



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
INDUSTRIAL REALTY)
DEVELOPMENT, LLC;) Case No.: AP-17-11
AND CAROL COSTELLO,)
)
Respondents.)

CONSENT ORDER

SUMMARY OF ENFORCEMENT SECTION’S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through the Director of Enforcement Sandra J. McDowell, has alleged that Industrial Realty Development, LLC (“Industrial Realty”) and Carol Costello (“Costello”), collectively “Respondents,” violated Sections 409.3-301, 409.4-402(a), and 409.4-402(d), RSMo. (2016)¹ by, among other things, offering and selling unregistered, non-exempt securities, transacting business in Missouri as an unregistered agent, and employing an unregistered agent. These violations constitute grounds to issue an order pursuant to Section 409.6-604.
2. Respondents and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondents’ alleged violations of Sections 409.3-301 and 409.4-402.

CONSENT TO JURISDICTION

3. Respondents and the Securities Division stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over Respondents and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondents and the Securities Division stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

¹ Unless otherwise noted, all statutory references are to the 2016 Revised Statutes of Missouri.

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

WAIVER AND EXCEPTION

5. Respondents waive Respondents’ right to a hearing with respect to this matter.
6. Respondents waive any rights that Respondents may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondents stipulate and agree with the Enforcement Section that, should the facts contained herein prove to be false or incomplete in a material way, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER’S ORDER

8. Respondents and the Enforcement Section stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondents agree not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondents’ (a) testimonial obligations; (b) right to take legal or factual positions in connection with litigation, arbitration, or other legal proceeding in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondents agree that Respondents are not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondents neither admit nor deny the allegations made by the Enforcement Section, but consent to the Commissioner’s Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

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

I. FINDINGS OF FACT

A. Respondents

12. Costello is a Missouri resident who may be found at 1422 St. Louis Avenue, Kansas City, Missouri 64101. Costello has never been registered as an investment adviser, investment adviser representative, broker-dealer, broker-dealer agent, and/or issuer agent.
13. Industrial Realty is a limited liability company formed in the state of Missouri on March 18, 2011. Its registered agent is Costello, who may be found at 1422 St. Louis Avenue, Kansas City, Missouri 64101. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a "federal covered security" for any securities issued by Industrial Realty.
14. Costello is the sole member of Industrial Realty.

B. Enforcement Section Investigation

15. On or about January 13, 2015, the Enforcement Section opened an investigation on Respondents after receiving allegations that they had solicited unregistered investments in tax liens in or around 2012.
16. In October, 2012, an Ohio resident ("OR") made a payment to Industrial Realty for an assignment in a one-third interest in some Eagle County, Colorado tax liens held by Industrial Realty.
17. In or about November 2014, OR contacted the Eagle County, Colorado Treasurer and learned that the tax liens had been redeemed and the funds had been sent to Industrial Realty. OR did not receive any of these funds.

II. CONCLUSIONS OF LAW

18. The Commissioner finds Respondents offered and sold unregistered, non-exempt securities, transacted business as an unregistered agent, and employed an unregistered agent, in violation of Sections 409.3-301 and 409.4-402, and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604.
19. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondents and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondents and this matter and that the following

Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409.

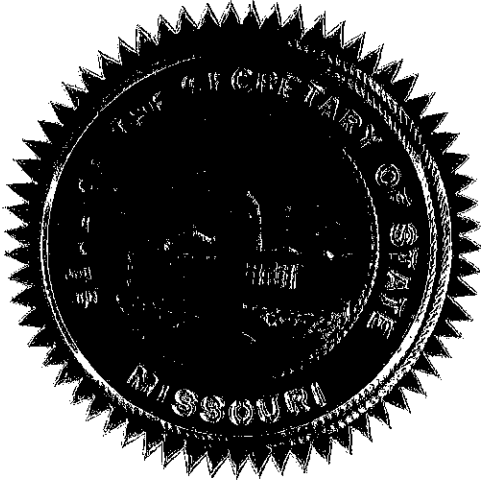
III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

20. Respondents, their agents, employees and servants, and all other persons participating in the above-described violations with knowledge of this Order are permanently enjoined and restrained from violating Sections 409.3-301, 409.4-402(a), and 409.4-402(d).
21. Respondents shall pay, jointly and severally, restitution in the amount of \$6,000. This amount shall be paid on or before March 15, 2018. The payment shall be made payable to the Missouri Secretary of State's Investor Restitution Fund and sent to the Missouri Securities Division at 600 West Main Street, Jefferson City, Missouri 65101. The Commissioner will take reasonable and necessary actions to distribute such funds to the investor.
22. Respondents shall pay, jointly and severally, \$3,000 as the cost of this investigation. This amount shall be suspended provided Respondents comply with the terms of this Consent Order and do not violate the Missouri Securities Act for a period of five years from the date of execution of this Consent Order. This suspended amount shall become due immediately upon the sooner of (1) Respondents' noncompliance with the terms of this Consent Order, or (2) a finding, after notice and opportunity for a hearing, by the Commissioner or a court of competent jurisdiction, that Respondents have violated the Missouri Securities Act. Such immediately due payments shall be in addition to all other penalties then available under the law. The payment shall be made payable to the Missouri Investor Education and Protection Fund and sent to the Missouri Securities Division at 600 West Main Street, Jefferson City, Missouri 65101.
23. After five years from the date of this Consent Order, provided Respondents have complied with all terms of this Consent Order, all suspended payments referenced in paragraph 22 above shall be waived.
24. Respondents shall pay their own costs and attorney's fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 19th DAY OF DECEMBER, 2017.



JOHN R. ASHCROFT
SECRETARY OF STATE


DAVID M. MINNICK
COMMISSIONER OF SECURITIES

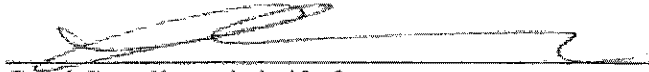
Consented to by:

THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION

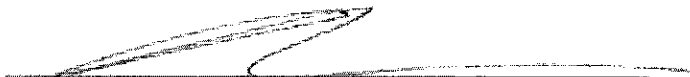


Sandra J. McDowell
Director of Enforcement
Counsel for Petitioner

RESPONDENTS



Carol Costello on behalf of
Industrial Realty Development, LLC



Carol Costello

Approved as to Form:

McDOWELL RICE SMITH & BUCHANAN, P.C.



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