

STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
)  
ROBERT STACK BEYER II, )  
CRD NO. 2602180; AND ) Case No. AP-15-20  
THE HEROIC LIFE ASSURANCE )  
COMPANY, LLC, )  
)  
*Respondents.* )

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

Now on the 30th day of September 2015, the Commissioner of Securities (“Commissioner”), having reviewed this matter issues the following Final Order:

**I. PROCEDURAL BACKGROUND**

1. On May 5, 2015, the Enforcement Section of the Missouri Securities Division (“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 in the matter of Robert Stack Beyer, II (“Beyer”) and The Heroic Life Assurance Company, LLC (“HLA”).
2. On May 18, 2015, the Commissioner issued an Order to Cease and Desist and Order to Show Cause why Restitution, Civil Penalties, and Costs Should not be Imposed (“Order”) in the above-referenced matter. The Office of the Commissioner sent, via certified U.S. mail, return service requested, a copy of the Order, and Notice of Right to Request a Hearing to Beyer at his address at 9935 Vassel Drive, Afton, Missouri 63123 and to Respondent HLA at the listed address of HLA’s registered agent, Beyer, at HLA’s registered address, 50 Lionshead Court, O’Fallon, Missouri 63368.
3. According to the Return Receipt card, the United States Postal Service (“USPS”) delivered the Order to Respondent Beyer on May 22, 2015.
4. On or about May 30, 2015, the USPS returned the Order addressed to Respondent HLA to the Commissioner, “Return to Sender Attempted – Not Known Unable to Forward

Return to Sender.”

5. On or about June 18, 2015, the Office of the Commissioner sent, via certified U.S. mail, return service requested, a copy of the Order, and Notice of Right to Request a Hearing to Respondent HLA’s registered agent, Beyer, at 9935 Vasel Drive, Afton, Missouri 63123.
6. According to the Return Receipt card, the USPS delivered the Order to Beyer on behalf of Respondent HLA on July 1, 2015.
7. Respondents have failed to request a hearing on the Order in compliance with 15 CSR 30-55.020 within the time allowed by Section 409.6-604, RSMo. (Cum. Supp. 2013).
8. The Commissioner has not ordered a hearing in this matter pursuant to Section 409.6-604, RSMo. (Cum. Supp. 2013).
9. On or about August 6, 2015, the Enforcement Section submitted a Motion for Final Order with respect to Respondent Beyer and Respondent HLA (“Motion for Final Order”).
10. To date, Respondents have failed to respond to the Motion for Final Order.

## **I. FINDINGS OF FACT**

### **A. Respondents and Related Parties**

11. HLA is a Missouri limited liability company organized in the State of Missouri on December 29, 2011, with an address of 50 Lionshead Court, O’Fallon, Missouri 63368. The registered agent is Beyer.
12. Oakbridge Financial Services, Inc., formerly known as Forsyth Securities, Inc. (collectively “Oakbridge”), is a Missouri-registered broker-dealer with a main address of 910 South Kirkwood Road, Suite 190, Kirkwood, Missouri 63122. Oakbridge is registered in Missouri through the Central Registration Depository (“CRD”) with number 16323.
13. Private Label Money Management, Inc. (“PLMM”), is a Missouri-registered investment adviser with a main address of 910 South Kirkwood Road, Suite 190, Kirkwood, Missouri 63122. PLMM is registered through CRD with number 154952.
14. Beyer was a Missouri-registered broker-dealer agent with Oakbridge and investment adviser representative with PLMM from October 2008 through November 2009, from January 2010 through May 2012, and from January 2013 through September 2013, with office addresses of 243 North Lindbergh Boulevard, St. Louis, Missouri 63141, or 910 South Kirkwood Road, Suite 190, Kirkwood, Missouri 63122. Beyer was registered in Missouri through the CRD with number 2602180. Beyer’s current mailing address is 9935 Vasel Drive, Afton, Missouri 63123.

15. Beyer was indicted by the United States government on or about October 8, 2014 on one count of wire fraud and one count of unlawful monetary transactions. On or about September 14, 2014, Beyer was barred from association with any member of the Financial Industry Regulatory Authority (“FINRA”) in any capacity.
16. At all times relevant to this matter, Beyer had an active Missouri insurance producer’s license with the Missouri Department of Insurance, Financial Institutions and Professional Registration, number 0279768. Beyer’s insurance license was suspended December 31, 2013, for tax compliance issues.
17. At all times relevant to this matter, Beyer was not registered as an issuer agent, or as a broker-dealer agent or investment adviser representative for HLA in the State of Missouri.
18. At all times relevant to this matter, HLA was not registered as a broker-dealer or investment adviser in the State of Missouri.
19. At all times relevant to this matter, there was no registration, no granted exemption, or notice filing indicating status as a “federal covered security” for the securities offered or sold by HLA and Beyer.

#### **B. Enforcement Section Investigation**

##### **Missouri Resident 1 Invested in December 2011 and January 2012**

20. Sometime prior to March 2010, a then 48-year-old Missouri resident (“MR1”) became a client of Oakbridge. Around that time, Beyer became MR1’s broker-dealer agent through Oakbridge.
21. On or about December 28, 2011, MR1 invested with HLA via personal check for \$10,000. Beyer endorsed this check on behalf of HLA.
22. On or about January 4, 2012, MR1 wrote two more personal checks – one to “Heroic Life Insur” and one to “Heroic Life Assurance Co.” – totaling \$66,625.
23. Beyer returned MR1’s investment funds using at least some funds from a subsequent investor.

##### **Illinois Resident 1 Invested in February 2012**

24. Between approximately December 2009 and January 2010, Beyer met a then 55-year-old Illinois resident (“IR1”) when Beyer solicited IR1 at IR1’s residence to purchase an insurance product.
25. On or around February 29, 2012, Beyer again visited IR1 at IR1’s residence to solicit an investment in HLA. Beyer told IR1, among other things, that Beyer “took care of stocks

and bonds” and that an investment in HLA would pay a 10% return. Beyer initially asked IR1 to invest \$100,000 with HLA.

26. On or about February 29, 2012, IR1 invested in HLA via personal check for \$10,000.
27. IR1 has never received any statements pertaining to IR1’s investment in HLA.
28. IR1 had no management responsibilities and performed no duties with respect to IR1’s investment with Beyer and HLA.
29. IR1 has never received any returns or a return of principal from IR1’s investment in HLA.
30. IR1 has attempted to contact Beyer on numerous occasions; however, Beyer has failed to respond.

**Missouri Resident 2 Invested March 27, 2012**

31. From 2010 until May 15, 2012, Beyer served as an agent through Oakbridge for a then 59-year-old Missouri resident (“MR2”).
32. In late 2011 through early 2012, Beyer contacted MR2 about an investment opportunity in HLA. Beyer represented to MR2 that this would be a good investment for MR2. Beyer told MR2, among other things, the investment was in HLA, guaranteed MR2 that MR2 would never lose MR2’s initial investment, and guaranteed that MR2 would earn 8% interest yearly on the investment. Beyer failed to disclose, among other things, the following:
  - a. any risks associated with MR2’s investment in HLA;
  - b. that HLA was owned by Beyer;
  - c. that an investment in HLA was not through Oakbridge; and
  - d. that at least some of MR2’s investment funds might be used to pay MR1.
33. On March 27, 2012, Beyer facilitated a wire transfer of \$20,000 from MR2’s brokerage account at Oakbridge to an HLA checking account at Meramec Valley Bank (“HLA Checking Account”).
34. On or about April 16, 2012, Beyer, acting as MR2, wrote a note to Washington National Insurance Company (“Washington National”) to prematurely liquidate MR2’s annuity with Washington National. This note stated, among other things, “Please accept my request to surrender my annuity contract...Please note that I am aware of the surrender charges and taxes due, but I need to close the account and receive the funds as soon as possible. Please send my check via overnight mail...so that I can receive it immediately.”

Beyer signed MR2's name.

35. On or about April 19, 2012, Washington National mailed MR2 a check for \$188,550.68. The surrender charges from the liquidation of this annuity amounted to \$37,994.23.
36. On April 27, 2012, based on Beyer's representations, MR2 invested \$190,000 in HLA via check. MR2's investment was deposited in the HLA Checking Account on May 1, 2012.
37. MR2 had no management responsibilities and performed no duties with respect to MR2's investment with Beyer and HLA.
38. MR2 has never received any returns or a return of principal from MR2's investment in HLA.
39. Beyer used a portion of MR2's funds to pay back MR1 for MR1's investment.

**Illinois Resident 2 Invested June 10, 2013**

40. In or around 1998, a then 48-year-old Illinois resident ("IR2") met Beyer when IR2 bought an insurance product from Beyer.
41. In or around June 2013, Beyer told IR2, who was then 63 years old, about a "high return short-term savings" investment that would provide monthly payments for 12 months. IR2 subsequently wrote a check for this investment to HLA in the amount of \$579.17. IR2 indicated in the memo section of the check that the money was a "Deposit." IR2's investment was deposited on June 4, 2013, in the HLA Checking Account.
42. On June 10, 2013, IR2 invested an additional \$32,500 via check to HLA for the "high return short-term savings" investment. IR2's investment funds were taken from IR2's existing annuity.
43. At some point subsequent to IR2's investment, Beyer told IR2, among other things, the following:
  - a. IR2 was not receiving the promised investment payments because the Royal Bank of Canada ("RBC") had been delayed in "backing up" the account in St. Louis, Missouri; and
  - b. that Beyer's "two million dollar business had gone under," and Beyer would re-pay IR2.
44. IR2 had no management responsibilities and performed no duties with respect to IR2's investment with Beyer and HLA.
45. IR2 has never received any returns or a return of principal from IR2's investments in HLA.

### **Beyer's Affiliation with Oakbridge in 2012**

46. On or about February 7, 2012, prior to the investments by MR2, IR1, and IR2, Beyer disclosed to Oakbridge on Beyer's outside-business-activity ("OBA") disclosure form, among other things, the following:
  - a. Beyer's affiliation with HLA;
  - b. that Beyer's duties with HLA included "sales";
  - c. HLA was a company offering "Fixed Life Products";
  - d. that Beyer's involvement with HLA began on December 29, 2011; and
  - e. Beyer's involvement with HLA constituted "30+" hours of work per month, including some during trading hours.
47. Steven Larson ("Larson"), an owner and the chief compliance officer of Oakbridge, signed and approved this OBA form for Beyer.
48. Beyer resigned as an agent of Oakbridge on or about May 15, 2012.
49. In Beyer's resignation letter to Oakbridge on May 15, 2012, Beyer stated, among other things, "Effective immediately I resign to pursue full-time employment by [HLA]."

### **Beyer's Affiliation with Oakbridge in 2013**

50. On or about January 30, 2013, Oakbridge re-hired Beyer.
51. Upon Beyer's return to Oakbridge, Beyer again completed an OBA disclosure form. At this time, Beyer disclosed, among other things, the following:
  - a. Beyer's affiliation with HLA;
  - b. HLA was a company in the business of "Life Assurance";
  - c. Beyer was the "Agent/Owner" of HLA;
  - d. Beyer's involvement with HLA began December of 2011; and
  - e. Beyer spent 20 hours per week on HLA, all of which was spent outside trading hours.
52. In or around March 2013, Beyer completed a FINRA Registered Individual Personal Activity Questionnaire, on which Beyer indicated Beyer's only OBA was participating in Christian book sales for 20 hours per week.

53. On or around September 5, 2013, members of Oakbridge, including Larson, requested that Beyer attend a meeting to discuss Beyer's OBA in HLA. Beyer failed to attend this meeting.
54. Shortly after Beyer failed to attend the meeting, Beyer was terminated by Oakbridge.
55. Around the time Beyer was terminated from Oakbridge, Beyer submitted a handwritten letter to Oakbridge about Beyer's involvement with HLA, which stated, among other things:
  - a. that Beyer had been raising capital for HLA;
  - b. that Beyer kept poor records for HLA and had "no internal company controls to handle associate member funds."
  - c. that Beyer "no longer has sufficient funds to repay any of HLA's investors due to difficulties in raising capital and my income drawn from the investments";
  - d. the names of four investors in HLA;
  - e. that MR1 was a "non-qualified investor";
  - f. that IR1 was a "qualified investor";
  - g. that MR2 was a "non-qualified investor" and former client of Oakbridge; and
  - h. that IR2 was a "qualified investor" and was initiating a lawsuit.

#### **Examination of Bank Records**

56. Beyer or HLA had four bank accounts: the HLA Checking Account, a business savings account at Meramec Valley Bank in the name of HLA ("HLA Savings Account"), a personal bank account in the name of Beyer at PNC Bank ("Beyer PNC Account"), and a personal bank account at Meramec Valley Bank in the name of Beyer ("Beyer Meramec Account").
57. Investment funds from MR1, MR2, IR1, and IR2, were all deposited into the HLA Checking Account. Bank records for the HLA Checking Account from January 2012 through June 2013, revealed, among other things, the following:
  - a. Beyer was the sole signatory on the HLA Checking Account;
  - b. on January 3, 2012, Beyer established the HLA Checking Account by depositing a check from MR1 in the amount of ten thousand dollars (\$10,000);
  - c. deposits in excess of \$329,704.17 via checks or a wire from MR1, MR2, IR1, and

IR2, including:

- i. three personal checks from MR1 in the amount of \$76,625;
  - ii. \$10,000 from IR1;
  - iii. a wire transfer in the amount of \$20,000 from MR2's brokerage account;
  - iv. a \$190,000 personal check from MR2; and
  - v. a personal check and a cashier's check from IR2 totaling \$33,049.17;
- d. deposits in excess of \$45,600 from sources other than MR1, MR2, IR1, and IR2;
- e. funds from MR1, MR2, IR1, and IR2 were commingled with other Beyer funds and used for, among other things:
- i. on or about January 12, 2012, a \$49,995 check to transfer funds to the Beyer PNC Account;<sup>1</sup>
  - ii. on or about May 15, 2012, a \$50,000 withdrawal by Beyer to open the HLA Savings Account;
  - iii. on or about June 19, 2013, a \$14,000 transfer to the Beyer Meramec Account;
  - iv. from January 1, 2012, through June 30, 2012, withdrawals of cash via counter and ATM withdrawals by Beyer in excess of \$95,800. This included a \$76,630 withdrawal, which the Petition alleges was paid to MR1 as a return of MR1's investment principal;
  - v. in excess of \$92,900 in checks to Beyer personally, including for "payroll," or for "cash flow." Both checks for "payroll" and "cash flow" included checks payable to Beyer personally;
  - vi. a \$2,035 check for auto repair;
  - vii. a \$55 check for membership in the Kirkwood Rotary; and
  - viii. a \$24.88 check to The Fantasy Shop for a "comic art book."
58. A review of bank records for the Beyer PNC Account for the period December 20, 2011, through April 18, 2013, revealed, among other things, the following:
- a. a beginning balance of \$914.50;

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<sup>1</sup> Beyer was the sole signatory on the Beyer PNC Account.



- b. on or about January 12, 2012, \$49,995 was transferred from the HLA Checking Account to the Beyer PNC Account;
  - c. additional transfers from the HLA Checking account in excess of \$47,000;
  - d. transfers in excess of \$28,000 from the HLA Savings Account;
  - e. deposits in excess of \$32,000 from Washington National and other unknown sources;
  - f. funds from investors, including MR1, MR2, IR1, and IR2, were commingled with Beyer's personal or business funds, and used, among other things, for more than:
    - i. \$47,200 in parking violations, restaurants, convenience stores, department stores, and other expenses, such as at Hooter's, Funforsingles, Inc., O'Byrne Religious Goods, Mystic Valley, Bikram Yoga, GoDaddy.Com, Bed Bath & Beyond, Devine Wine & Spirits, Mid-West Podiatry, The Fantasy Shop Comics and Games, Orbit Pinball Lounge, Touchtunes Music-Games, and Legoland Discovery Center, among others;
    - ii. \$19,500 in ATM and other cash withdrawals;
    - iii. \$17,200 on cell phone expenses, utilities, and insurance premiums;
    - iv. \$76,000 in additional expenditures; and
    - v. \$600 in bank non-sufficient funds charges and charge-off fees; and
  - g. a closing balance of \$0 on April 18, 2013.
59. Bank records for the HLA Savings Account revealed, among other things, that the \$50,000 transfer from the HLA Checking Account to open the HLA Savings Account was used, among other things, for cash withdrawals.

**Beyer On-the-Record Statement**

60. On December 12, 2014, the Enforcement Section conducted an on-the-record statement ("OTR") of Beyer.
61. Beyer began the OTR by reading the following written statement into the record:
- "I am currently charged in an indictment in federal court with a count of wire fraud and a count of unlawful monetary transactions. I am represented in that criminal case by two federal public defenders who made it clear to me that they cannot represent me in these proceedings. They have, however, advised me not to

talk about my case or anything regarding my case with anyone other than them. They have told me to assert my Fifth Amendment rights to any questions regarding the case with which I am currently charged. The indictment specifically mentions my time working with [Oakbridge]. I desire to assert to—to fully assert my Fifth Amendments [*sic*] rights at these proceedings today. And I do not have counsel in these proceedings. And if it is the position of the parties taking this deposition that I do not have the right to assert my Fifth Amendment rights here today, it is my request that they so state on the record that position and seek a ruling by the court of law that I cannot assert my Fifth Amendment rights. I wish to assert my Fifth Amendment rights. That is my statement.”

62. Beyer then pleaded the Fifth Amendment to questions seeking, among other things, the following information:
- a. that Beyer was currently licensed as an insurance agent in Missouri;
  - b. that Beyer’s Missouri insurance producer license is currently suspended due to tax compliance issues;
  - c. that Beyer was registered in the securities industry;
  - d. that Beyer had been in the financial industry since 1995 and with Oakbridge from January 2010 until May of 2012;
  - e. whether Beyer left Oakbridge in May 2012;
  - f. the circumstances surrounding Beyer’s departure;
  - g. whether Beyer returned to Oakbridge in January of 2013;
  - h. details regarding Beyer’s termination by Oakbridge in September of 2013;
  - i. whether Beyer had OBAs at Oakbridge;
  - j. when Beyer first disclosed OBAs to Oakbridge;
  - k. whether Beyer started HLA in or around December 29, 2011;
  - l. whether Beyer was the registered agent of HLA;
  - m. whether HLA is still active in Missouri;
  - n. whether Beyer disclosed to Oakbridge Beyer’s affiliation with HLA as early as February 7, 2012;
  - o. whether HLA was advertised on at least one web site;

- p. whether advertisements for HLA were intended to solicit investors in HLA;
- q. whether HLA offered and sold HLA's own securities from at least December of 2011;
- r. Beyer's role in "effecting or attempting to effect securities in" HLA;
- s. Beyer receiving compensation or remuneration for selling investments in HLA;
- t. Beyer soliciting investors on behalf of HLA;
- u. whether Beyer received compensation or other remuneration for soliciting prospective investors for HLA;
- v. with regard to MR1:
  - i. that Beyer knew MR1;
  - ii. that Beyer solicited MR1 to invest in HLA;
  - iii. that Beyer received compensation for soliciting MR1's investment in HLA;
  - iv. that on or around December 28, 2011, MR1 invested \$10,000 in HLA;
  - v. that on January 4, 2012, MR1 invested an additional \$66,625 in HLA via two separate checks;
  - vi. that Beyer advised MR1 to liquidate securities in MR1's Oakbridge account to invest in HLA;
  - vii. that MR1's fortunes were interwoven with those of Beyer and other investors;
  - viii. that Beyer told MR1 that MR1 could expect profits from investment in HLA;
  - ix. that MR1 had to put forth no effort to obtain such profits;
  - x. that MR1's investment funds were commingled with other investors' investment funds or Beyer's personal or business funds;
  - xi. that Beyer used part of MR2's investment to reimburse MR1 in the amount of \$76,625; and

- xii. that Beyer did not accurately tell MR1 how MR1's investment funds were to be used;
- w. with regard to MR2:
- i. that Beyer met MR2 in or around 2007;
  - ii. that Beyer solicited MR2's investment in HLA in or around early 2012;
  - iii. that Beyer had MR2 invest money in HLA;
  - iv. that MR2 invested approximately \$20,000 in HLA on or about March 27, 2012;
  - v. that in order to obtain the \$20,000 from MR2, Beyer had MR2 liquidate an investment in a brokerage account;
  - vi. that the \$20,000 from MR2's investment was wired to a bank account in the name of HLA;
  - vii. that Beyer was the sole signatory on that bank account in the name of HLA where MR2's money was wired;
  - viii. that Beyer had a person who worked for Oakbridge assist in facilitating MR2's wire transfer to a bank account in HLA's name;
  - ix. that MR2 invested an additional \$190,000 in HLA on or about April 27, 2012;
  - x. that, in order to obtain the additional \$190,000, Beyer prematurely surrendered MR2's annuity with Washington National;
  - xi. that Beyer wrote and forged MR2's signature on a letter to surrender MR2's annuity with Washington National;
  - xii. that MR2 incurred surrender penalties from the liquidation of MR2's annuity;
  - xiii. that on or about April 27, 2014, Beyer had MR2 transfer funds from the Washington National annuity to MR2's personal bank account and thereafter write a check to HLA in the amount of \$190,000;
  - xiv. that Beyer failed to disclose to MR2 that MR2 would have to pay taxes due to surrendering the Washington National annuity;
  - xv. that Beyer had MR2 close MR2's remaining accounts with Oakbridge;

- xvi. that MR2 requested some investment funds be returned in order to pay for taxes;
  - xvii. that Beyer refused to return to MR2 any investment funds;
  - xviii. that, as late as November 2013, Beyer told MR2 that MR2's investment was turning a profit and that MR2 would "make a lot of money";
  - xix. that Beyer told MR2 that MR2 should expect such profits from the HLA investment without putting forth MR2's own efforts;
  - xx. that Beyer commingled MR2's investment funds with other investors' funds or Beyer's personal funds;
  - xxi. that Beyer received compensation or other remuneration from HLA by soliciting MR2 or any other investor;
  - xxii. that MR2's investment funds were used by Beyer to pay back another investor in HLA;
  - xxiii. that Beyer never told MR2 that MR2's investment funds would be commingled with other investors' funds or Beyer's personal funds;
  - xxiv. that Beyer never told MR2 that MR2's investment was not through Oakbridge;
  - xxv. that Beyer never told MR2 that Beyer owned HLA;
  - xxvi. that Beyer never told MR2 that MR2's funds would be used to pay Beyer's personal and business expenses and to pay another investor;
  - xxvii. that Beyer never told MR2 about any risks of the investment; and
  - xxviii. that Beyer never repaid MR2's investment;
- x. with regard to IR1:
- i. that Beyer knew IR1;
  - ii. that Beyer solicited IR1 to invest money in HLA in or around February of 2012;
  - iii. that IR1 invested \$10,000 in HLA on or about February 29, 2010;
  - iv. that IR1's fortunes were interwoven with those of Beyer and other HLA

- investors;
- v. that IR1 expected profits from IR1's investment in HLA;
- vi. that IR1 had to expend no efforts to obtain such profits;
- vii. that Beyer received compensation or remuneration from soliciting IR1's investment in HLA;
- viii. that Beyer failed to respond to any of IR1's communications after IR1 invested in HLA;
- ix. that Beyer never told IR1 about the risk of the investment in HLA;
- x. that Beyer never told IR1 that the investment would, in fact, be used to pay Beyer's personal or business expenses; and
- xi. that Beyer never repaid IR1's investment;
- y. with regard to IR2:
  - i. that Beyer knew IR2;
  - ii. that, between January and June of 2013, Beyer solicited IR2 to invest money in or with HLA;
  - iii. that IR2 invested money in HLA on or around June 2, 2013 and June 10, 2013, totaling \$33,079.17;
  - iv. that IR2's fortunes were interwoven with those of Beyer and other HLA investors;
  - v. that Beyer told IR2 that IR2 could expect profits from IR2's investment in HLA;
  - vi. that IR2 would have to expend no effort to realize profits;
  - vii. that IR2's funds were commingled with other investors' funds or Beyer's personal funds;
  - viii. that Beyer received compensation or remuneration for soliciting IR2 to invest in HLA;
  - ix. that Beyer told IR2 that Beyer had a \$2 million business;
  - x. that Beyer's \$2 million business went under;

- xi. that Beyer promised to pay IR2 back IR2's invested funds;
- xii. that Beyer never told IR2 about any risks in investing in HLA;
- xiii. that Beyer never told IR2 that IR2's investment would be used to pay Beyer's personal or business expenses; and
- xiv. that Beyer never repaid IR2's investment.

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

63. Because the Respondents have failed to request a hearing within the time allowed by Section 409.6-604, RSMo. (Cum. Supp. 2013),<sup>2</sup> and because the Commissioner never ordered such a hearing, the Order issued on May 18, 2015, against the Respondents became **FINAL** by operation of law.

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

64. **The COMMISSIONER CONCLUDES** that Respondents violated Section 409.3-301 when they offered and sold unregistered, non-exempt securities in or from Missouri to MR1, MR2, IR1 and IR2 by:
- a. soliciting funds from MR1, MR2, IR1, and IR2;
  - b. stating that MR1, MR2, IR1, and IR2 would receive returns on investments with HLA;
  - c. stating to MR1, MR2, IR1, and IR2 that investment funds would be placed with HLA for business purposes;
  - d. stating to MR1, MR2, IR1, and IR2 that investment returns would be dependent on the efforts of others and not the efforts of the investors; and
  - e. representing to MR1, MR2, IR1, and IR2 that investment funds would be used by HLA for, among other things, life assurance, life insurance products, or HLA business purposes.
65. These activities constitute an offer to sell and sale as those terms are defined in Section 409.1-102(26).
66. The interests offered and sold were investment contracts and are therefore securities as that term is defined in Section 409.1-102(28).

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<sup>2</sup> Unless otherwise noted, all statutory references are to the 2013 cumulative supplement to the Revised Statutes of Missouri.

67. Respondents offered and sold securities in or from 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.

**Multiple Violations of Making an Untrue Statement, Omitting to State Material Facts, and 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**

68. **The COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.5-501, when, in connection with the offer, sale, or purchase of a security to MR2, IR1 and IR2, Respondents made the untrue statements of material fact to MR2, IR1, and IR2, when Respondents falsely stated the following:
- a. stating to IR1 that an investment in HLA would pay a 10% return;
  - b. stating to MR2 that an investment in HLA would pay an 8% yearly interest;
  - c. guaranteeing that at least one investor, MR2, would not lose any of MR2's original investment principal;
  - d. stating to IR2 that an investment in HLA would be a "high return short-term savings" investment; and
  - e. stating to IR2 that the delay in investment returns was due to RBC's delay in "backing up" the account in St. Louis, Missouri.
69. **The COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.5-501, when, in connection with the offer, sale, or purchase of a security as described above, Respondents omitted to state to MR1, MR2, IR1, and IR2, material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Such statements and material omissions included soliciting MR1, MR2, IR1, and IR2 to invest in HLA by representing the legitimacy of the investment, representing the viability of HLA, stating expected investment returns, stating that at least one investor would not lose any money, and promising repayment to at least one investor. Under the circumstances in which they were made, these statements were materially misleading because Respondents failed to disclose the risks of the investment with Beyer and HLA and how investment funds would be used, which are material facts. Furthermore, Respondents failed to tell MR2 that the investment was not through Oakbridge.
70. **The COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.5-501, when, in connection with the offer, sale or purchase of a security described above, Respondents engaged in an act, practice or course of business that would operate as a fraud or deceit upon MR1, MR2, IR1 and IR2 by:
- a. commingling all four investors' funds with Beyer's personal funds;



- b. misappropriating at least some investment funds from MR1, MR2, IR1, and IR2 to pay for personal expenses, such as items at convenience stores and department stores;
  - c. using portions of the investment funds from MR1, MR2, IR1, and IR2 on cash withdrawals;
  - d. misrepresenting material facts and omitting to state material facts to at least MR2, IR1, and IR2 in order to solicit investments and avoid delay or detection of the true use of investment funds;
  - e. using at least one investor's funds to repay another investor;
  - f. impersonating MR2 to Washington National in order to liquidate annuity funds to invest in HLA; and
  - g. using Beyer's position as an agent of Oakbridge and representative of Washington National to confer legitimacy on an investment with Beyer and HLA.
71. **The COMMISSIONER FURTHER CONCLUDES** that at the time Respondents engaged in the above conduct, IR2 was over the age of 60 years old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
72. **The COMMISSIONER FURTHER CONCLUDES** that Respondents' actions in violation of Sections 409.3-301 and 409.5-501 constitute engaging 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.
73. **The COMMISSIONER FURTHER CONCLUDES** that, pursuant to Section 409.6-605(b), this order is necessary and appropriate in the public interest, for the protection of investors, and is consistent with the purposes of the Missouri Securities Act of 2003.

#### **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 are prohibited from:

- A. violating or materially aiding in any violation of Section 409.3-301, by offering or selling unregistered, non-exempt securities; and
- B. violating or materially aiding in any violation of Section 409.5-501, by, in connection with the offer or sale of securities, making an untrue statement of a material fact, 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, and 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), each Respondent shall pay a civil penalty in the amount of \$10,000 for multiple violations of Section 409.3-301. 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. Respondent shall send or deliver these payments to the 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), each Respondent shall pay a civil penalty in the amount of \$10,000 for multiple violations of Section 409.5-501. 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. Respondent shall send or deliver these payments to the Securities Division, at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102;

**IT IS FURTHER ORDERED** that each Respondent shall pay an additional civil penalty in the amount of \$10,000 for violations of Sections 409.3-301 and 409.5-501 committed against an elderly person. This amount shall be made payable to the State of Missouri. 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. Respondents shall send or deliver these payments to the Securities Division, at 600 West Main Street, 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(d), Respondents shall, jointly and severally, pay restitution pursuant to Section 409.6-604(d), in the amount of \$358,284.67, which includes the amount of any actual damages caused by Respondents' conduct, and interest at the rate of eight percent (8%) per year arising from violations of Sections 409.3-301 and 409.5-501. These funds shall be made payable to the Missouri Secretary of State's Investor Restitution Fund and be sent to the Missouri Securities Division at 600 West Main Street, Jefferson City, Missouri 65101 within 30 days from the date of the Commissioner's Order. The Commissioner will take reasonable and necessary actions to distribute such funds to those persons referenced in Exhibit A.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(e), Respondents shall, jointly and severally, pay \$9,671.21 in actual costs for investigation into, and the proceedings associated with, this matter. This amount shall be made payable to the Investor Education and Protection Fund and paid within 30 days of the date of this final order. Respondents shall send or deliver these payments to the Securities Division, at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

**IT IS FURTHER ORDERED** that, Respondent Beyer is hereby BARRED from registering as a broker-dealer agent or investment advisor representative in the State of Missouri.

**IT IS FURTHER ORDERED** that, Respondent HLA is hereby BARRED from registering as a broker-dealer or investment advisor in the State of Missouri.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS THIRTIETH OF SEPTEMBER 2015.



JASON KANDER  
SECRETARY OF STATE

*Andrew M. Hartnett*

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ANDREW M. HARTNETT  
COMMISSIONER OF SECURITIES

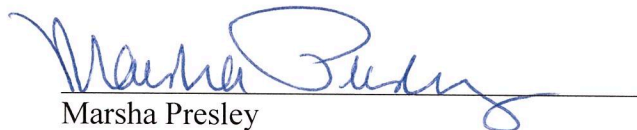
CERTIFICATE OF SERVICE

I hereby certify that on this 30 day of September, 2015, a copy of the foregoing Final Order to Cease and Desist and Order Awarding Restitution, Costs, and Civil Penalties in the above styled case was and **mailed by certified U.S. mail to:**

Robert Stack Beyer, II  
9935 Vasel Drive  
Afton, Missouri 63123

and

The Heroic Life Assurance Company, LLC  
c/o Robert Stack Beyer, II, Registered Agent  
9935 Vasel Drive  
Afton, Missouri 63123



Marsha Presley  
Securities Office Manager