

State of Missouri
Office of Secretary of State

Case No. AP-07-35

IN THE MATTER OF:

FIRST NEVADA MARKETING, INC.;
LEATSON B. LANDES; and
STEVEN EDWARD GWIN

Respondents.

Serve First Nevada Marketing, Inc., and
Leatson B. Landes at:

420 Centerview Street
Hot Springs National Park, Arkansas 71913

Serve Steven Edward Gwin at:

406 Castlegate Drive
Ozark, Missouri 65721

**ORDER TO CEASE AND DESIST AND TO SHOW CAUSE WHY CIVIL PENALTIES
AND COSTS SHOULD NOT BE IMPOSED**

On June 6, 2007, the Enforcement Section of the Securities Division of the Office of Secretary of State (the "Division"), through its Assistant Commissioner of Securities Mary S. Hosmer, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties and Costs Should not be Imposed (the "Petition"). After reviewing the petition, the Commissioner issues the following findings of fact, conclusions of law, and order:

I. FINDINGS OF FACT

1. First Nevada Marketing, Inc. ("First Nevada"), was a Nevada corporation until January 1, 2007. On that date, First Nevada's corporate status was listed as in default by the Nevada Division of Corporations. First Nevada purports to be in the marketing and direct mail business and has an address of 1304 E. Republic Road #186, Springfield, Missouri 65804.
2. Leatson B. Landes ("Landes") is the president, treasurer, and director of First Nevada and was the signatory on First Nevada's bank account at Ozark Bank (the "Landes First Nevada Account"). Landes has a last known address of 420 Centerview Street, Hot Springs National Park, Arkansas 71913.
3. Steven Edward Gwin ("Gwin") was a Missouri-licensed insurance agent with license number PR250357. Gwin's Missouri insurance license expired on July 1, 2003. Gwin is currently a signatory on First Nevada's bank account at the Bank of Ash Grove (the "Gwin First Nevada Account"). Gwin's current address is 406 Castlegate Drive, Ozark, Missouri 65721.
4. Sterling Trust Company ("Sterling") is a non-bank trust company chartered under the laws of the State of Texas. Sterling provides non-discretionary custodial services on self-directed individual retirement accounts ("IRAs"). Sterling services individual retirement accounts in all 50 states. Sterling has a business address of 7901 Fish Pond Road, Waco, Texas 76710.
5. As used herein, the term "Respondents" refers to First Nevada, Landes, and Gwin.
6. Beginning in or around 2002, a Missouri Resident ("MR1") and MR1's spouse ("MR2"), attended seminars by Gwin in the Springfield, Missouri area. During these seminars, Gwin spoke about investments, insurance products and methods seniors could use to reduce their tax obligations.
7. In June 2006, MR1 and MR2, who were both seventy-seven years old at that time, met with Gwin regarding MR1's IRA. MR1 and MR2 believed that they were rolling over their IRA into an equity indexed annuity at Sterling. Gwin told MR1 and MR2, among other things, that:
 - a. An investment in Sterling was a safe investment;
 - b. The investment return would fluctuate with the market; and
 - c. This investment would provide a higher return than other investments.
8. After this June 2006 meeting, MR1 and MR2 did not understand that funds in the IRA at Sterling would be invested in First Nevada as described below.

9. On July 14, 2006, Gwin sent correspondence to Sterling to establish a self-directed IRA for MR1. Sterling was to act as the custodian of MR1's account. In a self-directed IRA:
 - a. the account owner makes the investment decisions for the retirement plan;
 - b. the account owner may invest in a wide range of assets; and
 - c. the custodian maintains records of the assets, files required documents with the Internal Revenue Service ("IRS"), issues statements, and performs administrative duties on behalf of the owner.
10. On August 4, 2006, Sterling's records indicate that MR1's IRA in the amount of ten thousand two hundred ninety-six dollars and ninety-three cents (\$10,296.93) was transferred to Sterling.
11. Sterling had the following documents, among others, on file for MR1's account:
 - a. document titled, *Traditional Individual Retirement Custodial Account Agreement* dated June 22, 2006. This was a five-page, small print document that established a "Self-Directed Individual Retirement Custodial Account" for MR1 at Sterling. This document stated, among other things, that Sterling, as the custodian of the IRA:
 - i. does not exercise any discretion with respect to the funds in the account;
 - ii. does not "review the prudence, viability or merits" of any investment;
 - iii. has no responsibility to question any investment directions; and
 - iv. does not compensate any financial representative that retained Sterling's services for the accountholder.
 - b. two documents titled, *Investor Directive and Certification for Privately Offered Investments* ("Investor Directive") which contained disclosures about holding a nonstandard asset (such as a promissory note) within a self-directed Sterling account. These were three-page, small print documents that authorized Sterling to purchase, by check, an unsecured note issued by First Nevada for MR1's IRA. These documents were dated July 24, 2006 and July 27, 2006; and
 - c. two documents titled, *Investment Servicing Agent Agreement* indicating that Gwin was the servicing agent for the investment held in the IRA. As agent, Gwin was to "perform all duties . . . permitted in the provisions of the Note [sic] . . . to protect the rights of the Accountholder." These were two-page, small print documents dated July 24, 2006 and July 27, 2006.
12. On August 7, 2006, Sterling's records indicate that Sterling sent funds from MR1's account in the amount of ten thousand one hundred dollars (\$10,100.00) [1] by check to Ozark Bank pursuant to the instructions contained in the Investor Directive described above. This check (check number 502894) was made payable to First Nevada and was deposited into the Landes First Nevada Account.
13. In or around mid-November 2006, Sterling sent MR1 a letter that stated in part:

"This notice is being sent to obtain certain documents to complete the records for the investment transaction which has taken place in the above referenced account at the accountholder's direction. As disclosed in the processing checklist, Sterling Trust Company ("Sterling") must hold the Original Documents with regards to the investment of FIRST NEVADA MARKETING INC. The Note/Deed of Trust or Real Property Deed **must be recorded** and registered . . . According to Sterling's records, money was sent per the accountholder's instruction in the amount of \$10,100.00 on August 7th, 2006 to purchase FIRST NEVADA MARKETING INC. According to Sterling's records, the following original document(s) have not been received: Note—Original Required, Copy Received. Though Sterling may have been provided with a photocopy of the document(s), Sterling's regulatory agency requires that Sterling hold the original document(s) for safekeeping."
[Emphasis in original.]
14. After receiving the above-mentioned letter, MR1 telephoned Gwin and asked about the letter and First Nevada. Gwin told MR1 that First Nevada was a safe investment that would fluctuate with the market. Gwin stated that he would get the correct documents to Sterling.
15. On or about April 16, 2007, MR1 received a statement from Sterling. This statement indicated that MR1's investment was valued at ten thousand one hundred dollars (\$10,100.00).
16. On May 1, 2007, a representative of the Division sent MR1 copies of the five documents that were on file at Sterling for MR1's IRA. These five documents purportedly contained MR1's signature. After reviewing these documents, MR1 told a representative of the Division that:
 - a. the form dated June 22, 2006, titled, *Traditional Individual Custodial Account Agreement* contained MR1's signature;

- b. the other four documents[2] had not been signed by MR1; and
 - c. MR1 did not meet with Gwin to sign documents regarding this investment except on June 22, 2006. The other four documents contained signature dates after June 22, 2006.
17. On May 1, 2007, MR1 reviewed a promissory note dated July 15, 2006, in the amount of ten thousand one hundred dollars (\$10,100.00) from First Nevada. The promissory note read in part:

“First Nevada Marketing Inc. promises to pay to the order of Sterling Trust Company, Custodian FBO: [MR1, Account #] the following:

- 1). The sum of \$10,100.00, for the value received with interest at the annual rate of 8% annually.
- 2). Payment in full will be made on or before July 30, 2007, at the offices of Sterling Trust Company currently at 7901 Fish Pond Road, Waco, Texas 76710.
- 3). Payments will be made to Sterling Trust at any other locations designated in writing by Sterling Trust Company.
- 4). The makers, endorsers, and all parties to this note hereby waive presentment and notice of demand, protest, and notice of protest and nonpayment of this note.
- 5). In the event this note is placed in the hands of an attorney for collection, it is agreed that the maker of this note will pay as attorney fees and court costs the sum of 25% of the balance owed.”

This note was signed by Landes.

18. MR1 told a representative of the Division that MR1 had never seen a copy of the above-mentioned promissory note and that MR1 did not know Landes.
19. In 2002, a sixty-year old Missouri resident (“MR3”) attended a seminar by Gwin in Springfield, Missouri. At the seminar, Gwin spoke about investment options and how to save money on taxes. Shortly after the seminar MR3 made an appointment to meet with Gwin to discuss MR3’s investments.
20. From 2002 through 2007, MR3 purchased insurance products through Gwin. In 2005 and 2006, Gwin prepared MR3’s taxes.
21. In or around July 2006, MR3, who was then sixty-four years-old, met with Gwin to discuss investing MR3’s funds. Gwin told MR3, among other things, that:
- a. MR3 could invest the money in Sterling;
 - b. this investment would be a “good one;”
 - c. MR3 could borrow against this investment; and
 - d. Sterling was “kind of like a bank.”
22. In August 2006, Gwin sent correspondence to Sterling to establish MR3’s IRA at Sterling. Sterling had the following documents, among others, on file for MR3’s account:
- a. a document titled, *Traditional Individual Retirement Custodial Account Agreement* dated July 10, 2006. This was a five-page, small print document that established a “Self-Directed Individual Retirement Custodial Account” for MR3 at Sterling. This document stated, among other things, that Sterling, as the custodian of the IRA:
 - i. does not exercise any discretion with respect to the funds in the account;
 - ii. does not “review the prudence, viability or merits” of any investment;
 - iii. has no responsibility to question any investment directions; and
 - iv. does not compensate any financial representative that retained Sterling’s services for the accountholder;
 - b. a document titled, *Investor Directive and Certification for Privately Offered Investments* which contained disclosures about holding a nonstandard asset (such as a promissory note) within a self-directed IRA. This was a three-page, small print document that authorized Sterling to purchase, by check, an unsecured note issued by First Nevada for MR3’s IRA. This document was dated August 10, 2006; and
 - c. a document titled, *Investment Servicing Agent Agreement* indicating that Gwin was the servicing agent for the investment held in the IRA. As agent, Gwin was to “perform all duties...permitted in the provisions of the Note...to

protect the rights of the Accountholder.” This was a two-page, small print document dated August 10, 2006.

23. On or around August 9, 2006, MR3 sent Sterling a check dated August 9, 2006, for eight thousand twenty-seven dollars and forty-one cents (\$8,027.41) to fund MR3’s IRA at Sterling
24. On or around August 14, 2006, MR3 sent Sterling a second check dated August 14, 2006, for nine thousand eight hundred twelve dollars and thirty cents (\$9,812.30) to fund MR3’s IRA at Sterling
25. Sterling’s records for MR3’s IRA indicated that Sterling received a promissory note from First Nevada dated August 10, 2006, in the amount of seventeen thousand eight hundred dollars (\$17,800.00). Under this promissory note MR3 was to receive 10% interest annually and payment in full on or before August 15, 2007.
26. Pursuant to the Investor Directive described above, Sterling sent a check dated August 18, 2006, to First Nevada in the amount of seventeen thousand eight hundred dollars (\$17,800.00). This check (check number 504470) was made payable to First Nevada and was for the benefit of MR3.
27. A check of First Nevada’s bank records indicates that this August 18, 2006, Sterling check was deposited in the Landes First Nevada Account on August 22, 2006.
28. On or about May 1, 2007, a representative of the Division contacted MR3 and asked MR3 about MR3’s investment in First Nevada.
29. Upon review of MR3’s IRA investment records with Sterling, MR3 told a representative of the Division, among other things, that:
 - a. MR3 did not recall seeing the documents titled, *Investor Directive and Certification for Privately-Offered Investments* and the *Investment Servicing Agent Agreement*. MR3 stated that MR3 did not recall signing these documents, but that the signature on these documents could be MR3’s signature;
 - b. MR3 had never heard of First Nevada before the Division’s May 2007 contact with MR3;
 - c. MR3 did not understand that MR3’s funds would be sent to First Nevada;
 - d. MR3 did not know that First Nevada had signed a promissory note;
 - e. MR3 was not aware that MR3 was to receive 10% interest annually on the investment; and
 - f. MR3 did not know Landes and had not heard of Landes’ name prior to speaking to a representative of the Division.
30. In early 2005, Gwin met with a sixty-eight year-old Missouri resident (“MR4”). Gwin solicited MR4 to invest with Gwin. MR4 was not certain how Gwin was going to invest MR4’s funds but MR4 trusted Gwin to invest in something that would earn a high rate of interest. Gwin told MR4, among other things, that:
 - a. the investment would be secure; and
 - b. the investment would earn 8% interest.
31. In or around June 2005, Gwin sent MR4 forms to sign to invest MR4’s funds with Gwin. These documents included the following:
 - a. a document titled, *Traditional Individual Retirement Custodial Account Agreement* dated June 30, 2006. This was a five-page, small print document that established a “Self-Directed Individual Retirement Custodial Account” for MR4 at Sterling. This document stated, among other things, that Sterling, as the custodian of the IRA:
 - i. does not exercise any discretion with respect to the funds in the account;
 - ii. does not “review the prudence, viability or merits” of any investment;
 - iii. has no responsibility to question any investment directions; and
 - iv. does not compensate any financial representative that retained Sterling’s services for the accountholder;
 - b. the signature pages for the *Investor Directive and Certification For Privately-Offered Investments* and the *Investment Servicing Agent Agreement*. MR4 signed these signature pages and returned these documents to Gwin.
32. In June or July 2006, MR4 sent a check payable to Sterling in the amount of ten thousand dollars (\$10,000.00).
33. On July 6, 2006, Sterling sent MR4 a letter explaining that Sterling would be the custodian of MR4’s account. Sterling had the following documents on file for MR4’s account:

- a. the *Traditional Individual Retirements Custodial Account Agreement* as described above;
 - b. a document titled, *Investor Directive and Certification for Privately Offered Investments* which contained disclosures about holding a nonstandard asset (such as a promissory note) within a self-directed IRA. This was a three-page, small print document that authorized Sterling to purchase, by check, an unsecured note in First Nevada for MR3's IRA. This document was dated June 30, 2006; and
 - c. a document titled, *Investment Servicing Agent Agreement* indicating that Gwin was the servicing agent for the investment held in the IRA. As agent, Gwin was to "perform all duties...permitted in the provisions of the Note...to protect the rights of the Accountholder [sic]." This was a two-page, small print document dated June 30, 2006.
34. On July 10, 2006, Sterling sent First Nevada a letter and check in the amount of ten thousand dollars (\$10,000.00) dated July 10, 2006. This check was made payable to First Nevada for the benefit of MR4 and was deposited in the Landes First Nevada Account.
35. On July 15, 2006, First Nevada sent Sterling a promissory note that stated, in part:
- "First Nevada Marketing, Inc. promises to pay to the order of Sterling Trust Company, Custodian FBO: (MR4 Account #) the following:
1. The sum of \$10,000.00, [sic] for the value received with interest at the annual rate of 8% payable annually.
 2. Payment in full will be made on or before July 15, 2007, at the offices of Sterling Trust Company currently at 7901 Fish Pond Road, Waco, Texas 76710.
 3. Payments will be made to Sterling Trust at any other location designated in writing by Sterling Trust Company.
 4. The makers, endorsers, and all parties to this note hereby waive presentment and notice of demand, protest, and notice of protest and nonpayment of this note.
 5. In the event this note is placed in the hands of an attorney for collection, it is agreed that the maker of this note will pay as attorney fees and court costs the sum of 25% of the balance owed."

The note was signed by Landes and dated July 15, 2006.

36. MR4 told a representative of the Division that MR4 had never seen a copy of the above-mentioned promissory note and that MR4 did not know Landes.

37. A check of the records maintained by the Missouri Commissioner of Securities confirmed that:

 - a. the promissory notes sold by First Nevada have never been registered as securities in the State of Missouri;
 - b. Gwin is not registered as an agent of an issuer in the State of Missouri; and
 - c. Landes is not registered as an agent of an issuer in the State of Missouri.

38. A check of the records of the Missouri Division of Employment Security ("MDES") revealed that First Nevada had not filed records with MDES listing any employee for First Nevada in the State of Missouri.

39. A check of the records revealed that Gwin was convicted and sentenced on conspiracy to defraud, a class D felony, on February 11, 1992, in the Northern District of Ohio, Eastern Division (Case # 1:91CR0192-001). [\[3\]](#)

40. Under this court order described in paragraph 39 above, Gwin was sentenced to serve 20 months in the Seymour Johnson Federal Prison Camp in North Carolina. The court also ordered Gwin to pay restitution to the victims of that fraud in the amount of thirty thousand dollars (\$30,000.00).

41. The Landes First Nevada Account at Ozark Bank was opened on January 30, 2004.

42. Landes was listed as a signatory on the Landes First Nevada Account from January 1, 2004, through February 22, 2007, when this account was closed by the bank. No assets remained in this account.

43. The Gwin First Nevada Account at the Bank of Ash Grove was opened on January 25, 2007. Gwin was listed as the signatory on the Gwin First Nevada Account from January 25, 2007, to the present.

44. A check of bank records for both the Gwin First Nevada Account and the Landes First Nevada Account indicates that from August 22, 2005, through March 30, 2007, Sterling sent First Nevada approximately five hundred thirty-nine thousand dollars (\$539,000.00) from twelve (12) known Missouri investors.

45. A check of bank records for both the Gwin First Nevada Account and the Landes First Nevada Account indicates that from August 22, 2005, through March 30, 2007, Sterling sent First Nevada approximately eight hundred and three thousand

dollars (\$803,000.00) from twenty (20) known investors from Nevada and Arkansas.

46. Bank statements indicate that as of March 30, 2007, the Gwin First Nevada Account had a balance of approximately twelve thousand five hundred and eleven dollars (\$12,511.00). The Landes First Nevada Account was closed on February 22, 2007.
47. Bank records indicate that Respondents used funds from the Gwin First Nevada Account and the Landes First Nevada Account to pay for, among other things, the following:
 - a. from January 2005 through March 2007, twenty-six (26) checks made payable to Harold Thompson totaling over one hundred fifty-one thousand dollars (\$151,000.00);
 - b. from October 2004 through March 2007, over one hundred thousand dollars (\$100,000.00) was used to make payments on thirteen (13) credit cards, including, but not limited to, JPMorgan Chase Bank, N.A.,^[4] Bank One,^[5] Citicard,^[6] and Sears;^[7]
 - c. from March 6, 2006, through November 6, 2006, five (5) wire transfers totaling seventy-five thousand two hundred dollars (\$75,200.00) were made into accounts for First Nevada at Alaron Trading Company (a futures commission merchant);
 - d. from June 2005 through March 2007, sixty-five (65) checks were made payable to John Carpenter totaling over fifty-four thousand dollars (\$54,000.00).
 - e. from September 2004 through March 2007, seventy-four (74) checks were made payable to Gwin totaling over twenty-eight thousand dollars (\$28,000.00);
 - f. from October 16, 2004, through February 2007, fifty-three (53) payments totaling over sixteen thousand dollars (\$16,000.00) were made payable to Laurie Dorman, a/k/a Laurie Von Krenner, who purports to be Gwin's wife;
 - g. from November 2004 through March 2007, fourteen (14) payments of over seven thousand dollars (\$7,000.00) were made payable to Laurie Dorman's son;
 - h. from October 2004 through April 2005, sixteen (16) checks were made payable to the Springfield, Missouri-Highland Country Club totaling over eleven thousand dollars (\$11,000.00).
 - i. from September 2005 through March of 2007, twelve (12) checks were made payable to US Bioservices, a pharmaceutical company, totaling over eight thousand dollars (\$8,000.00); and
 - j. numerous checks in various amounts were made payable to entities that are, upon information and belief, not associated with marketing or the direct mail business, such as: Garrets Propane of Rogersville (for Laurie Dorman); Sky Sports, LLC; Super D Express; Farley Spa Service; Golf, Etc; Habersham Interiors; Direct TV; Greystone Hair Designers; Dana's Grill; Pizza Hut; Price Cutter; Health Centers of America; Animal Clinic of the Ozarks; Invisible Fence of Springfield; Castlegate Property Owners Association; Catherines, and Playboy.
48. In early June 2007, a representative of the Division spoke to MR1, MR2, MR3 and MR4 regarding their investments with Respondents. These investors stated that prior to their investments Gwin did not tell these investors the following:
 - a. that the Respondents were not registered to sell securities in the State of Missouri;
 - b. that the securities were not registered in the State of Missouri;
 - c. that Landes was the president of First Nevada;
 - d. that there were risks associated with the investment;
 - e. that substantial amounts of investor funds would be paid to individuals who were not officers, directors, or employees of First Nevada;
 - f. that investor funds would be sent to a futures commission merchant;
 - g. that investor funds would be used to pay for personal expenses of Respondent Gwin, including, but not limited to, food, hair appointments, health club expenses, and spa services;
 - h. that investor funds would be used to pay credit card expenses, including such accounts as JPMorgan Chase Bank, N.A.; Bank One; Citicard; and Sears;
 - i. that investor funds would be used to pay for country club membership expenses;
 - j. that Gwin had been convicted of a felony; or

k. that Gwin had served time in prison.

49. An order is in the public interest and consistent with the purposes intended by this act. See Section 409.6-605(b) RSMo. (Cum. Supp. 2006).

II. STATUORY PROVISIONS

50. Section 409.6-601(a), RSMo. (Cum. Supp. 2006), provides that the Missouri Securities Act of 2003 “shall be administered by the commissioner of securities”

51. Section 409.1-102(26), RSMo. (Cum. Supp. 2006), defines “Sale” to include, “every contract of sale, contract to sell, or disposition of, a security or interest in a security for value.” That same section defines “offer to sell” as “every attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value.”

52. Section 409.3-301, RSMo. (Cum. Supp. 2006), reads as follows:

It is unlawful for a person to offer or sell a 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.

53. Section 409.4-402, RSMo. (Cum. Supp. 2006), states:

It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent under subsection (b).

54. Section 409.5-501, RSMo. (Cum. Supp. 2006), states:

It is unlawful for a person, in connection with the offer, sale, or purchase of a 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.

55. Section 409.6-604(a), RSMo. (Cum. Supp. 2006), states:

If the commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act . . . the commissioner may:

- (1) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary and appropriate to comply with this act;

56. Section 409.6-604(d), RSMo. (Cum. Supp. 2006), states:

In a final order . . . the commissioner may impose a civil penalty up to one thousand dollars (\$1,000.00) for a single violation or up to ten thousand dollars (\$10,000.00) for more than one violation.

57. Section 409.6-604(e), RSMo. (Cum. Supp. 2006), states:

In a final order, the commissioner may charge the actual cost of an investigation or proceeding for a violation of this act or a rule adopted or order issued under this act. These funds may be paid into the investor education and protection fund.

III. CONCLUSIONS OF LAW

Multiple Violations of Offering or Selling Nonexempt, Unregistered Securities

58. Paragraphs 1 through 57 are incorporated by reference as though fully set forth herein.

59. The investments in the form of promissory notes sold by the Respondents to MR1, MR2, MR3 and MR4 come under the definition of “securities” contained in Section 409.1-102(28), RSMo. (Cum. Supp. 2006), which states that “security” means, among other things, a “note” or “evidence of indebtedness.”

60. The Respondents' actions in offering securities to MR1, MR2, MR3 and MR4 are 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 an "offer to sell" under Section 409.1-102(26), RSMo. (Cum. Supp. 2006). The Respondents' actions in selling securities to Missouri residents constitute a "contract to sell, or disposition of, a security or interest in a security for value," which satisfies the definition of a "Sale" under Section 409.1-102(26), RSMo. (Cum. Supp. 2006).
61. At all times relevant, 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 security offered or sold by Respondents.
62. The Respondents violated Section 409.3-301, RSMo. (Cum. Supp. 2006), when they offered or sold securities in Missouri without the securities being (1) a federal-covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-202, RSMo. (Cum. Supp. 2006), or (3) registered under the Missouri Securities Act of 2003.
63. Respondents' actions in offering or selling unregistered securities, constitute an illegal act, practice, or course of business under Section 409.6-604(a), RSMo. (Cum. Supp. 2006).

Respondent Gwin's Multiple Violations of Transacting Business as an Unregistered Agent

64. Paragraphs 1 through 57 are incorporated by reference as though fully set forth herein.
65. At all times relevant, records maintained by the Missouri Commissioner of Securities contained no registration or granted exemption for Respondent Gwin to transact business as a broker-dealer agent in the State of Missouri.
66. Respondent Gwin violated Section 409.4-402, RSMo. (Cum. Supp. 2006), when he transacted business in the State of Missouri as a broker-dealer agent without being registered or exempt from registration, as described in paragraphs 6, 7, 9, 14, 19, 21, 22, 30 and 31, above.
67. Respondent Gwin's actions in transacting business as an unregistered agent, constitute an illegal act, practice, or course of business under Section 409.6-604(a), RSMo. (Cum. Supp. 2006).

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

68. Paragraphs 1 through 57 are incorporated by reference as though fully set forth herein.
69. In connection with the offer or sale of securities to MR1, MR2, MR3, or MR4, 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. that the Respondents were not registered to sell securities in the State of Missouri;
 - b. that the securities were not registered in the State of Missouri;
 - c. that Landes was the president of First Nevada;
 - d. that there were risks associated with the investment;
 - e. that substantial amounts of investor funds would be paid to individuals who were not officers, directors, or employees of First Nevada;
 - f. that investor funds would be sent to a futures commission merchant;
 - g. that investor funds would be used to pay for personal expenses of Respondent Gwin, including, but not limited to, food, hair appointments, health club expenses, and spa services;
 - h. that investor funds would be used to pay credit card expenses, including such accounts as Capital One, Bank One, Citicard, Sears, Sony Financial Services, Catherines, Providian and Retail Services;
 - i. that investor funds would be used to pay for country club membership expenses;
 - j. that Gwin had been convicted of a felony; or
 - k. that Gwin had served time in prison.
70. The Respondents violated Section 409.5-501(2), RSMo. (Cum. Supp. 2006), when they omitted to state the material facts described above and when stating such facts were necessary to make the statements made not misleading.
71. Respondents' actions in omitting to state these material facts, in connection with the offer, sale or purchase of a security, constitute an illegal act, practice, or course of business under Section 409.6-604(a), RSMo. (Cum. Supp. 2006).

**Respondent Gwin Engaging In An Act, Practice, Or Course Of Business That Would Operate
As A Fraud Or Deceit Upon Another Person**

72. Paragraphs 1 through 57 are incorporated by reference as though fully set forth herein.
73. In connection with the offer or sale of securities to MR1, Respondent Gwin engaged in an act, practice, or course of business that operates or would operate as a fraud or deceit upon MR1 when Gwin:
- a. failed to tell MR1 that MR1's investment funds were invested in First Nevada.
 - b. failed to provide MR1 with a copy of the First Nevada promissory note;
 - c. used forged signatures on documents sent to the custodian of MR1's IRA;
 - d. failed to provide information to MR1 about the background and history of the individuals involved in First Nevada; and
 - e. failed to provide MR1 with meaningful financial information regarding the investment in First Nevada.
74. Respondent Gwin violated Section 409.5-501(3), RSMo. (Cum. Supp. 2006), when Gwin, in connection with the offer and sale of securities to MR1, engaged in the acts, practices, or courses of business described in the paragraph immediately above that would operate as a fraud or deceit on MR1.
75. Respondent Gwin's actions in engaging in an act, practice or course of business that would operate as a fraud or deceit upon MR1, in connection with the offer, sale or purchase of a security, constitute a violation of Section 409.5-501(3), and is an illegal act, practice, or course of business under Section 409.6-604(a), RSMo. (Cum. Supp. 2006).

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. offering or selling any securities, including promissory notes in marketing companies, or any other securities, as defined by Section 409.1-102(28), RSMo. (Cum. Supp. 2006), in the State of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-304;
- B. transacting business in the State of Missouri as a broker-dealer agent unless approved and registered by the Missouri Securities Division under the Missouri Securities Act of 2003; and
- C. violating or materially aiding in any violation of Section 409.5-501, RSMo. (Cum. Supp. 2006), by, in connection with the offer or sale of securities, 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 or 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), RSMo. (Cum. Supp. 2006), the Commissioner will determine whether to grant the Enforcement Division's petition for an imposition of a civil penalty of up to ten thousand dollars (\$10,000.00) against each Respondent for more than one violation of Section 409.3-301, RSMo. (Cum. Supp. 2006), 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. 2006), the Commissioner will determine whether to grant the Enforcement Division's petition for an imposition of a civil penalty of up to ten thousand dollars (\$10,000.00) against each Respondent for multiple violations of Section 409.5-501, RSMo. (Cum. Supp. 2006), in a final order, unless Respondents request a hearing and show cause why the penalty should not be imposed.

IT IS FURTHER REQUESTED that, as the Enforcement Division has petitioned for an award for the 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. 2006), awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondents request a hearing and show cause why an award should not be made to the agency.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 15TH DAY OF JUNE, 2007.

State of Missouri
Office of Secretary of State

ROBIN CARNAHAN
SECRETARY OF STATE

(Signed/Sealed)
MATTHEW D. KITZI

IN THE MATTER OF:

FIRST NEVADA MARKETING, INC.;
LEATSON B. LANDES; and
STEVEN EDWARD GWIN,

Respondents.

Serve:

First Nevada Marketing, Inc., and
Leatson B. Landes at:

420 Centerview Street
Hot Springs National Park, Arkansas 71913

Serve:

Steven Edward Gwin at:
406 Castlegate Drive
Ozark, Missouri 65721

NOTICE

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

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), RSMo (Cum. Supp. 2006), and 15 CSR 30-55.020.

A request for a hearing must be mailed or delivered, in writing, to:

**Matthew D. Kitz, Commissioner of Securities
Office of the Secretary of State, Missouri
Kirkpatrick State Information Center
600 West Main Street, Room 229
Jefferson City, Missouri, 65102.**

CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of June, 2007, copies of the foregoing Order and Notice in the above styled case was **mailed by certified U.S. Mail, postage prepaid, to:**

First Nevada Marketing, Inc.
420 Centerview Street
Hot Springs National Park, Arkansas 71913

Leatson B. Landes
420 Centerview Street
Hot Springs National Park, Arkansas 71913

Steven Edward Gwin
406 Castlegate Drive
Ozark, Missouri 65721

And hand delivered to:

Mary Hosmer
Assistant Commissioner
Securities Division

John Hale, Specialist

[1] MR1's additional funds were held in a cash account at Sterling.

[2] Two of these documents were titled, *Investor Directive and Certification* and were dated June 24, 2006 and July 27, 2006 and two were titled, *Investment Servicing Agent Agreement* and were dated June 24, 2006 and July 27, 2006.

[3] The judgment of sentence and conviction stated that the date of imposition of sentence was February 11, 1991 instead of 1992. This judgment, however, stated that Gwin was delivered to the Seymour Johnson Correction Federal Prison on April 10, 1992. Records obtained from the Bureau of Prisons confirmed that the sentence was imposed on February 11, 1992, and that Gwin was received by the prison on April 10, 1992 and served over one year in that facility.

[4] The accountholder on the Chase card is listed as Joyce Gwin, who is purported to be Gwin's eighty-two year-old mother. Account records show that statements were sent to Gwin's business address.

[5] The accountholder on the Bank One card is listed as V.J. Gwin, who upon information and belief is Gwin's mother. Account records show that the statements were sent to Gwin's business address.

[6] The accountholder on the Citicard is listed as Slevin [sic] E. Gwin.

[7] The accountholder on the Sears card is listed as Respondent Gwin.