

BEFORE THE  
DEPARTMENT OF CORPORATIONS  
STATE OF CALIFORNIA

In the Matter of Desist and Refrain Order:

MARK E. SUMPTER and ABODE  
INVESTMENTS, L.L.C.

Respondents.

Case number: 7588

OAR No: L2008040381

DECISION

The attached Proposed Decision of the Administrative Law Judge of the Office of Administrative Hearings, dated July 25, 2007, is hereby adopted by the Department of Corporations as its Decision in the above-entitled matter with the following minor typographical error pursuant to Government Code Section 11517(c)(2)(C).

On page 1, after the heading at the top of the page "In the Matter of the Desist and Refrain Order", of the Proposed Decision: "ADOBE" should be "ABODE".

On page 1, second paragraph, line number 1 of the PROPOSED DECISION: "Adobe" should be "Abode".

This Decision shall become effective on November 6, 2008.

IT IS SO ORDERED this 6 day of November 2008.

CALIFORNIA CORPORATIONS COMMISSIONER

\_\_\_\_\_  
Preston DuFauchard

BEFORE THE DEPARTMENT OF CORPORATIONS  
STATE OF CALIFORNIA

In the Matter of the Desist and Refrain  
Order:

MARK E. SUMPTER and ADOBE  
INVESTMENTS, L.L.C.

Respondents

Case number: 7588

OAH No. L2008040381

**PROPOSED DECISION**

This matter was heard on July 7, 2008, at Los Angeles, California, by Chris Ruiz, Administrative Law Judge, Office of Administrative Hearings, State of California.

Respondent Mark E. Sumpter and Adobe Investments, L.L.C., (Respondents) were not present. Respondents' attorney, David R. Nachman, also did not appear.

Complainant, Preston DuFauchard, California Corporations Commissioner (Commissioner), was represented by Alex M. Calera, Corporations Counsel.

Oral and documentary evidence was presented and the matter was submitted for decision on July 7, 2008.

**FACTUAL FINDINGS**

*Jurisdiction*

1. The Commissioner, under California Corporations Code<sup>1</sup> sections 25532, 25110, and 25401, issued a Desist and Refrain Order to Respondents on March 16, 2007. The Desist and Refrain Order directed Respondents to refrain from making unlawful offers or sales of securities in the State of California. The Commissioner is responsible for administering the provisions of the "Corporate Securities Law" as stated in Code section 25000 et seq.

---

<sup>1</sup> All further statutory references are to the California Corporations Code, unless otherwise stated.

2. On May 14, 2007, the Desist and Refrain Order was served on Respondents.

3. On May 29, 2007, Respondents submitted a written request for an administrative hearing.

#### *Respondents Business Dealings in California*

4. At all relevant times, Mark E. Sumpter was and is the control person of Abode Investments, L.L.C., a Missouri limited liability company formed on January 2, 2002. Abode Investments, L.L.C. maintains a business address at 6220 Blue Ridge Cutoff, Suite 204, Raytown, MO 64133.

5. Beginning in our about March 2005, Respondents offered and sold securities in California in the form of promissory notes with a 10% monthly rate of return. Through general solicitations, in the form of in-person sales presentations. Respondents offered and sold promissory notes to California residents. The purported purpose of the offering was to raise funds to purchase real property in Jackson County, Missouri, and then to re-sell said real property for a profit.

6. The promissory notes offered and sold by Respondents are securities within the meaning of section 25019. The Department of Corporations has not issued a permit or other form of qualification authorizing Respondents to offer or sell these securities in California.

7. In connection with these offers and sales, Respondents represented to investors that investor funds would be used to purchase real property in Jackson County, Missouri. In the case of investor Mark Wolgin, who invested \$50,000, Respondents did not use Mr. Wolgin's invested funds to purchase real property. Instead, Respondents used Mr. Wolgin's invested funds to pay off other investors and to pay business and personal expenses. Thereafter, Respondents did not return any money to Mr. Wolgin until Mr. Wolgin sued Respondents in Missouri. Thereafter, Mr. Wolgin's money was returned when his lawsuit was filed.

8. Code section 25110 provides, in relevant part, as follows:

"It is unlawful for any person to offer or sell in this state any security in an issuer transaction . . . unless such sale has been qualified under section 25111, 25112 or 25113 . . . or unless such security or transaction is exempted or not subject to qualification under Chapter 1 (Commencing with Section 25100) of this part . . . ."

9. The promissory notes of Abode Investments, L.L.C. are securities subject to qualification under section 25000 et seq. and were offered and sold without being qualified in violation of section 25110.

10. Corporations Code section 25401 provides:

"It is unlawful for any person to offer or sell a security in this state or buy or offer to buy a security in this state by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading."

11. The securities offered and sold by Respondents were based on an untrue statement of a material fact and were misleading in violation of section 25401. That is, Mr. Wolgin's investment was used to pay for business and personal expenses, not to purchase real property as promised by Respondents.

### LEGAL CONCLUSIONS AND DISCUSSION

1. Cause exists to uphold the desist and refrain order under sections 25532 and 25110 based on Respondents offer and sale of promissory notes in California. (Factual Findings 1-11.)

2. Cause exists to uphold the desist and refrain order under sections 25532 and 25401 because of Respondents' misstatements and omissions of material facts which a reasonable investor would have considered in deciding whether to invest. (Factual Findings 1-11.)

### ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

1. Pursuant to section 25532 of the Corporate Securities Law of 1968, Mark E. Sumpter and Abode Investments, L.L.C. are hereby ordered to desist and refrain from the further offer or sale in the State of California of securities, including but not limited to promissory notes, unless and until qualification has been made under the law or unless exempt.

2. Pursuant to section 25532 of the Corporate Securities Law of 1968, Mark E. Sumpter and Abode Investments, L.L.C. are hereby ordered to desist and refrain from offering or selling or buying or offering to buy any security in the State of California, including, but not limited to promissory notes, by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

DATED: July 25, 2007.

---

CHRIS RUIZ  
Administrative Law Judge  
Office of Administrative Hearings