

State of Missouri
Office of Secretary of State

Case No. AP-06-27

IN THE MATTER OF:

QUADRA PAY LAND, LLC;
EAVENSON FAMILY LIMITED
PARTNERSHIP; and
KUHNS FLP,

Respondents.

Serve all at:

3225 McLeod Drive, Ste. 100
Las Vegas, Nevada 89121

ORDER TO CEASE AND DESIST AND OTHER ADMINISTRATIVE RELIEF

On September 15, 2006, the Enforcement Section of the Securities Division of the Office of Secretary of State, through its Chief Enforcement Counsel, Lori J. Neidel, submitted a Petition for Administrative Relief Under Section 409.6-604, RSMo. Supp. 2005. After reviewing the petition, the Commissioner issues the following findings of fact, conclusions of law and order:

FINDINGS OF FACT

1. At all relevant times, Quadra Pay Land, LLC (“Quadra”), was a Nevada limited liability company with a business address of 3225 McLeod Drive, Ste. 100, Las Vegas, Nevada 89121.
2. At all relevant times, Eavenson Family Limited Partnership (“Eavenson”) was a Nevada limited partnership and was a manager of Quadra, with a business address of 3225 McLeod Drive, Ste. 100, Las Vegas, Nevada.
3. At all relevant times, Kuhn FLP (“Kuhn”) was a Nevada limited partnership and the managing member of Quadra, with a business address of 3225 McLeod Drive, Ste. 100, Las Vegas, Nevada.
4. As used in this Petition, “Respondents” refers to Quadra Pay Land, LLC, Eavenson FLP, and Kuhn FLP.
5. On February 2, 2006, the Securities Division received information that indicated that the Respondents had offered unregistered securities in the State of Missouri.
6. A check of the records maintained by the Missouri Commissioner of Securities confirmed no registration, granted exemption or notice filing indicating status as a federal-covered security for any of the securities offered by the Respondents in the State of Missouri.
7. In early 2005, Respondents maintained a website that was accessible in Missouri^[1] that read in part as follows:

Quadra Pay Land (QP or QPL) is a land company. Their business is acquisition of land and development and marketing of Real Estate Option online, as an internet-based business.

When you purchase an option for \$600, it locks the price of the security at the established value of \$2,400 for a period of *one year*. At any time during that period, you have the right to redeem (exercise) the option by paying the balance of \$1,800 or the right to SELL that option.

The unique feature of the AVA® system is that you never have to look for a buyer. (Emphasis in original) Quadra Pay buys it back for a full \$2,400 at maturity, which can occur in only months, days (or even hours). We can do this due to appreciation (increase in value) of the underlying land due to Demand (note: Demand and sale are the only primary factors which increase the value of any commodity!) (note 2: AVA stands for *Accelerated Value Appreciation*).

Each sale creates a decline in inventory and a proportionate increase in value on the remaining property in inventory. The AVA® mathematical formula discerns this increased value and apportions it equilaterally to property, including that which is held under option. Options are attached in a “group” of 8 options per series, and progress through a series of 4 Stages to maturity.

8. Among other things, Quadra’s website described the way in which the options “cycle.” The option certificate was to be combined with other option certificates until a group of eight options was complete. Those eight option certificates would then be moved to a higher level and a new group would fill in below. As each level was filled with investors, they would move up

through four levels and would eventually be “repurchased” by eight new purchasers for \$2,400 each.

9. Quadra’s website stated, “You don’t need to find the buyer, and you don’t need to find the seller. We do it all for you,” and “You can participate in market growth without market risk.”
10. The Quadra program actually operated as a multi-level marketing program by which participants were solicited with the promise of a large future cash payout in exchange for a present single lesser payment. Returns were to be generated from the participation of other investors.
11. Records indicate that 102 Missouri residents invested at least \$61,000 in Quadra from early 2005 through approximately August 2005, including the following:
 - a. On or about March 12, 2005, a Missouri resident (“MR1”) invested \$600.00 through the Quadra website. MR1 was not provided with any financial information prior to his investment, and did not receive information on the respondent’s financial background. To date, MR1 is unable to contact Respondents and has not received a payment or return of principal.
 - b. On or about March 13, 2005, a Missouri resident (“MR2”) invested \$600.00 in Quadra. On numerous dates ranging from February 2005 to March 2005, MR2 was involved in conference calls during which individuals who purported to be Quadra management stated that investors would receive a \$2,400.00 return within one year from the date of purchase. To date, MR2 is unable to contact Respondents and has not received a payment or return of principal.
 - c. On or about March 12, 2005, a Missouri resident (“MR3”) purchased two options in Quadra for a total of \$1,200.00. MR3 was introduced to the investment opportunity via conference calls with the Respondents during which he was told that he would receive a 400% return on his \$1200.00 investment. To date, MR3 is unable to contact Respondents and has not received a payment or return of principal.
 - d. On or about February 5, 2005, a Missouri resident (“MR4”) purchased ten option certificates for a total of \$6,000.00. MR4 learned about the investment opportunity from an e-mail received from an unknown sender. To date, MR4 is unable to contact Respondents and has not received a payment or return of principal.
12. Respondents offered and sold unregistered, non-exempt securities to MR1, MR2, MR3 and MR4.
13. These securities offered to MR1, MR2, MR3 and MR4 were not federal covered securities.
14. In connection with the offer or sale of a security, Respondents made untrue statements of material fact, including, but not limited to:
 - a. That investors would experience returns on their investment of four hundred percent, when in fact that was not true;
 - b. If investors did not reach Stage 4 in their “investment cycle,” Quadra would buy the option back at a four hundred percent (400%) increase, when in fact that was not true; and
 - c. That investors could “participate in market growth without market risk,” when in fact that was not true.
15. In connection with the offer or sale of a security, Respondents omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to:
 - a. The securities were not registered, nor were they exempt from registration, in the State of Missouri;
 - b. The money would not go towards acquiring land for development and marketing of a real estate option online; and
 - c. The money would be paid into a multilevel marketing program.
16. This Order is in the public interest.

STATUTORY PROVISIONS

17. Section 409.6-601, RSMo. (Cum. Supp. 2005), provides that the Missouri Securities Act of 2003 shall be administered by the commissioner of securities.
18. Section 409.1-102, RSMo. (Cum. Supp. 2005), includes “investment contracts” within the definition of a security. Pursuant to Section 409.1-102(28)(D), RSMo. (Cum. Supp. 2005), investment contract includes “an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor.”
19. Section 409.3-301, RSMo. (Cum. Supp. 2005), states that it “is unlawful for any person to offer or sell any security in this state unless: (1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration under sections 409.2-201 to 409.2-203; or (3) the security is registered under this act.”
20. Section 409.5-501, RSMo. (Cum. Supp. 2005), states that it “is unlawful for a person, in connection with the offer, sale or

purchase of any security, directly or indirectly: (1) to employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.”

21. Under Section 409.6-604(d), RSMo. (Cum. Supp. 2005), in a final order the commissioner may impose a civil penalty up to one thousand dollars for a single violation or up to ten thousand dollars for more than one violation.
22. Under Section 409.6-604(e), RSMo. (Cum. Supp. 2005), the commissioner may charge the actual cost of an investigation for a violation of the act. Those funds may be paid into the investor education and protection fund.
23. The Missouri Commissioner of Securities is empowered to issue such orders as he may deem just. Section 409.6-604(a), RSMo. (Cum. Supp. 2005).

CONCLUSIONS OF LAW

Multiple Violations of Offering Unregistered, Nonexempt Securities

24. Paragraphs 1 through 23 are incorporated by reference as though fully set forth herein.
25. Respondent’s actions of offering securities to MR1, MR2, MR3, and MR4 constitute an “attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value,” which satisfies the definition of “offer to sell” under Section 409.1-102(26), RSMo. (Cum. Supp. 2005).
26. At all times relevant to this order, records maintained by the Missouri Commissioner of Securities contained no registration, granted exemption or notice filing indicating status as a “federal covered security” for any of the securities offered or sold by Respondents to MR1, MR2, MR3, or MR4.
27. Respondents violated Section 409.3-301, RSMo. (Cum. Supp. 2005), when, as described in paragraphs 7-9 and 11, above, they offered to sell and sold securities in Missouri without those securities being: (1) a federal-covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-202 RSMo. (Cum. Supp. 2005), or (3) registered under the Missouri Securities Act of 2003.

Multiple Violations of Omitting to State Material Facts in Connection with the Offer of a Security

28. Paragraphs 1 through 23 are incorporated by reference as though fully set forth herein.
29. In connection with the offer and sale of securities, in the form of unit option certificates, in the State of Missouri, Respondents omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, including:
 - a. That Quadra certificate’s were a security that was not federally-covered, exempt or registered under the Missouri Securities Act of 2003;
 - b. That the money would not go towards acquiring land development and marketing of a real estate option online; and
 - c. That the money would be paid into a multilevel marketing program
30. Respondents violated Section 409.5-501, RSMo. (Cum. Supp. 2005), when they omitted to state or disclose the material facts described immediately above.

Multiple Violations of Making Untrue Statements of Material Facts

31. Paragraphs 1 through 23 are incorporated by reference as though fully set forth herein.
32. In connection with the offer and sale of securities, in the form unit option certificates, in the State of Missouri, the Respondents made untrue statements of material fact, including:
 - a. That investors would experience returns on their investment of four hundred percent, when in fact that was not true;
 - b. If investors did not reach Stage 4 in their “investment cycle,” Quadra would buy the option back at a four hundred percent (400%) increase, when in fact that was not true; and
 - c. That investors could “participate in market growth without market risk,” when in fact that was not true.
33. Respondents violated Section 409.5-501, RSMo. (Cum. Supp. 2005), when they made untrue statements of material fact in connection with the offer and sale of securities as described immediately above.

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. offering or selling securities, including investment contracts in the form of "unit option certificates," or any other security as defined by Section 400.9-102(28), RSMo. (Cum. Supp. 2005), in the State of Missouri unless that security is registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-304, RSMo. (Cum. Supp. 2005); and
- B. violating or materially aiding in any violation of Section 409.5-501, RSMo. (Cum. Supp. 2005), by, in connection with the offer or sale of a security, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2005), the Commissioner will determine whether to grant the Enforcement Division's petition for an imposition of a civil penalty against each Respondent of up to ten thousand dollars for more than one violation of Section 409.3-301, RSMo. (Cum. Supp. 2005), in a final order, unless Respondents request a hearing and show cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2005), the Commissioner will determine whether to grant the Enforcement Division's petition for an imposition of a civil penalty against each Respondent of up to ten thousand dollars for more than one violation of Section 409.5-501, RSMo. (Cum. Supp. 2005), in a final order, unless Respondents request a hearing and show cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that as the Enforcement Section has petitioned for an award for costs of the investigation against Respondents in this proceeding, the Commissioner will issue a final order pursuant to Section 409.6-604(e), RSMo. (Cum. Supp. 2005), awarding an amount to be determined after review of evidence submitted by the Division, unless Respondents request a hearing and show cause why an award should not be made.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 4th DAY OF OCTOBER, 2006

State of Missouri
Office of Secretary of State

ROBIN CARNAHAN
SECRETARY OF STATE

(Signed/Sealed)
MATTHEW KITZI
COMMISSIONER OF SECURITIES

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KUHN FLP,

Respondents.

Serve all at:

Quadra Pay Land, LLC
3225 McLeod Drive, Ste. 100
Las Vegas, Nevada 89121

NOTICE

TO: Respondent and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter. Any request for a hearing should be sent, in writing to:

Matthew Kitzi
Commissioner of Securities
Office of the Secretary of State
Missouri State Information Center, Room 229

**600 West Main Street
Jefferson City, Missouri, 65102**

Said request must be made within thirty (30) days of the receipt of this Order pursuant to Section 409.412(a), RSMo., Cum. Supp. 2004 and 15 CSR 30-55.020.

CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of October, 2006, a copy of the foregoing notice, order and petition was mailed by certified U.S. Mail, postage prepaid, to the Respondents in this matter.

Beth Perkins
Administrative Aide

[\[1\]](http://www.123crazymoney.com/quadrpayindex.html) Available at <http://www.123crazymoney.com/quadrpayindex.html>. The page is no longer available, but 123CrazyMoney maintains a website promoting various high yield investment programs at <http://www.123crazymoney.com>.