

IN THE IOWA DISTRICT COURT FOR POLK COUNTY

<p>STATE OF IOWA, ex rel., DOUG OMMEN, IOWA INSURANCE COMMISSIONER,</p> <p>Petitioner,</p> <p>v.</p> <p>BECKSTONE PARTNERS, LLC, DESFINED, LLC, EAST KING MANAGEMENT, LLC, AND THE CORPORATE LEASING COMPANY, LLC</p> <p>Serve: Registered Agents, Inc. 315 E. 5th St., Ste. 202 Waterloo, IA 50703</p> <p>Defendants.</p>	<p>Case No. _____</p> <p>PETITION FOR APPOINTMENT OF RECEIVER, TEMPORARY AND PERMANENT INJUNCTIVE RELIEF, AND OTHER EQUITABLE REMEDIES</p>
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The State of Iowa, by and through Iowa Insurance Commissioner Douglas M. Ommen, states as follows:

Purpose

1. The Iowa Insurance Commissioner brings this action for the purpose of establishing a receivership of Beckstone Partners, LLC, DesFined, LLC, East King Management, LLC, and The Corporate Leasing Company, LLC. The Commissioner is empowered to seek a receivership of an entity subject to Iowa Code Chapter 502, if the Commissioner believes that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of Chapter 502 or a rule adopted or order issued under this chapter or that a person has, is, or is about to engage in an act, practice, or course of business that materially aids a violation of Chapter

502 or a rule adopted or order issued under Chapter 502. The Commissioner brings the present action to recover assets and to provide restitution to investors who were sold a series of promissory notes, investment contracts, and LLC units by Beckstone Partners, LLC and DesFined, LLC, East King Management, LLC, and The Corporate Leasing Company, LLC.

Jurisdiction, Parties, and Venue

2. The Insurance Commissioner is tasked with administering Iowa laws governing the sale of securities. Iowa Code § 502.601.

3. Beckstone Partners, LLC (“Beckstone”), is a domestic limited liability company organized pursuant to Iowa Code Chapter 489. Its articles of incorporation were filed May 24, 2018. Registered Agents, Inc., is the LLC’s registered agent. It remains an active LLC.

4. DesFined, LLC (DesFined), is a domestic limited liability company organized pursuant to Iowa Code Chapter 489. Its articles of organization were filed December 7, 2021. The registered agent of the LLC was Registered Agents, Inc. of 315 E. 5th Street, Ste 202, Waterloo, IA 50703. DesFined was administratively dissolved August 16, 2023, due to failure to deliver the 2023 Biennial Report as required by Iowa Code section 489.209.

5. East King Management, LLC (“East King Management”), is a domestic limited liability company organized pursuant to Iowa Code Chapter 489. Its articles of incorporation were filed March 4, 2019. The registered agent of the LLC was Registered Agents, Inc. of 315 E. 5th Street, Ste 202, Waterloo, IA 50703. East King Management, LLC, was administratively dissolved on August 16, 2023, due to failure to deliver the 2023 Biennial Report as required by Iowa Code section 489.209.

6. The Corporate Leasing Company, LLC (“The Corporate Leasing Company”), is a domestic limited liability company organized pursuant to Iowa Code Chapter 489. Its articles of

incorporation were filed February 12, 2019. The registered agent of the LLC was Registered Agents, Inc. of 315 E. 5th Street, Ste 202, Waterloo, IA 50703. The Corporate Leasing Company, LLC, was administratively dissolved on August 16, 2023, due to failure to deliver the 2023 Biennial Report as required by Iowa Code section 489.209.

7. Brett Timothy Immel (“Immel”) is a resident of Polk County, Iowa, and organized Beckstone, DesFined, East King Management, and The Corporate Leasing Company. He also is/was the owner and operator of Beckstone, East King Management, and The Corporate Leasing Company. Beckstone is/was the managing member of DesFined.

8. Beckstone purportedly operates as a property investment company that was located at 218 6th Ave., Ste. 200, Des Moines, IA 50309, and/or 1221 Center St., Ste. #4, Des Moines, IA 50309. Beckstone’s Facebook page stated that “Beckstone Partners helps individuals make investing in real estate easy by offering immediate cash flowing inventory, non-recourse financing and management services.”

9. DesFined was formed purportedly to invest in commercial real estate in the Des Moines area.

10. East King Management purportedly acted as a property management company located at 1221 Center St., Ste. #4, Des Moines, IA 50309.

11. The Corporate Leasing Company, located at 1221 Center St., Ste. #4, Des Moines, IA 50309, purported to enter into lease arrangements with Beckstone’s investors by signing leases as the tenant after the property was purportedly sold to investors.

12. Venue is proper in Polk County. Iowa Code § 502.603.1 (“[T]he administrator may maintain an action in the county in which the person against whom the action is being brought resides, has a principal place of business, or is doing business, or in the county where the

transaction or any substantial portion of the transaction which is the subject of the action occurred, or in the county in which one or more of the victims of the transaction which is the subject of the action resides, to enjoin the act, practice, or course of business and to enforce compliance with this chapter or a rule adopted or order issued under this chapter.”).

Factual Summary

13. Neither Immel nor any of the defendants are registered to sell securities in any state.

14. In 2019, Immel of Beckstone approached SPG Capital in order to purchase “turnkey” rental properties. SPG’s president and Immel have never met in person, and only communicated via phone and email.

15. The properties Immel sought had been rehabbed by SPG Capital and had residents with current leases in place.

16. Immel told SPG Capital that he, through Beckstone, wanted to purchase properties using a down payment with installment payments thereafter.

17. SPG Capital then had a current portfolio that contained over 1,000 properties.

18. Immel provided SPG Capital with general criteria for the properties Beckstone desired to purchase, such as city/location, price range, and targeted return on investment.

19. SPG Capital then responded by sending Immel/Beckstone a list of properties that fit the criteria, and provided the property address, property type, current monthly rent, annual taxes, annual insurance expenses, and interior and exterior photos of the property.

20. Immel/Beckstone then selected from that list the properties he/it wished to purchase.

21. SPG Capital then drafted a Sales Agreement, Balloon Promissory Note, and Special Warranty deed for those properties. See, e.g., Exhibit 1-3.

22. Ultimately, Immel/Beckstone expressed an interest in purchasing a total of 53 properties from SPG Capital.

23. Also beginning in or around 2019, Immel/Beckstone advertised via a website that it provided investment opportunities in revenue producing properties.

24. Immel/Beckstone contacted potential investors who watched videos from the Beckstone website or were directed to Immel via certain self-directed IRA companies. In order to view the video, the potential investors were required to enter their name and phone number.

25. Immel/Beckstone posted YouTube videos, disseminated prospectuses, and hosted webinars that indicated Beckstone owned the properties, would sell the properties directly to investors with “day one” cash flow, and stated that the investors owned the properties. Immel touted in the webinars to current and future investors that every property Beckstone sold had a corporate tenant on a 24-month lease, and in at least one webinar stated “it’s about acquiring it [property] today”, “it’s about owning that asset” and “actually seeing the rents increase.”

26. When Immel/Beckstone contacted potential investors, the potential investors were told that Beckstone buys bulk portfolios of residential properties. Immel/Beckstone stated that Beckstone purchased run-down properties at a discounted price, which were then refurbished to 2021 standards resulting in higher charged rents.

27. Immel/Beckstone also provided potential investors with a pro forma that detailed monthly and annual cash flow, as well as the expenses associated with the properties. Exhibit 4.

28. Immel/Beckstone told potential investors that the investors would own the property and could sell the properties at any time.

29. Immel/Beckstone also told potential investors that there would be an on-site property management company in Pennsylvania, and that the properties would have rental residents for at

least two years. Immel/Beckstone told investors that East King Management was the property management company and that The Corporate Leasing Company would be the tenant.

30. Immel also routinely told potential investors that Immel/Beckstone used his own appraiser for the properties so that the appraisals could be done quickly. However, no properties were ever appraised by Immel or his associated companies.

31. According to Immel/Beckstone, the investment was intended to be a passive investment with guaranteed monthly income.

32. Immel/Beckstone did not allow potential investors to choose their own financing for the purchases. Instead, Immel/Beckstone cut and pasted the Residential Purchase Sales Agreement, Balloon Promissory Note, and Special Warranty Deed that was used for the property purchases between Beckstone and SPG Capital, and inserted Beckstone as the “Seller” and the Investor as the “Buyer.” In addition, SPG Capital is specified as the “Lender” on the Balloon Promissory Note. See Exhibits 5-7.

33. For the mechanics of the transaction, potential investors transferred money to Nationwide Land Title Company, LLC, purportedly located in Georgia. Exhibit 7. If transferring retirement funds, the investor would typically transfer them first into a self-directed IRA, and then the self-directed IRA company transferred that money to Nationwide Land Title Company, LLC.

34. Nationwide Land Title Company, LLC is actually located in Mississippi and is not registered with the state of Mississippi as a title insurance company or otherwise authorized to act as an escrow company. Exhibit 8-9.

35. Nationwide Land Title Company, LLC operations consisted of accepting investor funds and disseminating payments from these funds to SPG and Beckstone accounts. Upon information

and belief, Nationwide Land Title Company, LLC does not provide services to clients other than Immel/Beckstone.

36. Joe Gregory Stewart is listed as the manager of Nationwide Land Title Company, LLC. Stewart was disbarred in Mississippi in 2004 after pleading guilty to conspiracy to commit extortion under color of official right. Stewart has since made four unsuccessful attempts to reinstate his license.

37. Nationwide Land Title Company, LLC also employs Daniel Bomar. In 2016, Bomar and Immel were indicted by a federal grand jury and charged with conspiracy to commit bank fraud and conspiracy to commit money laundering by submitting falsified HUD-1 statements to lenders that omitted receivable fees paid by buyers. Bomar pleaded guilty and testified against his alleged co-conspirators, including Immel.

38. Once the investors transferred the funds to Nationwide Land Title Company, LLC, Immel/Beckstone executed the Residential Sales Purchase Agreement, Balloon Promissory Note, and Special Warranty Deed with SPG Capital, and the investor executed the Residential Sales Purchase Agreement and Balloon Promissory Note with Beckstone/SPG Capital respectively.

39. Nationwide Land Title Company, LLC largely divided the proceeds of the investor's money by and between Beckstone and SPG Capital. Nationwide Land Title Company, LLC made various other payments seemingly unrelated to these investor transactions. For example, Nationwide Land Title Company, LLC made two payments for \$34,321 to Schiff Hardin in July of 2021 and July of 2022. This law firm previously represented Immel in the criminal case in which he was indicted for conspiracy to commit bank fraud.

40. Immel/Beckstone did not have title to the properties it was selling to investors. Indeed, Beckstone did not even have an interest in the properties it was selling to investors at least until it received the funds from investors, and typically days after selling the property to investors.

41. Importantly, the purchase price agreed upon by the investor was substantially in excess of the agreed upon purchase price between Beckstone and SPG Capital, even though Beckstone had not made any improvements to the property and did not own the properties in any capacity prior to the investors' funds being distributed. The purchase price agreed upon by the investor was routinely 30% or more in excess of what Beckstone paid for the properties.

42. Importantly, while the investor executed the Balloon Promissory Note with SPG Capital, SPG Capital was not made aware that Beckstone generated such a document and was purporting to convey an ownership interest in the property to a third-party investor. Nor is the Special Warranty Deed between Beckstone and the investor recorded in the state of Pennsylvania.

43. SPG Capital remained as the property manager, collected the monthly rent, deducted the expenses (including a 7% management fee and interest payments), and then sent the remainder to East King Management/The Corporate Leasing Company/Beckstone. East King Management/The Corporate Leasing Company/Beckstone, then in turn distributed a monthly payment to the investor, minus various expenses.

Beckstone Investment

44. In addition to offering investments in Pennsylvania properties, Beckstone also solicited investors to purchase \$25,000 notes issued by Beckstone.

45. The terms of each note required Beckstone to pay \$208.33 each month for 27 months. At the end of 27 months, the issuer would return the \$25,000 in principal.

46. Additionally, investors who purchased these notes were also given the opportunity to buy a unit of DesFined for \$700.

47. The investment thesis behind Beckstone was that it was an extremely safe investment paying 10% per month because it was backed by houses purchased at 2909 Woodland Avenue, West Des Moines, IA 50266 and 1819 Buffalo Road, West Des Moines, IA 50265.

48. In fact, Beckstone has missed many monthly payments and failed to return the \$25,000 principal of the investors whose notes have matured.

49. Beckstone still owns the residential property located at 1819 Buffalo Road in West Des Moines, Iowa.

50. Beckstone sold the residential property at 2909 Woodland Avenue for \$525,000 and received \$400,687.16 on February 28, 2024, as seller proceeds that were deposited into a Beckstone US Bank Business Checking account.

51. During the month of March 2024, over \$200,000 left that account. Of that \$200,000, a mere \$1,874.97 in payments were made to three investors, which is roughly the same amount that Immel/Beckstone spent on Doordash purchases during the month of March.

52. The investment thesis behind DesFined was that it had a great opportunity to invest in a piece of commercial real estate that had a carwash and a laundromat on it.

53. In fact, the business burned down in October 2022, and Beckstone/DesFined never consummated the purchase.

54. Beckstone/DesFined did not return investor money when they did not consummate the transaction.

Beckstone Investor 1

55. Beckstone Investor 1 (BI1) purchased eight Pennsylvania properties from Beckstone.

56. On July 8, 2021, BI1 wired \$515,000 to Nationwide Land Title Company, LLC, an amount that represented the \$497,500 down payment to purchase the seven properties, plus an additional sum.

57. On July 19, 2021, Nationwide Land Title Company, LLC wired \$171,176.79 to SPG Capital so that Beckstone could purchase the seven properties it had already purported to sell to BI1. Also, on July 19, 2021, Nationwide Land Title Company, LLC wired \$94,120.93 to Beckstone.

58. On November 26, 2021, BI1 wired \$139,300 to Nationwide Land Title Company, LLC, an amount that represented the \$87,900 down payment to purchase the eighth property, plus \$50,000 to purchase 2 notes issued by Beckstone, as described in paragraph 64, and \$1,400 to purchase 2 units of DesFined, as described in paragraph 67.

59. On December 2, 2021, Nationwide Land Title Company, LLC wired \$55,054.00 to SPG Capital so that Beckstone could purchase this property it had already purported to sell to BI1 as well as a property detailed below it already purported to sell to BI4. On the same day, December 2, 2021, Nationwide Land Title Company, LLC sent two wires to separate bank accounts owned by Beckstone in the amounts of \$10,000 and \$15,000.

60. Below is a table showing the date BI1 wired the money to purchase the properties, the date Beckstone acquired the properties, the date Nationwide Land Title wired money to SPG, the purchase price BI1 paid, the purchase price Beckstone paid, and the percentage increase BI1 paid over what Beckstone paid:

Property Address	Date Investor Wired Money to Nationwide Land Title, LLC	Date Beckstone Purchased Property from SPG	Date Nationwide Land Title LLC Wired Money to SPG	Price Beckstone Paid for Property	Price Investor Paid for Property	Percentage Beckstone Marked up Property
12 E. Main St., Windsor, PA	7/8/2021	7/12/2021	7/19/2021	\$120,000.00	\$164,900.00	37.42%
20 N. 2nd St., McSherry, PA	7/8/2021	7/12/2021	7/19/2021	\$145,000.00	\$169,900.00	17.17%
22 E. Orange St., Shippenburg, PA	7/8/2021	7/12/2021	7/19/2021	\$110,000.00	\$149,900.00	36.27%
32 Penn St., Hanover, PA	7/8/2021	7/12/2021	7/19/2021	\$147,000.00	\$202,900.00	38.03%
40 E. Hanover St., Gettysburg, PA	7/8/2021	7/12/2021	7/19/2021	\$114,000.00	\$163,900.00	43.77%
220 2nd Ave., Hanover, PA	7/8/2021	7/12/2021	7/19/2021	\$143,000.00	\$199,900.00	39.79%
241 Eagle Ave., Hanover, PA	7/8/2021	7/12/2021	7/19/2021	\$100,000.00	\$144,900.00	44.90%
708 W. Mason Ave., York, PA	11/26/2021	11/30/2021	12/2/2021	\$140,000.00	\$199,900.00	42.79%

61. Immel/Beckstone never disclosed to BI1 that Beckstone did not own the properties when purporting to sell them.

62. Immel/Beckstone never disclosed to BI1 that Beckstone would only acquire an installment contract interest in the properties that would only convey title to Beckstone in ten years if all 120 required payments were made.

63. Rather, Immel/Beckstone told BI1 that they were selling him the properties and that BI1 would own the properties after the execution of the Residential Sales Purchase Agreement, Balloon Promissory Note, and Special Warranty Deed to complete the transactions.

64. In addition to the eight Pennsylvania properties, BI1 purchased two \$25,000 notes issued by Beckstone on November 26, 2021.

65. BI1 has not received many of the monthly note payments of \$416.66 from Beckstone.

66. The notes BI1 purchased matured on March 22, 2024, and BI1 has not received the \$50,000 in total principal for the two notes.

67. BI1 also purchased two units of DesFined for \$1,400 on November 26, 2021. BI1 has received no return on this investment.

Beckstone Investor 2

68. Beckstone Investor 2 (BI2) purchased three Pennsylvania properties from Beckstone.

69. On June 11, 2020, BI2 wired \$122,996.07 to Nationwide Land Title Company, LLC, an amount that represented the \$114,800 down payment to purchase two of the three properties, plus an additional sum.

70. On June 16, 2020, Nationwide Land Title Company, LLC wired \$35,616.41 to SPG Capital so that Beckstone could purchase the two properties it had already purported to sell to BI2. On the same day, June 16, 2020, Nationwide Land Title Company, LLC also wired \$66,708.40 to Beckstone.

71. On April 8, 2021, BI2 wired \$133,555.16 to Nationwide Land Title Company, LLC to purchase the third property.

72. On April 9, 2021, Nationwide Land Title Company, LLC wired \$41,605.45 to SPG Capital so that Beckstone could purchase the third property it had already purported to sell to BI2. On the same day, April 9, 2021, Nationwide Land Title Company, LLC sent separate wires to two bank accounts owned by Beckstone in the amounts of \$34,117.21 and \$41,437.25.

73. Below is a table showing the date BI2 wired the money to purchase the properties, the date Beckstone acquired the properties, the date Nationwide Land Title wired money to SPG, the purchase price BI2 paid, the purchase price Beckstone paid, and the percentage increase BI2 paid over what Beckstone paid:

<u>Property Address</u>	<u>Date Investor Wired Money to Nationwide Land Title, LLC</u>	<u>Date Beckstone Purchased Property from SPG</u>	<u>Date Nationwide Land Title LLC Wired Money to SPG</u>	<u>Price Beckstone Paid for Property</u>	<u>Price Investor Paid for Property</u>	<u>Percentage Beckstone Marked up Property</u>
258 E. Garfield St., Shippenburg, PA	6/11/2020	6/11/2020	6/16/2020	\$110,000.00	\$148,900.00	35.36%
260 E. Garfield St., Shippenburg, PA	6/11/2020	6/11/2020	6/16/2020	\$104,000.00	\$139,900.00	34.52%
238-240 E. Middle St., Gettsburg, PA	4/8/2021	3/31/2021	4/9/2021	\$222,000.00	\$304,900.00	37.34%

74. Immel/Beckstone never disclosed to BI2 that Beckstone did not own the properties when purporting to sell them.

75. Immel/Beckstone never disclosed to BI2 that Beckstone would only acquire an installment contract interest in the properties that would only convey title to Beckstone in ten years if all 120 required payments were made.

76. Rather, Immel/Beckstone told BI2 that they were selling him the properties and that BI2 would own the properties after the execution of the Residential Sales Purchase Agreement, Balloon Promissory Note, and Special Warranty Deed to complete the transactions.

Beckstone Investor 3

77. Beckstone Investor 3 (BI3) purchased three Pennsylvania properties from Beckstone.

78. On February 4, 2021, BI3 wired \$268,664.52 to Nationwide Land Title Company, LLC, an amount that represented the \$249,800 down payment to purchase two of the three properties, plus an additional sum.

79. On February 5, 2021, Nationwide Land Title Company, LLC wired \$32,026.03 to SPG Capital so that Beckstone could purchase two properties it had already purported to sell to BI3. On the same day, Nationwide Land Title Company, LLC sent two wires in the amounts of \$87,592.08 and \$68,442.56 to separate bank accounts owned by Beckstone.

80. On February 16, 2021, BI3 wired \$127,900.00 to Nationwide Land Title Company, LLC to purchase the third property from Beckstone.

81. On February 17, 2021, Nationwide Land Title Company, LLC wired \$42,354.03 to SPG

so that Beckstone could purchase the third property. On the same day, February 17, 2021, Nationwide Land Title Company, LLC sent two wires in the amounts of \$30,402.40 and \$41,420.57 to separate bank accounts owned by Beckstone.

82. Below is a table showing the date BI3 wired the money to purchase the properties, the date Beckstone acquired the properties, the date Nationwide Land Title wired money to SPG, the purchase price BI3 paid, the purchase price Beckstone paid, and the percentage increase BI3 paid over what Beckstone paid:

<u>Property Address</u>	<u>Date Investor Wired Money to Nationwide Land Title, LLC</u>	<u>Date Beckstone Purchased Property from SPG</u>	<u>Date Nationwide Land Title LLC Wired Money to SPG</u>	<u>Price Beckstone Paid for Property</u>	<u>Price Investor Paid for Property</u>	<u>Percentage Beckstone Marked up Property</u>
130 S. Main St., Bendersville, PA	2/4/2021	2/4/2021	2/5/2021	\$260,000.00	\$352,900.00	35.73%
28.5 W. King St., Littlestown, PA	2/4/2021	2/4/2021	2/5/2021	\$190,000.00	\$262,900.00	38.37%
28 Stoney Point Rd., New Oxford, PA	2/16/2021	2/16/2021	2/17/2021	\$214,000.00	\$299,900.00	40.14%

83. Immel/Beckstone never disclosed to BI3 that Beckstone did not own the properties when purporting to sell them.

84. Immel/Beckstone never disclosed to BI3 that Beckstone would only acquire an installment contract interest in the properties that would only convey title to Beckstone in ten years if all 120 required payments were made.

85. Rather, Immel/Beckstone told BI3 that they were selling him the properties and that BI3 would own the properties after the execution of the Residential Sales Purchase Agreement, Balloon Promissory Note, and Special Warranty Deed to complete the transactions.

Beckstone Investor 4

86. Beckstone Investor 4 (BI4) purchased one Pennsylvania property from Beckstone.

87. On November 30, 2021, BI4 wired \$83,250.00 to Nationwide Land Title Company, LLC, an amount that represented the \$78,900.00 down payment to purchase the property, plus an additional sum.

88. On December 2, 2021, Nationwide Land Title Company, LLC wired \$55,054.00 to SPG Capital so that Beckstone could purchase the property it had already purported to sell to BI4 as well as a property it had already purported to sell to BI1, as described in paragraphs 58 and 59. On the same day, December 2, 2021, Nationwide Land Title Company, LLC sent two wires to separate bank accounts owned by Beckstone in the amounts of \$10,000 and \$15,000.

89. Below is a table showing the date BI4 wired the money to purchase the property, the date Beckstone acquired the property, the date Nationwide Land Title wired money to SPG, the purchase price BI4 paid, the purchase price Beckstone paid, and the percentage increase BI4 paid over what Beckstone paid:

Property Address	Date Investor Wired Money to Nationwide Land Title, LLC	Date Beckstone Purchased Property from SPG	Date Nationwide Land Title LLC Wired Money to SPG	Price Beckstone Paid for Property	Price Investor Paid for Property	Percentage Beckstone Marked up Property
125 N. Penn St., Shippenburg, PA	11/30/2021	11/30/2021	12/2/2021	\$140,000.00	\$192,900.00	37.79%

90. Immel/Beckstone never disclosed to BI4 that Beckstone did not own the property when purporting to sell it.

91. Immel/Beckstone never disclosed to BI4 that Beckstone would only acquire an installment contract interest in the property that would only convey title to Beckstone in ten years if all 120 required payments were made.

92. Rather, Immel/Beckstone told BI4 that they were selling him the property and that BI4 would own the property after the execution of the Residential Sales Purchase Agreement, Balloon Promissory Note, and Special Warranty Deed to complete the transaction.

Beckstone Investor 5

93. Beckstone Investor 5 (BI5) purchased one Pennsylvania property from Beckstone.

94. On September 30, 2019, BI5 wired \$91,857.15 to Nationwide Land Title Company, LLC,

an amount that represented the \$84,900 down payment to purchase the property, plus an additional sum.

95. On October 2, 2019, Nationwide Land Title Company, LLC wired \$31,453.22 to SPG Capital so that Beckstone could purchase the property it had already purported to sell to BI5. On the same day, October 2, 2019, Nationwide Land Title Company, LLC wired \$42,871.25 to Beckstone.

96. Below is a table showing the date BI5 wired the money to purchase the property, the date Beckstone acquired the property, the date Nationwide Land Title wired money to SPG, the purchase price BI5 paid, the purchase price Beckstone paid, and the percentage increase BI5 paid over what Beckstone paid:

<u>Property Address</u>	<u>Date Investor Wired Money to Nationwide Land Title, LLC</u>	<u>Date Beckstone Purchased Property from SPG</u>	<u>Date Nationwide Land Title LLC Wired Money to SPG</u>	<u>Price Beckstone Paid for Property</u>	<u>Price Investor Paid for Property</u>	<u>Percentage Beckstone Marked up Property</u>
115 E. Main St., Mechanisburg, PA	9/30/2019	9/30/2019	10/2/2019	\$175,000.00	\$224,900.00	28.51%

97. Immel/Beckstone never disclosed to BI5 that Beckstone did not own the property when purporting to sell it.

98. Immel/Beckstone never disclosed to BI5 that Beckstone would only acquire an installment contract interest in the property that would only convey title to Beckstone in ten years if all 120 required payments were made.

99. Rather, Immel/Beckstone told BI5 that they were selling him the property and that BI5 would own the property after the execution of the Residential Sales Purchase Agreement, Balloon Promissory Note, and Special Warranty Deed to complete the transaction.

100. BI5 has contracted with SPG Capital to purchase the property at 115 E. Main St. subsequent to the misrepresentations and fraud committed by Immel/Beckstone.

Beckstone Investor 6

101. Beckstone Investor 6 (BI6) purchased one Pennsylvania property from Beckstone.

102. On June 19, 2020, BI6 wired \$58,206.55 to Nationwide Land Title Company, LLC, an amount that represented the \$53,900.00 down payment to purchase the property, plus an additional sum.

103. On June 23, 2020, Nationwide Land Title Company, LLC wired \$19,000.74 to SPG Capital so that Beckstone could purchase the property it had already purported to sell to BI6. On the same day, June 23, 2020, Nationwide Land Title Company, LLC wired \$30,938.50 to Beckstone.

104. Below is a table showing the date BI6 wired the money to purchase the property, the date Beckstone acquired the property, the date Nationwide Land Title wired money to SPG, the purchase price BI6 paid, the purchase price Beckstone paid, and the percentage increase BI6 paid over what Beckstone paid:

<u>Property Address</u>	<u>Date Investor Wired Money to Nationwide Land Title, LLC</u>	<u>Date Beckstone Purchased Property from SPG</u>	<u>Date Nationwide Land Title LLC Wired Money to SPG</u>	<u>Price Beckstone Paid for Property</u>	<u>Price Investor Paid for Property</u>	<u>Percentage Beckstone Marked up Property</u>
512 3rd St., Hanover, PA	6/19/2020	6/19/2020	6/23/2020	\$95,000.00	\$129,900.00	36.74%

105. Immel/Beckstone never disclosed to BI6 that Beckstone did not own the property when purporting to sell it.

106. Immel/Beckstone never disclosed to BI6 that Beckstone would only acquire an installment contract interest in the property that would only convey title to Beckstone in ten years if all 120 required payments were made.

107. Rather, Immel/Beckstone told BI6 that they were selling her the property and that BI6 would own the property after the execution of the Residential Sales Purchase Agreement, Balloon Promissory Note, and Special Warranty Deed to complete the transaction.

108. In addition to the Pennsylvania property, BI6 signed a contract on April 11, 2022, to purchase a \$25,000 note issued by Beckstone. BI6 funded the purchase of the note with a \$25,000 check dated April 13, 2022, made out to Beckstone.

109. BI6 has not received many of the monthly payments of \$208.33 from Beckstone.

110. The note BI6 purchased will mature on June 23, 2024.

111. BI6 also purchased one unit of DesFined for \$700 on April 28, 2022. BI6 has received no return on this investment.

Beckstone Investor 7

112. Beckstone Investor 7 (BI7) purchased one Pennsylvania property from Beckstone.

113. On September 30, 2020, BI7 wired \$85,878.14 to Nationwide Land Title Company, LLC to purchase one property.

114. On October 5, 2020, Nationwide Land Title Company, LLC wired \$24,045.31 to SPG Capital so that Beckstone could purchase the property it had already purported to sell to BI7. On October 1, 2020, Nationwide Land Title Company, LLC wired \$49,535.04 to Beckstone.

115. Below is a table showing the date BI7 wired the money to purchase the property, the date Beckstone acquired the property, the date Nationwide Land Title wired money to SPG, the purchase price BI7 paid, the purchase price Beckstone paid, and the percentage increase BI7 paid over what Beckstone paid:

<u>Property Address</u>	<u>Date Investor Wired Money to Nationwide Land Title, LLC</u>	<u>Date Beckstone Purchased Property from SPG</u>	<u>Date Nationwide Land Title LLC Wired Money to SPG</u>	<u>Price Beckstone Paid for Property</u>	<u>Price Investor Paid for Property</u>	<u>Percentage Beckstone Marked up Property</u>
262 E. Catherine St., Chambersburg, P	9/30/2020	9/30/2020	10/5/2020	\$135,000.00	\$189,900.00	40.67%

116. Immel/Beckstone never disclosed to BI7 that Beckstone did not own the property when purporting to sell it.

117. Immel/Beckstone never disclosed to BI7 that Beckstone would only ever acquire an

installment contract interest in the property that would convey title to Beckstone in ten years if all 120 required payments were made.

118. Rather, Immel/Beckstone told BI7 that they were selling him the property and that BI7 would own the property after the execution of the Residential Sales Purchase Agreement, Balloon Promissory Note, and Special Warranty Deed to complete the transaction.

Beckstone Investor 8

119. Beckstone Investor 8 (BI8) purchased one \$25,000 note issued by Beckstone on November 22, 2021.

120. BI8 has not received many of the monthly payments of \$208.33 from Beckstone.

121. Immel/Beckstone explained to BI8 that the missed monthly payments were due to a few emergencies, due to Immel's personal health issues, due to Beckstone's phone systems failing because they were operated out of Ukraine, Immel's cell phone and credit cards being stolen and his identity stolen. a huge hailstorm, and a large acquisition and property not closing because it burned down.

122. The note BI8 purchase matured on March 22, 2024, and BI8 has not received the \$25,000 principal.

123. BI8 also purchased one unit of DesFined for \$700 on November 22, 2021, and has requested his money be refunded since nothing has happened with DesFined. BI8 has not received his money or any return on his investment.

Beckstone Investor 9

124. Beckstone Investor 9 (BI9) purchased eight \$25,000 notes issued by Beckstone on December 23, 2021.

125. BI9 has not received many of the monthly note payments of \$1,666.64 from Beckstone.

126. The notes BI9 purchased matured on March 22, 2024, and BI9 has not received the \$200,000 total principal for the eight notes.

127. BI9 also purchased four units of DesFined for \$2,800 on December 23, 2021. BI9 has not received any return on the four DesFined units.

128. Excluding the Des Moines area real estate notes and the DesFined units Beckstone sold, the Iowa Insurance Division has reason to believe that Beckstone has sold over 50 properties to the investors above and other investors, totaling over \$10 million in purchase price between the investor and Beckstone.

129. At some point, SPG Capital learned of Beckstone's arrangement with third-party investors, and sued Beckstone in Pennsylvania Court, alleging breach of contract, among other things. Exhibit 10. SPG Capital has also ceased all payments to East King Management/The Corporate Leasing Company/Beckstone. East King Management/The Corporate Leasing Company/Beckstone has also stopped sending payments to the investors.

COUNT I

Unregistered Securities

130. Petitioner hereby incorporates by reference the allegations set forth in paragraphs 1-129.

131. Iowa Code § 502.301 prohibits any person from offering or selling a security in Iowa unless the security is a federal covered security; the security, transaction, or offer is exempted from registration; or the security is registered.

132. A "security" as defined in Iowa Code § 502.102(28) includes a note, debenture, evidence of indebtedness, and an investment contract, among others.

133. Under Iowa Code § 502.102(28)(d), a security 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 and a ‘common enterprise’ means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.” (*See also* Iowa Administrative Code 191-50.1).

134. Beckstone investors did not view themselves as merely buying a home; rather, they viewed themselves as investing in a passive real estate investment managed by Immel, Beckstone, DesFined, East King Management, and The Corporate Leasing Company.

135. Immel, Beckstone, DesFined, East King Management, and The Corporate Leasing Company created this view by advertising guaranteed monthly income returns on a person’s investments if he or she invested with Immel/Beckstone/East King Management/The Corporate Leasing Company. Immel/Beckstone provided investment statements detailing the rates of return and monthly profits investors could expect.

136. Beckstone also advertised via its website that these Residential Sales Purchase Agreements and concurrent Promissory Notes were passive investments and encouraged the use of retirement funds to fund the investments from self-directed IRA accounts.

137. The Residential Sales Purchase Agreements and concurrent Promissory Notes are therefore unregistered, non-exempt securities pursuant to Iowa Code § 502.102(28).

138. In addition to these securities being unregistered, Immel/Beckstone offered unregistered notes and units related to Des Moines area real estate. These securities also were not registered, exempt, or federal-covered.

139. Immel/Beckstone has repeatedly violated Iowa Code § 502.301 when Immel/Beckstone

offered and sold the notes, debentures, evidence of indebtedness, or investment contracts that were not federally covered securities, exempted from registration, or registered with the Iowa Securities Bureau.

140. The acts and practices of Immel/Beckstone, DesFined, East King Management, and The Corporate Leasing Company have been in violation of Iowa Code § 502.301 subjecting the Defendants to liability in this Court pursuant to Iowa Code § 502.603, which provides that this Court may do any of the following:

- a. Issue a permanent or temporary injunction, restraining order, or declaratory judgment.
- b. Order other appropriate or ancillary relief, which may include any of the following:
 - i. Ordering an asset freeze, accounting, writ of attachment, writ of general or specific execution, and appointment of a receiver or conservator, that may be the administrator, for the defendant or the defendant's assets.
 - ii. Ordering the administrator to take charge and control of a defendant's property, including investment accounts and accounts in a depository institution, rents, and profits; to collect debts; and to acquire and dispose of property.
 - iii. Imposing a civil penalty not to exceed a maximum of five thousand dollars for a single violation or five hundred thousand dollars for more than one violation; an order of rescission, restitution, or disgorgement directed to a person that has engaged in an act, practice, or course of business constituting a violation of this chapter or the predecessor chapter or a rule adopted or order issued under this chapter or the predecessor chapter.
 - iv. Ordering the payment of prejudgment and post-judgment interest.
 - v. Order such other relief as the court considers appropriate.

COUNT II

Omissions of Material Facts

141. Petitioner incorporates by reference the allegations of paragraphs 1 through 129.

142. Iowa Code § 502.501 prohibits a person from, directly or indirectly, in connection with the offer, sale, or purchase of a security, omitting material facts necessary to make the statements not misleading.

143. In offering and selling a security, Defendants omitted material facts, including, but not limited to, the following:

- a. That Defendants did not possess title or ownership interest in the Pennsylvania properties sold as investment properties to investors at the time of the investments;
- b. That Defendants purchased the properties for a price that was substantially less than the purchase price for the investors;
- c. That the fair market value of the properties was substantially less than the purchase price for the investors;
- d. That Defendants were not delivering any form of ownership interest in the subject properties;
- e. That the interest-only nature of the loan increased the risk of the investment;
- f. That the possibility of the properties not always having tenants could affect the guaranteed returns; and
- g. Regarding the Beckstone/DesFined investment, that there was no plan to have renters to generate monthly income to make the required monthly payments.

144. These omissions of material facts, in light of the circumstances surrounding the sale of securities, is misleading.

145. Defendants' acts and practices have been in violation of Iowa Code § 502.501 subjecting Defendants to liability in this Court pursuant to Iowa Code § 502.603, which provides that this Court may do any of the following:

- a. Issue a permanent or temporary injunction, restraining order, or declaratory judgment.
- b. Order other appropriate or ancillary relief, which may include any of the following:
 - i. Ordering an asset freeze, accounting, writ of attachment, writ of general or specific execution, and appointment of a receiver or conservator, that may be the administrator, for the defendant or the defendant's assets.
 - ii. Ordering the administrator to take charge and control of a defendant's property, including investment accounts and accounts in a depository institution, rents, and profits; to collect debts; and to acquire and dispose of property.
 - iii. Imposing a civil penalty not to exceed a maximum of five thousand dollars for a single violation or five hundred thousand dollars for more than one violation; an order of rescission, restitution, or disgorgement directed to a person that has engaged in an act, practice, or course of business constituting a violation of this chapter or the predecessor chapter or a rule adopted or order issued under this chapter or the predecessor chapter.
 - iv. Ordering the payment of prejudgment and post-judgment interest.
 - v. Order such other relief as the court considers appropriate.

COUNT III

Securities Fraud

146. Petitioner incorporates by reference the allegations in paragraphs 1 through 129.

147. Iowa Code § 502.501 states:

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

- i. To employ a device, scheme, or artifice to defraud;
- ii. To make an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- iii. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

148. Defendants held themselves out to potential investors as being experts in the business of purchasing and renovating rental properties that could be used as passive investments, and that they were, therefore, in the best position to advise about the potential investment risks and returns as well as the overall suitability of securities they advised investors to purchase.

149. Defendants recommended investors purchase a series of rental properties in Pennsylvania even though Defendants never gathered any information concerning the investors' investment objectives, financial situation, goals, or needs. Defendants did not have reasonable grounds to believe the transactions were suitable for or in the best interest of investors.

150. Recommending a transaction or investment strategy involving a security without having a reasonable basis to believe that the transaction or investment strategy is suitable for or in the best interest of the customer operates as a fraud and deceit upon investors.

151. In the offer, sale, or purchase of a security, Defendants made untrue statements of material facts:

- a. That Defendants possessed title or ownership interest in the properties sold as investment properties to investors at the time of the investments;

b. That Defendants purchased the properties and rehabilitated the properties to 2021 standards, even though the properties had already been rehabilitated by SPG Capital;

c. That Defendants purchased the properties “in bulk,” and that the purchase price for the investors was substantially similar to the purchase price Defendants agreed to with SPG Capital;

d. That the fair market value of the properties was consistent with the investors’ purchase price;

e. That Defendants were delivering an ownership interest in the properties at issue when they were not.

152. Defendants acts and practices constitute fraudulent and deceptive practices in the state of Iowa pursuant to Iowa Code § 502.501, subjecting them to liability in this Court pursuant to Iowa Code § 502.603, which provides that this Court may do any of the following:

a. Issue a permanent or temporary injunction, restraining order, or declaratory judgment.

b. Order other appropriate or ancillary relief, which may include any of the following:

i. Ordering an asset freeze, accounting, writ of attachment, writ of general or specific execution, and appointment of a receiver or conservator, that may be the administrator, for the defendant or the defendant’s assets.

ii. Ordering the administrator to take charge and control of a defendant’s property, including investment accounts and accounts in a depository institution, rents, and profits; to collect debts; and to acquire and dispose of property.

iii. Imposing a civil penalty not to exceed a maximum of five thousand dollars

for a single violation or five hundred thousand dollars for more than one violation; an order of rescission, restitution, or disgorgement directed to a person that has engaged in an act, practice, or course of business constituting a violation of this chapter or the predecessor chapter or a rule adopted or order issued under this chapter or the predecessor chapter.

- iv. Ordering the paying of prejudgment and post-judgment interest.
- v. Order such other relief as the court considers appropriate.

Request for Receivership and Injunctive Relief

153. Petitioner incorporates by reference the allegations in paragraphs 1 through 152.

154. The Iowa Insurance Commissioner requests that the Iowa Insurance Division be appointed receiver over all property of Beckstone, DesFined, East King Management, and The Corporate Leasing Company, including any and all bank accounts for the companies, the property at 1819 Buffalo Road, vehicles, and any other assets including insurance policies, as provided in Iowa Code § 502.603, with all the powers granted by Iowa Code Chapter 502 and as otherwise granted by this Court.

155. The Commissioner is not subject to a bond requirement for the injunctive relief under Iowa R. Civ. P. 1.207.

156. The Division will promptly serve this Petition. The Division will seek to secure consent of the Defendants to its appointment as receiver. The Division requests that a hearing be set.

157. Upon entry of an order appointing the Iowa Insurance Division as receiver over all property of Defendants Beckstone, DesFined, East King Management, and The Corporate Leasing Company including all its property, vehicles, operating funds, if any, any insurance policies, the Commissioner requests an injunction to prevent all Defendants from offering unregistered, non-exempt securities, and to prevent them from:

- a. Exercising any control over assets of Beckstone, DesFined, East King Management, and/or The Corporate Leasing Company and any of its property or assets in a matter inconsistent with the directives of the Iowa Insurance Division as receiver;
- b. Receiving or spending any of Beckstone, DesFined, East King Management, and/or The Corporate Leasing Company's money from any accounts or assets, including any insurance policies, and properties either entity purportedly owns or has an interest in, inconsistent with the directives of the Iowa Insurance Division as the receiver of such funds;
- c. Taking any other actions which would interfere with the duties of the Iowa Insurance Division as the court-appointed receiver.

158. It is currently unclear whether Defendants Beckstone, DesFined, East King Management, and The Corporate Leasing Company have funds and assets sufficient to make whole the investors. However, review of bank records for both companies make clear that Defendants do not have the means to make a substantial restitution payment to investors.

159. The Iowa Insurance Commissioner is aware of the suit for breach of contract filed by SPG Capital in Adams County, Pennsylvania, that entails the subject investment properties. It is in the interest of investors for the Iowa Insurance Commissioner to be able to be heard in that lawsuit in order to protect investor rights that may be affected by that litigation.

160. The Insurance Commissioner requests the court enter such additional orders as may be necessary and equitable to assist the receiver in performing the duties of the receivership.

161. No other request for the injunctive relief set forth in this petition has been submitted to or denied by any court.

Relief Requested

WHEREFORE, the State of Iowa respectfully requests that the Court:

162. Appoint the Iowa Insurance Division as receiver of Defendants Beckstone, DesFined, East King Management, and The Corporate Leasing Company without bond to perform the functions described in this petition;

163. Authorize the Iowa Insurance Division to determine the timing and amount of payment of all receivership expenses and to fully control the regulatory funds over which it currently has statutory authority pursuant to Iowa Code § 502.603 without further order of the Court;

164. Authorize the Iowa Insurance Division to take authority over any assets of Defendants Beckstone, DesFined, East King Management, and The Corporate Leasing Company including any bank accounts, property purportedly owned by the companies, vehicles, or other assets pursuant to the authority granted to the Insurance Commissioner under Iowa Code § 502.603;

165. Authorize the Iowa Insurance Division to analyze whether there are assets sufficient to pay the liabilities, including restitution to investors, and to relinquish control of any property that does not have positive equity in it and to sell assets that do have positive equity for purposes of paying off the liabilities set out above;

166. Authorize the Iowa Insurance Division to take authority over any insurance policies issued by an insurance company to fund liabilities of Defendants Beckstone, DesFined, East King Management, and The Corporate Leasing Company and to change the beneficiaries or ownership of such insurance policies if necessary;

167. Authorize the Insurance Commissioner to consolidate bank accounts;

168. Enter the injunctive relief requested in paragraph 157;

169. Order Defendants Beckstone, DesFined, East King Management, and The Corporate Leasing Company, and their owners, including Brett Timothy Immel, members, managers, agents, employees, successors, assigns, contractors, or others who may claim authority through contracts or otherwise with the above, and all other persons or entities associated with them to take all steps needed to locate and transfer to the control of the Iowa Insurance Division all assets of Defendants Beckstone, DesFined, East King Management, and The Corporate Leasing Company including, any and all properties in which the Defendants purportedly hold ownership interest, and all bank accounts and/or insurance policies of Defendants Beckstone, DesFined, East King Management and The Corporate Leasing Company;

170. Order Defendants to pay restitution to investors;

171. Order Defendants to pay civil penalties in an amount to be determined at a later date;

172. Enter such additional orders as are necessary and equitable in light of the purpose of the receivership; and

173. Retain jurisdiction in the event additional grounds for relief or additional remedies become necessary under Iowa Code chapter 502.

Respectfully submitted,

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