



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
)  
DEVCOH, LLC; and )  
DAVID JOHN SPALDING, ) Case No.: AP-22-10  
)  
*Respondents.* )

**CONSENT ORDER**

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“**Securities Division**”), through Enforcement Counsel Steven M. Kretzer, alleges that Respondents DevCoH, LLC and David J. Spalding defrauded an elderly Imperial, Missouri resident by misappropriating the funds she invested in a promissory note security, in violation of Sections 409.5-501(1) and 409.5-501(3) of the Missouri Securities Act of 2003, Chapter 409, *et seq.* (the “**Act**”).<sup>1</sup>
2. Respondents and the Securities Division desire to settle the allegations and the matter raised by the Securities Division relating to the alleged violations of Sections 409.5-501(1) and 409.5-501(3).

**CONSENT TO JURISDICTION**

3. Respondents and the Securities Division stipulate and agree that the Missouri Commissioner of Securities (“**Commissioner**”) has jurisdiction over Respondents and this matter pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
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.”

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<sup>1</sup> Unless otherwise indicated, 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. Respondents

12. DevCoH, LLC ("**DevCoH**" or the "**Company**") is a Missouri limited liability company formed on February 27, 2015, with a last known principle place of business at 3102 Trout Camp Road, Waterloo, Illinois 62298. DevCoH engages in the business of residential property renovation and resale. Although DevCoH presently retains an active entity status with Missouri, it is not operational.

13. David John Spalding (“**Spalding**”) is a sixty-two-year-old Waterloo, Illinois resident. Spalding is the owner and operator of DevCoH, LLC. Between December 1, 2017 and December 31, 2017 (“Relevant Period”), Spalding was also a signatory (and the only active signatory) on DevCoH’s small business checking account ending in #1989 at First Bank (“DevCoH Bank Account #1989”).

B. Promissory Note Offer and Sale

14. On December 7, 2017, Spalding visited the home of a then sixty-eight-year-old female, Imperial, Missouri resident (“**MR1**”) seeking to raise funds for DevCoH to complete a real estate project—the renovation and sale of a residential home located at 6033 Mardel Ave., St. Louis, MO 63109—on which the Company purported to be working.
15. Spalding had a history of borrowing funds from MR1 prior to the December 7, 2017, visit.
16. To document the December 7, 2017 transaction, Spalding presented MR1 with a one-page document labeled “Promissory Note” (the “**Note**”).
17. According to the terms of the Note, Respondents “jointly and severally” guaranteed “prompt and punctual payment” to MR1 of her \$18,500 principal plus \$3,000 interest “on or before December 29, 2017”, and agreed “to remain bound until fully paid.”
18. The Note was not collateralized, insured or secured in any manner.
19. Both Spalding and MR1 signed the Note as follows: Spalding executed the Note on behalf of DevCoH on December 6, 2017, and MR1 signed the Note on December 7, 2017, during Spalding’s visit to MR1’s home.
20. On December 7, 2017, in conjunction with the execution of the Note, MR1 presented Spalding with a personal check (“**Check**”) for \$18,500, paid to the order of DevCoH. MR1 wrote the address “6033 Mardel” on the memo line located at the bottom left-side of the Check.
21. MR1 had no involvement in the operation or management of DevCoH or the property located in St. Louis at 6033 Mardel Ave.

C. Misappropriation of MR1’s Funds

22. A review of records for DevCoH Bank Account #1989 shows the deposit of MR1’s Check on December 7, 2017, the funds from which then became commingled with other funds in DevCoH Bank Account #1989.
23. Prior to the deposit of MR1’s Check, the balance in DevCoH Bank Account #1989 was \$155.82.
24. A first-in-first-out (FIFO) analysis of the activity in DevCoH Bank Account #1989 between

December 7, 2017 and December 11, 2017, shows the following uses, among others, by Respondents, of MR1's funds:

- a. more than \$5,500 paid into the bank account of another small business enterprise, Bootsie's Bakery LLC, owned by Spalding;
  - b. \$5,000.00 paid to another DevCoH investor;
  - c. a \$1,500.00 check written by Spalding to himself for "Restaurant Equipment";
  - d. \$600 in cash withdrawals from ATMs;
  - e. a \$455.00 payment made to Rent to Own Auto Center in St. Louis for a 2015 Ford F150 truck, which had been personally leased by Spalding on March 23, 2017;
  - f. more than \$53.00 in gasoline purchases; and
  - g. \$51.67 paid to a Cracker Barrel restaurant.
25. To date, MR1 has not received any payment, either in the form of interest or a return of her initial \$18,500 principal, on the Note from Spalding or DevCoH.

#### D. Violations

26. As a result of the conduct described above, the Securities Division alleges that Respondents, in connection with the offer and sale of a security, employed a device, scheme, or artifice to defraud, in violation of Section 409.5-501(1) of the Act.
27. The Securities Division also alleges that Respondents, in connection with the offer and sale of a security, engaged in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person, in violation of Section 409.5-501(3) of the Act.

## II. CONCLUSIONS OF LAW

28. **THE COMMISSIONER CONCLUDES** that the Note offered and sold to MR1 by Respondents is a security under Section 409.1-102(28).
29. **THE COMMISSIONER CONCLUDES** that Respondents, in connection with the offer and sale of a security, employed a device, scheme, or artifice to defraud, in violation of Section 409.5-501(1).
30. **THE COMMISSIONER CONCLUDES** that Respondents, in connection with the offer and sale of a security, engaged in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person, in violation of Section 409.5-501(3).

31. **THE COMMISSIONER CONCLUDES** that the violations above are sufficient to issue an order in accordance with Section 409.6-604.
32. The Commissioner, after consideration of the stipulations set forth above and on consent of the Respondents and the Securities Division, 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, RSMo.

III. ORDER

**NOW, THEREFORE,** it is hereby Ordered that:

33. Respondents, joint and several, shall pay \$15,000 to the Missouri Secretary of State's Investor Restitution Fund. **This amount is due upon execution of this Order by Respondent and shall be made payable to the Missouri Secretary of State's Investor Restitution Fund,** and sent to the Missouri 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 investor in this matter;
34. 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 Sections 409.5-501(1) and 409.5-501(3); and
35. 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 3RD DAY OF ~~OCTOBER~~, 2022.

*November*

JOHN R. ASHCROFT  
SECRETARY OF STATE

  
\_\_\_\_\_  
JESUS OSETE  
ACTING COMMISSIONER OF SECURITIES



Consented to by:

THE MISSOURI SECURITIES DIVISION

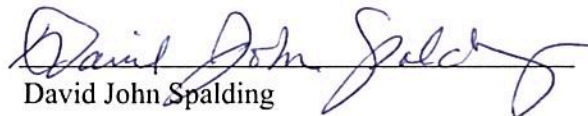


Steven M. Kretzer  
Enforcement Counsel

RESPONDENTS



DevCoH, LLC,  
David John Spalding, Owner/Manager



David John Spalding