show no deposit of Check #4787, though Check #4787 was cashed against MR2 and MR3's checking account at Landmark Bank on February 17, 2015.
33. At the time MR2 and MR3's investment in Steri Med, both MR2 and MR3 were sixty years of age or older.
34. Despite the information appearing on the signature page of the Operating Agreement and

³ Of the sixteen Members identified on the Member List, one Member is described as a husband and wife who had made a joint investment in Steri Med. For purposes of counting the number of investors in this matter, the Enforcement Section takes the view that the husband and wife represent two investors. The Enforcement Section's determination is further supported by the information appearing on the signature page of the couple's Operating Agreement and the end-of-year tax documents the couple received from Steri Med, both of which list each of the couple's names.

the cashing of Check #4787 that was given to Fenton, neither MR2's name nor MR3's name appears on the Member List.

35. Following the date of their investment in Steri Med, MR2 and MR3 did not receive annual distributions of any profits (or losses) or any Schedule K-1 (Form 1065) reports from Steri Med as did all other Members appearing on the Member List.
36. In January 2021, both MR2 and MR3 passed away.
37. To date, neither MR2 nor MR3, as Members of Steri Med, or their estate, has received any proceeds or benefits from the investment in Steri Med, as have other Members, or a return of any portion of the principal amount they invested.

3. *Fraud Count No. 2*

38. A review of records of the Steri Med Checking Account shows, of the \$400,000 in funding from MR1, MR4-MR17, IAR1 and INR1 deposited on February 17, 2015, Fenton misappropriated at least \$177,417.95 of the funds by transferring the funds out of the account, in thirty-nine (39) separate withdrawals between February 2015 and October 2016 (the "**Transfer Period**"), as follows:
 - a. Twenty-two (22) withdrawals totaling \$146,500, which were directed to a private bank account ending in #0069 at The Bank of Missouri controlled by Fenton and his wife (the "**Farm Account**"); and
 - b. Seventeen (17) withdrawals totaling \$30,917.95, which were directed to the U.S. Internal Revenue Service ("**IRS**").
39. Following each transfer of funds from the Steri Med Checking Account to the Farm Account during the Transfer Period, as identified above in paragraph 28(a), bank records from the Farm Account show Fenton forwarding the funds, in the form of checks, to F-Bar Feeders, another business operated by Fenton, which was unaffiliated with Steri Med and purportedly engaged in a business of finishing cattle in a feed lot in Columbia, Missouri.
40. All the checks written out to F-Bar Feeders bear Fenton's signature and have the word "Loan" appearing on the memo line of the check.
41. According to bank records, despite the funds being categorized as loans, none of the funds have been returned to the Steri Med Checking Account.
42. With respect to the funds paid to the IRS, based on information and belief, the payments were in satisfaction of a tax obligation unrelated to the business of Steri Med.
43. According to bank records, none of the investor funds used by Fenton to satisfy the tax debt to the IRS have been repaid to the Steri Med Checking Account.

II. CONCLUSIONS OF LAW

44. **THE COMMISSIONER CONCLUDES** that the Units offered and sold by Respondents to MR1-MR17, IAR1 and INR1 are securities under Section 409.1-102(28).
45. **THE COMMISSIONER CONCLUDES** that Respondents, by offering and selling MR2 and MR3 a Unit in Steri Med and then subsequently failing to acknowledge their investment or return to MR2 and MR3 the funds they invested, violated Section 409.5-501(1).
46. **THE COMMISSIONER CONCLUDES** that Respondents' use of more than \$176,000 of funds invested into Steri Med by MR1, MR4-MR17, IAR1 and INR1 on personal expenses and other expenses unrelated to the operation of Steri Med constitutes a misappropriation of those funds and violations of Section 409.5-501(3).
47. **THE COMMISSIONER CONCLUDES** that the violations above are sufficient to issue an order in accordance with Section 409.6-604.
48. The Commissioner, after consideration of the stipulations set forth above and on consent of the Respondents and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondents in 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:

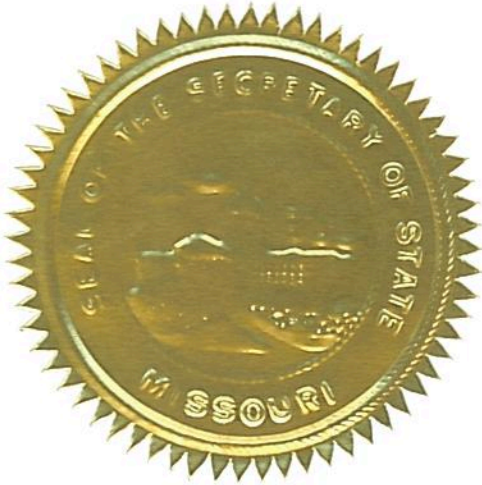
49. Respondents, joint and several, shall pay total restitution in the amount of \$420,000, plus annual interest at a rate of eight percent from the date of the investments. **This amount is due within thirty days of this Order and shall be made payable to the Missouri Secretary of State's Investor Restitution Fund**, and the Commissioner will take reasonable and necessary actions to distribute such funds to the investors as set forth in Exhibit 1 attached herein;
50. Respondents, joint and several, shall pay \$119,000 to the Missouri Secretary of State's Investor Education and Protection Fund. **This amount is due within thirty days of this Order and shall be made payable to the Missouri Secretary of State's Investor Education and Protection Fund** and sent to the Missouri Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101;
51. Respondents, joint and several, shall pay \$20,000 for the cost of the investigation. **This amount is due within thirty days of this Order and shall be made payable to the Missouri Secretary of State's Investor Education and Protection Fund** and sent to the Missouri Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101;
52. Respondents, their respective agents and employees, and all other persons participating in the above-described alleged violations with knowledge of this Order, are permanently

enjoined and restrained from engaging in violations of Section 409.5-501; and

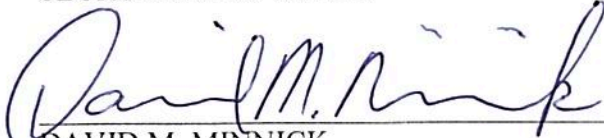
53. Respondents shall pay their own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 3/5 DAY OF MAY, 2022.



JOHN R. ASHCROFT
SECRETARY OF STATE



DAVID M. MINNICK
COMMISSIONER OF SECURITIES

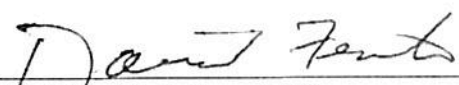
Consented to by:



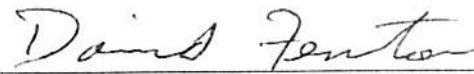
THE MISSOURI SECURITIES DIVISION

Douglas M. Jacoby
Director of Enforcement

RESPONDENTS



Steri-Med Solutions LLC
David E. Fenton, Manager



David E. Fenton

Exhibit 1 - AP-22-04

Steri Med Solutions LLC d/b/a Steriport Solutions; and David Edward Fenton, DVM

Investor Designation	Entity	Principal Investment	Unpaid Principal	Date of Investment	8% Pre-Judgment Interest*	Total Restitution
MR1	Steri Med Solutions LLC	\$20,000.00	\$20,000.00	February 17, 2015	\$10,266.30	\$30,266.30
MR2 & MR3	Steri Med Solutions LLC	\$20,000.00	\$20,000.00	February 17, 2015	\$10,266.30	\$30,266.30
MR4	Steri Med Solutions LLC	\$20,000.00	\$20,000.00	February 17, 2015	\$10,266.30	\$30,266.30
MR5	Steri Med Solutions LLC	\$20,000.00	\$20,000.00	February 17, 2015	\$10,266.30	\$30,266.30
MR6	Steri Med Solutions LLC	\$60,000.00	\$60,000.00	February 17, 2015	\$30,798.90	\$90,798.90
MR7	Steri Med Solutions LLC	\$40,000.00	\$40,000.00	February 17, 2015	\$20,532.60	\$60,532.60
MR8	Steri Med Solutions LLC	\$20,000.00	\$20,000.00	February 17, 2015	\$10,266.30	\$30,266.30
MR9	Steri Med Solutions LLC	\$20,000.00	\$20,000.00	February 17, 2015	\$10,266.30	\$30,266.30
MR10	Steri Med Solutions LLC	\$40,000.00	\$40,000.00	February 17, 2015	\$20,532.60	\$60,532.60
MR11	Steri Med Solutions LLC	\$10,000.00	\$10,000.00	February 17, 2015	\$5,133.15	\$15,133.15
MR12	Steri Med Solutions LLC	\$20,000.00	\$20,000.00	February 17, 2015	\$10,266.30	\$30,266.30
MR13	Steri Med Solutions LLC	\$20,000.00	\$20,000.00	February 17, 2015	\$10,266.30	\$30,266.30
MR14 & MR15	Steri Med Solutions LLC	\$40,000.00	\$40,000.00	February 17, 2015	\$20,532.60	\$60,532.60
MR16	Steri Med Solutions LLC	\$20,000.00	\$20,000.00	February 17, 2015	\$10,266.30	\$30,266.30
MR17	Steri Med Solutions LLC	\$10,000.00	\$10,000.00	February 17, 2015	\$5,133.15	\$15,133.15
IAR1	Steri Med Solutions LLC	\$20,000.00	\$20,000.00	February 17, 2015	\$10,266.30	\$30,266.30
INR1	Steri Med Solutions LLC	\$20,000.00	\$20,000.00	February 17, 2015	\$10,266.30	\$30,266.30
Column Totals:		\$420,000.00	\$420,000.00		\$215,592.33	\$635,592.33
MR1	6.4164384					
MR2 & MR3	6.4164384					
MR4	6.4164384					
MR5	6.4164384					
MR6	6.4164384					
MR7	6.4164384					
MR8	6.4164384					
MR9	6.4164384					
MR10	6.4164384					
MR11	6.4164384					
MR12	6.4164384					
MR13	6.4164384					
MR14 & MR15	6.4164384					
MR16	6.4164384					
MR17	6.4164384					
IAR1	6.4164384					
INR1	6.4164384					
Total Estimated Restitution					\$635,592.33	

* 8% annual simple interest calculated from date of investment to, and including, June 1, 2022.

Amount of years from date of investment (February 17, 2015) to June 1, 2022