



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

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| IN THE MATTER OF: |) | |
| |) | |
| JK JANITORIAL SOFTWARE, LLC; JOHN SHULL; and KRISTIN SHULL, |) | Case No.: AP-18-05 |
| |) | |
| <i>Respondents.</i> |) | |
| |) | |
| Serve: |) | |
| |) | |
| JK Janitorial, LLC |) | |
| 923 NE Woods Chapel Road #262 |) | |
| Lee’s Summit, Missouri 64064 |) | |
| |) | |
| John Shull |) | |
| 204 NW Redwood Court |) | |
| Lee’s Summit, Missouri 64064 |) | |
| |) | |
| and |) | |
| |) | |
| Kristin Shull |) | |
| 204 NW Redwood Court |) | |
| Lee’s Summit, Missouri 64064 |) | |

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

On April 27, 2018, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Enforcement Counsel Derek Green, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed (“Petition”). After reviewing the Petition, the Commissioner issues the following order:

I. ALLEGATIONS OF FACT

The Petition alleges the following facts:

A. Introduction

1. In June 2016, John Shull (“J. Shull”) and Kristin Shull (“K. Shull”), husband and wife, solicited and received a \$96,000 investment in JK Janitorial Software, LLC (“JK Janitorial”) from a Lee’s Summit, Missouri husband and wife (“MR1 & spouse”). The investors were told their investment would be used to further the development of JK Janitorial’s software and were not told their investment would be comingled with the Shull’s personal funds, and used for personal expenses of J. Shull.

B. Respondents and Related Parties

2. J. Shull is 55 years-old, K. Shull is 47 years-old and they reside at 204 NW Redwood Court, Lee’s Summit, Missouri 64064. J. Shull is the owner of JK Janitorial.
3. JK Janitorial is a Missouri limited liability company organized on March 2, 2016 by K. Shull, who is also JK Janitorial’s registered agent, located at 923 NE Woods Chapel Road, #262, Lee’s Summit, Missouri 64064. This address is a UPS Store with drop box services. JK Janitorial was created to engage in software design activities.
4. BCC Service Plus, LLC (“Service Plus”) is a Missouri limited liability company organized on July 29, 2003 by J. Shull, who is also Service Plus’s registered agent, with an address listed as 204 Woods NW Redwood Court, Lee’s Summit, Missouri 64064.
5. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, Respondents were not registered as a broker-dealer or agent in the state of Missouri.
6. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for the securities offered and sold by Respondents.

B. Enforcement Section Investigation

7. In or around March 2016, J. Shull contacted the local Economic Development Council (“EDC”) about investing in his software platform and seeking professional help on planning and developing his software.
8. J. Shull had been working for 18 months to develop the software and had expended \$250,000.
9. J. Shull was seeking \$50,000 to \$300,000 in investments for JK Janitorial, and indicated he is personally ready to invest in JK Janitorial, but needed professional help on planning and commercializing his software.

10. A Business Consultant (“BC”) was brought in by the EDC to help with business planning and development. In addition, an enterprise level software architect assessed JK Janitorial’s software code.
11. The code did not pass the software assessment and it was recommended that JK Janitorial re-start development.
12. On or around May 15, 2016, the scope of the EDC program work was completed.
13. On June 9, 2016, after BC had completed his advisory role, J. Shull and K. Shull entered into an operating agreement with BC. The agreement made BC a 20% owner of JK Janitorial and gave BC equal voting rights with J. Shull and K. Shull.
14. In early 2016, J. Shull approached MR1 about investing in JK Janitorial.
15. MR1 met J. Shull at a local golf course approximately seven to 10 years ago.
16. After the initial discussion, and prior to investing, MR1 spoke to J. Shull multiple times on the phone, and both J. Shull and K. Shull came to MR1’s’s residence at least three times, to discuss the investment.
17. In June 2016, MR1 and MR1’s spouse invested \$96,000 in JK Janitorial.
18. MR1 and MR1’s spouse had no responsibilities in JK Janitorial, and were only investors.
19. MR1 was told the investment money would be used by JK Janitorial for further development of JK Janitorial’s software, but was not told MR1’s investment money would be used to repay any prior debt, would be comingled with the Shulls’ funds, or would be used for personal expenses.
20. A disclosure document for investors in JK Janitorial was created, but the disclosure document was not given to, or signed by, MR1 or MR1’s spouse prior to their investment. The stated use of the funds in the disclosure document was the repayment of \$35,000 of JK Janitorial debt, with the remaining invested amount being used for software development.
21. JK Janitorial’s Risk Disclosure and Investor Statement states that “Investor is investing in the LLC . . . for investment purposes only, and intending to make a profit therefrom. . .
22. BC was in charge of tax matters for JK Janitorial and asked J. Shull and K. Shull for JK Janitorial’s bank statements throughout December 2016, to prep for filing JK Janitorial’s taxes.
23. BC was not a signatory of the JK Janitorial bank account, but saw the first statement from when the account was opened on or about June 15, 2016, at Summit Bank. BC said there

was questionable activity on the statement, but J. Shull and K. Shull told BC the activity was caused from errors by the bank.

24. On or about January 5, 2017, BC received a copy of JK Janitorial's bank statements which showed J. Shull and K. Shull had made deposits of over \$20,000, and withdrawn over \$40,000 for unknown reasons.
25. After seeing JK Janitorial's bank statements, BC notified MR1 about the use of funds, and submitted a demand letter on behalf of MR1 to J. Shull and K. Shull, requesting the funds be replaced in the JK Janitorial account.
26. On February 28, 2017, the Enforcement Section received a response to a written request for information from BC. BC's response included the following:
 - a. two copies of JK Janitorial's operating agreement: one signed by MR1 and MR1's spouse; and the other signed by J. Shull and K. Shull, and BC, dated June 9, 2016;
 - b. an unsigned copy of "Joint Interest Holder Statement of Authority and Waiver of Voting Rights" for MR1;
 - c. a copy of a January 5, 2017, email from K. Shull to BC which contained JK Janitorial's bank account statement from June 15, 2016 through January 3, 2017;
 - d. a copy of a January 5, 2017, email from K. Shull to BC, in which K. Shull gives an explanation for the use of funds in JK Janitorial's bank account. K. Shull lists multiple checks which total \$38,414.85 that were used for business expenses, and states, "...All others (even check with no number) to John and I"; and
 - e. a copy of a January 10, 2017, message from the EDC message board from K. Shull Shull which states, "At this time, there is \$52,698.75 left of the [MR1 and spouse] initial investment of \$96,000".

C. Review of Bank Records

27. The Enforcement Section reviewed JK Janitorial's Summit Bank checking account number ending in 5554 from June 15, 2016, to February 28, 2017. The review revealed, among other things, the following:
 - a. deposits totaling \$96,000 from MR1 and MR1's spouse;
 - b. a balance of \$96,000 on June 16, 2016;
 - c. a transfer of \$32,500 to Summit Bank checking account number ending in 5814, an account in which K. Shull is the sole signatory;
 - d. a deposit via check from Service Plus for \$1,400 on September 20, 2016;

- e. other transfers totaling \$17,300 to account ending in 5814;
 - f. checks written to J. Shull, “Cash” and Service Plus totaling \$12,170;
 - g. \$38,414.85 in what appear to be business related expenses;
 - h. a balance of \$315.15 on November 30, 2016;
 - i. a deposit of \$18,800 via a cashier’s check from an unknown person on December 15, 2016;
 - j. from December 15, 2016 through February 28, 2017, transfers totaling \$12,000 to an account ending in 5814, and \$950 in checks to J. Shull and “Cash”; and
 - k. an ending balance of \$762.09 on February 28, 2017.
28. In connection with the offer and/or sale of MR1’s investment, Respondents omitted to disclose:
- a. J. Shull and K. Shull would be comingling investor funds with their personal funds; and
 - b. J. Shull and K. Shull would be using investor funds on personal expenses.
29. On or about November 21, 2017, J. Shull told MR1 that J. Shull may have a buyer for JK Janitorial.
30. As of April 26, 2018, MR1 and MR1’s spouse have not received any return on their investment or any repayment of their investment from Respondents.

II. COMMISSIONER’S DETERMINATIONS AND FINDINGS

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

28. **THE COMMISSIONER DETERMINES** that Respondents offered and sold an unregistered, non-exempt security in the state of Missouri to MR1 by, among other things:
- a. soliciting MR1 and MR1’s spouse to invest in Respondent JK Janitorial and receiving funds from MR1 and MR1’s spouse;
 - b. MR1 and MR1’s spouse invested funds in a common enterprise with Respondents J. Shull and K. Shull;
 - c. MR1 and MR1’s spouse’s funds were to be used by Respondents to further develop JK Janitorial’s software;

- d. MR1 and MR1's spouse expected a profit from the efforts of Respondents and not from MR1 or MR1's spouse's own efforts; and
 - e. MR1 and MR1's spouse's expected profits were interwoven with and dependent upon the efforts of the Respondents.
29. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26), RSMo (2016).¹
 30. The investments that Respondents offered and/or sold constitute as that term is defined in Section 409.1-102(28).
 31. At all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a "federal covered security" for the securities offered and sold by Respondents.
 32. Respondents offered and sold securities in 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.
 33. Respondents offered and sold unregistered securities in violation of Section 409.3-301 and engaged 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.

Multiple Violations of Transacting Business as an Unregistered Agent

34. **THE COMMISSIONER FURTHER DETERMINES** that Respondents J. Shull and K. Shull transacted business as an unregistered agent in the state of Missouri.
35. Respondents J. Shull and K. Shull offered and/or sold securities to investors in Missouri.
36. These activities constitute transacting business as an agent in the state of Missouri under Section 409.1-102(1).
37. At all times relevant to this matter, Respondents J. Shull and K. Shull were not registered as an agent in the state of Missouri.
38. Respondents J. Shull and K. Shull offered and/or sold securities to investors in Missouri without being registered or exempt from registration as an agent in violation of Section 409.4-402(a), and engaged 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.

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

Multiple Violations of Employing an Unregistered Agent

39. **THE COMMISSIONER FURTHER DETERMINES** that Respondent JK Janitorial employed or associated with an unregistered agent in the state of Missouri.
40. Respondent JK Janitorial employed or associated with Respondents J. Shull and K. Shull who offered and sold securities on behalf of Respondent JK Janitorial.
41. These activities constitute employing and/or associating with an agent in the state of Missouri under Section 409.4-402(d).
42. At all times relevant to this matter, Respondent JK Janitorial had no registration or granted exemption for any agents of Respondent JK Janitorial to transact business in and/or from the state of Missouri.
43. Respondent JK Janitorial employed an unregistered agent who transacted business in the state of Missouri in violation of Section 409.4-402(d), and engaged 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.

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

44. **THE COMMISSIONER FURTHER DETERMINES** that, in connection with the offer, sale or purchase of a security, Respondents made untrue statements of material fact or 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, the following:
 - a. that J. Shull and K. Shull would be using investor funds for personal expenses;
 - b. that J. Shull and K. Shull would be commingling investor funds with their personal funds;
 - c. that J. Shull and K. Shull would use investor funds to repay prior debt;
 - d. that Respondents were not registered to sell securities in the state of Missouri; and
 - e. that the securities offered and sold by Respondents were not registered or exempt from registration in the state of Missouri.
45. **THE COMMISSIONER FURTHER DETERMINES** that, in connection with the offer, sale or purchase of a security, Respondents engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person by, among other things, lulling the investors in order to avoid or delay detection by:

- a. telling BC the activity on the Summit Bank statement was caused from errors by the bank; and
 - b. ignoring BC's requests for JK Janitorial's bank statements in order to prepare for filing JK Janitorial's taxes.
46. Respondents made untrue statements of material fact, 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 or engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person in violation of Section 409.5-501, and engaged 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.
47. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. See Section 409.6-605(b).

III. 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 be prohibited from violating or materially aiding in any violation of:

- A. Section 409.3-301 by offering or selling any securities as defined by Section 409.1-102(28), in and/or from 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 409.3-301;
- B. Section 409.4-402(a) by transacting business as an unregistered agent;
- C. Section 409.4-402(d) by employing an unregistered agent; and
- D. Section 409.5-501 by, in connection with the offer or sale of securities, making an untrue statement of a material fact or 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 or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person;

IV. STATEMENT

Pursuant to Section 409.6-604, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's request for:

- A. \$1,000 against each Respondent for violating Section 409.3-301, in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;

- B. \$1,000 against Respondents J. Shull and K. Shull for violating Section 409.4-402(a), in a final order, unless Respondents J. Shull and K. Shull requests a hearing and show cause why the penalties should not be imposed;
- C. \$1,000 against Respondent JK Janitorial for violating Section 409.4-402(d), in a final order, unless Respondent JK Janitorial requests a hearing and show cause why the penalties should not be imposed;
- D. \$10,000 against each Respondent for more than one violation of Section 409.5-501 in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;
- E. an order against Respondents to pay, jointly and severally, restitution in the amount of \$96,000 or more for any loss, including any actual damages that may have been caused by the conduct, and interest at the rate of 8% per year from the date of the violation causing the loss or disgorge any profits arising from the violations of Section 409.3-301, 409.4-402, and 409.5-501, in the final order, unless Respondents request a hearing and show cause why this restitution or disgorgement should not be imposed; and
- F. an order against Respondents to pay, jointly and severally, the costs of the investigation in this proceeding, after a review of evidence of the amount submitted by the Enforcement Section.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 4th DAY OF MAY, 2018.



JOHN R. ASHCROFT
SECRETARY OF STATE


DAVID M. MINNICK
COMMISSIONER OF SECURITIES



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

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| IN THE MATTER OF: |) | |
| |) | |
| JK JANITORIAL SOFTWARE, LLC; JOHN |) | |
| SHULL; and KRISTIN SHULL, |) | Case No.: AP-18-05 |
| |) | |
| <i>Respondents.</i> |) | |
| |) | |
| Serve: |) | |
| |) | |
| JK Janitorial, LLC |) | |
| 923 NE Woods Chapel Road #262 |) | |
| Lee's Summit, Missouri 64064 |) | |
| |) | |
| John Shull |) | |
| 204 NW Redwood Court |) | |
| Lee's Summit, Missouri 64064 |) | |
| |) | |
| and |) | |
| |) | |
| Kristin Shull |) | |
| 204 NW Redwood Court |) | |
| Lee's Summit, Missouri 64064 |) | |

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), 409.4-412(f), RSMo. (2016), and 15 CSR 30-55.020. Any request for a hearing before the Commissioner must contain:

- a. a brief statement of the facts;
- b. a summary of the factual and legal issues involved;
- c. a request for relief;
- d. suggestions in support of the relief sought, including the relevant statutes;

- e. the name of the party requesting the hearing; and f. the name of the attorney representing the party, if any.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this order, the Commissioner will schedule this matter for a hearing.

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

David M. Minnick, Commissioner of Securities
Office of the Secretary of State, Missouri
600 West Main Street, Room 229
Jefferson City, Missouri, 65102

CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of May, 2018, a copy of the foregoing Order to Cease and Desist in the above styled case was **mailed by certified U.S. mail:**

JK Janitorial Software, LLC
923 NE Woods Chapel Road #262
Lee's Summit, Missouri 64064

JK Janitorial Software, LLC
204 NW Redwood Court
Lee's Summit, Missouri 64064


John Shull
204 NW Redwood Court
Lee's Summit, Missouri 64064

and

Kristin Shull
204 NW Redwood Court
Lee's Summit, Missouri 64064

and hand delivered to:

Derek Green, Enforcement Counsel
Securities Division
Missouri Secretary of State's Office
600 West Main Street, Room 229
Jefferson City, Missouri 65101


Laurie Dawson
Securities Office Manager