



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
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)
FANGO, LLC; and IMANI BUTLER,) Case No.: AP-21-03
)
Respondents.)
)
Serve: Fango, LLC)
2079 Travel Court, Apt. A)
St. Louis, Missouri 63146)
)
and)
)
Imani Butler)
6565 Arsenal Street)
St. Louis, Missouri 63146)

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

On April 12, 2021, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State ("the Enforcement Section"), through Enforcement Counsel Steven M. Kretzer, submitted an Amended Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties, Disgorgement, Costs, and Other Administrative Relief Should Not Be Imposed ("the Petition"). After reviewing the Petition, the Missouri Commissioner of Securities ("the Commissioner") issues the following order:

I. ALLEGATIONS OF FACT

The Petition alleges the following facts:

A. Introduction

Between August 2015 and April 2016, Imani Butler ("Butler") sold investments in the form of stock purchases totaling at least \$59,550 for a start-up business called Fango, LLC ("Fango"). Fango was envisioned to generate revenue by facilitating interactive experiences between fans and

celebrities and/or athletes via an Internet website and mobile phone application. However, once in possession of the investor's money, Butler misappropriated the funds for his own personal benefit. In order to continue receiving funds, Butler made material untrue statements that misled the solitary investor. By engaging in these activities and conduct, Respondents violated Section 409.5-501 of the Missouri Securities Act of 2003.¹

B. Respondents and Related Parties

1. Fango is a limited liability company registered with the State of Missouri on August 19, 2013. Fango was assigned charter number LC1335882.
2. The last known address for Fango is 2079 Travel Court, Apt. A, St. Louis, Missouri 63146.
3. Butler is a thirty-five-year-old St. Louis, Missouri resident with the last known address of 6565 Arsenal Street, St. Louis, Missouri 63139-2432. Butler is the sole organizer for Fango.
4. John Abkemeier ("Abkemeier") is a fifty-four-year-old St. Louis, Missouri resident with the last known address of 4596 Kerth Forest Drive, St. Louis, Missouri 63128-3768.

C. Enforcement Section's Investigation

5. Fango was created to build and manage Internet and mobile phone applications involving an online fan club, which would enable various levels of fan interaction with celebrities. St. Louis area musical entertainers, media personalities, and professional athletes were intended as targets for recruitment to participate in the fan experience through Fango.

Missouri Resident ("MR") Stock Purchase Agreement

6. On August 25, 2020, the Enforcement Section received a securities fraud complaint from a Creve Coeur, Missouri resident ("MR") concerning Fango and Butler (collectively, "Respondents").
7. During the summer of 2015, MR was introduced to Butler and Abkemeier.
8. During this time period, Butler and Abkemeier introduced MR to the Fango idea and explained that it would consist of running electronic applications that facilitate an online fan club, enabling various levels of fan interaction with celebrities, musicians, media personalities and/or professional athletes.
9. Fango would generate revenue through fees paid to the website or application from fans seeking celebrity interaction. Butler falsely claimed to MR that contracts with celebrities and/or athletes had either been executed or were in negotiations.

¹ Unless otherwise noted, all statutory references are to the 2020 Supp. Revised Statutes of Missouri.

10. Butler further induced MR to invest in the company by assuring MR that Fango would be generating revenues from one particular celebrity within 120 days of going live and assuring MR that monthly cash dividends from Fango's continuous earnings would follow. Butler provided MR a brochure outlining the plan for Fango which claimed "[t]he company plans on generating revenue...within 120 days of funding."
11. On or about August 14, 2015, MR agreed to purchase one hundred thousand (100,000) shares of stock in Fango for \$50,000. MR's first payment towards this purchase occurred on August 18, 2015.
12. Later in the relationship, on or about December 3, 2015, Butler solicited an additional \$10,000 from MR, bringing the total proposed investment by MR to \$60,000.

Fango Operating Agreement

13. The stock purchase was memorialized through a Fango contractual operating agreement that identified roles for Butler, MR, Abkemeier, and other associates.
14. On August 13, 2015, Abkemeier emailed MR and Butler a copy of a document entitled "Fango.com Business Summary August 2015" that among other things included the following:
 - a. a discussion about seeking \$50,000 from only "experienced and certified investors" and the risk being very high but that the returns of the "investment could be very attractive when the company is able to execute its business plan";
 - b. a list of prominent celebrities identified as "participating and target celebrit[ies]" that "board members had first or second hand connections to including LeBron James, Tim Tebow, Cam Newton, Jay-Z, Beyonce, and Taylor Swift;
 - c. a breakdown outlining how Fango intended to utilize a \$50,000 investment to wit:
 - i. \$25,000 to develop a website and mobile application;
 - ii. \$22,500 for sales and marketing;
 - iii. \$2,500 in legal fees; and
 - d. the claim that Fango would generate revenue from one celebrity within 120 days of funding.
15. On August 14, 2015, Abkemeier circulated an updated document, attached to an email, entitled "Fango Operating Agreement" ("the Agreement") to MR and Butler. While the Agreement had been included with the August 13, 2015, email mentioned above, the August 14, 2015, email version included the name and amount of stock MR would be receiving based on the payment arrangement for the investment.
16. The Agreement identified Butler as Chief Executive Officer ("CEO").

17. MR was identified in the Agreement as Chief Financial Officer (“CFO”). As the sole financial investor, MR requested appointment as CFO in order to monitor the outlay of funds and progress of the product development. Despite being listed as CFO in the Agreement per his request, MR never actually performed the duties of CFO. MR never received access to the Fango accounts and was unable to monitor progress on a day-to-day basis as contemplated when MR made the investment.
18. The Agreement purported to allocate stock ownership in Fango between five individuals as follows:
 - a. Butler: 450,000 Class A Common Units;
 - b. MR: 100,000 Series A Preferred Units;
 - c. Abkemeier: 250,000 Class A Common Units;
 - d. Lakshmanan Sankaran (“Sankaran”): 150,000 Class A Common Units; and
 - e. Corey Schonhorst (“Schonhorst”): 50,000 Class C Non Participating Units.
19. MR never received a fully executed Agreement.

MR’s Payment Plan for Stock Purchase

20. Because MR was unable to make the investment in one lump sum payment, Respondents agreed to have MR provide payments on the investment as MR was able.
21. On August 29, 2015, MR became ill and was hospitalized at Mercy Hospital (“Mercy”).
22. While at Mercy, MR notified Abkemeier of his condition and status.
23. On August 31, 2015, Butler met MR at Mercy demanding a payment for the Fango stock. MR agreed to wire \$15,000 and was escorted in a wheelchair to the bank branch located in Mercy to effectuate the transfer.
24. Upon MR’s release from Mercy on September 18, 2015, MR was admitted to a temporary facility. There, MR was required to visit an outpatient therapist with multiple visits during each week.
25. On October 16, 2015, Butler approached MR, while at the temporary facility, regarding another payment toward his stock purchase. At that time, MR requested documentation regarding Fango. Although Butler agreed to provide the requested documents during the meeting, MR’s request was never honored.

26. On or about November 17, 2015, Butler contacted MR in person in order to collect an additional payment toward the stock purchase. During this encounter, MR again requested documentation. Butler claimed the documentation MR was looking for had been lost and rendered irretrievable following a system crash of the computer in which the information had been stored.
27. As mentioned previously, Butler came to MR on or about December 3, 2015, requesting additional investment money in Fango in the amount of \$10,000 bringing the total stock purchase price to \$60,000. In requesting the additional investment, Butler told MR that if the additional \$10,000 was not received, the result would be termination of the Fango project and forfeiture of all funds invested up to that point by MR.
28. MR liquidated funds from a brokerage account in order to keep making payments for the purchase of Fango stock.
29. MR learned on December 29, 2015, that Butler had been utilizing the stock purchase funds at his own discretion with no oversight from any of the other Fango project associates, let alone MR, the sole financial investor.
30. MR confronted Butler about the alleged misappropriations and Butler denied the allegations.
31. Nevertheless, and despite reservations, MR continued to make payments on the \$60,000 investment and paid an additional \$14,500 after December 29, 2015.
32. In an interview with Butler March 17, 2021, Butler confirmed to the Enforcement Section that in his eyes MR was not actually interested in being Fango's CFO. Yet, MR would, in fact, regularly ask for updates about the status of Fango's development.

Bank Records Review

33. MR reported to the Enforcement Section that the investments were deposited in an account ending in 2399 ("the Account") at Central Bank of St. Louis ("Central Bank").
34. Central Bank records obtained by subpoena revealed that the Account was opened by Butler using the business name Fango on August 17, 2015.
35. Butler was the lone signatory authorized to conduct transactions from the Account.
36. Between August 18, 2015, and April 4, 2016, eleven (11) deposits totaling \$59,550 representing MR's investment were made into the Account.²
37. Between August 17, 2015, and June 17, 2016,³ Butler spent all of MR's investment funds.

² It is unclear whether the additional \$450 of the \$60,000 stock purchase prices was ever remitted by MR.

³ Central Bank closed the account June 17, 2016 when it had a balance of -\$698.70.

38. Numerous instances of misappropriation were illuminated upon examination of Account records, including:
- a. \$33,329 in cash withdrawals;
 - b. \$2,604.63 in 87 bar/pub transactions; and
 - c. \$5,448.24 in 38 personal transactions.^{4,5}

AppNotch, LLC

39. Abkemeier provided information to the Enforcement Section's request of additional information on October 5, 2020.
40. Abkemeier was unaware how most of the investment funds from MR were utilized and had no control over the Account. However, Abkemeier was aware that \$12,500 was paid to AppNotch, LLC ("AppNotch") to compensate AppNotch for the development of Fango's website and ten (10) mobile phone applications.
41. Of the ten (10) applications ordered, only three (3) were developed before the project was cancelled and Butler negotiated and received a refund amount from AppNotch.
42. Sankaran, one of the stock holders in Fango, is the CEO of AppNotch.
43. Following the issuance of a refund to Fango, all development efforts by AppNotch for Fango ceased.
44. AppNotch issued check number 1049 drawn off Bank of America to Butler on February 7, 2017, that appears to have been endorsed and cashed by Butler. The memo line of the check related "Fango LLC release settlement".

Schonhorst

45. Schonhorst, another stock holder in Fango, was interviewed by the Enforcement Section October 22, 2020.
46. Schonhorst related that his role with Fango was to have been in marketing; MR provided the money; and Abkemeier would provide the required resources to bring in other potential outside investors.⁶

⁴ Some of the personal transactions included expenses related to a driving while intoxicated charge in St. Louis in Case No. 1622-CR03601 that remains pending. Said expenses included a \$150 towing fee, \$650 lawyer's retainer, payment to Missouri Department of Revenue and payment to GEICO insurance.

⁵ Butler even made one \$51.25 payment to the Missouri Secretary of State to register a separate company named Muvet, LLC.

⁶ To date, no additional Fango investors have been identified in any interviews or review of bank records.

47. Schonhorst disclosed that he and Butler used Fango money to travel to Los Angeles, California in order to reach out directly with contacts Schonhorst had that might be able to put them in touch with targeted celebrities.
48. The Account showed \$1,077 in payments to airlines in September 2015 that coincide with Schonhorst's recollection.
49. Similarly, the Account revealed seven transactions, between September 10, 2015 and September 15, 2015, occurring in the Los Angeles area totaling \$266.80.
50. Schonhorst returned to Missouri ahead of Butler. After his return, he learned Butler had remained at Schonhorst's friend's house in Los Angeles "partying the entire time" in a manner that led Schonhorst to conclude it was best to withdraw from the Fango project.

Material Misstatements and/or Omissions

51. In connection with the offer and/or sale of securities, specifically stock in Fango, Butler made numerous misstatements and/or omitted to disclose information that included:
 - a. omitting to disclose specific risks involved with the investment;
 - b. inducing MR to invest funds by falsely claiming that certain celebrities were already under contract or in negotiations to participate in the project;
 - c. misrepresenting to MR how the investment funds were to be used;
 - d. omitting to disclose the personal expenses paid for by investor funds;
 - e. misrepresenting to MR that the investment would be returned within four months;
 - f. misrepresenting to MR that dividends would start pouring in 120 days after the investment was made;
 - g. misleading MR about how the investment money was being spent when confronted with concerns by MR and then collecting an additional \$14,500 from MR;
 - h. providing MR with the CFO title in order to convince MR the investment proceeds would be used responsibly; and
 - i. communicating with MR in such a manner that MR was lulled into not taking action against Respondents.

II. COMMISSIONER'S DETERMINATIONS AND FINDINGS

COUNT I – One Violation of Section 409.5-501

THE COMMISSIONER DETERMINES that Respondents in connection with the offer and sale of the stock purchase agreement in this matter: (i) employed a device, scheme, or artifice to defraud, (ii) made untrue statements of material fact or omitted 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, and (iii) engaged in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person, in violation of Section 409.5-501 to wit:

- a. omitting to disclose specific risks involved with the investment;
- b. inducing MR to invest funds by falsely claiming that certain celebrities were already under contract or negotiations to participate in the project;
- c. misrepresenting to MR how the investment funds were to be used;
- d. omitting to disclose the personal expenses paid for by investor funds;
- e. misrepresenting to MR that the investment would be paid for within four months;
- f. misrepresenting to MR that dividends would start pouring in 120 days after the investment was made;
- g. misleading MR about how the investment money was being spent when confronted with concerns by MR and then collecting an additional \$14,500 from MR;
- h. providing MR with CFO title in order to convince MR the investment proceeds would be used responsibly;
- i. communicating with MR in such a manner that MR was lulled into taking action against Respondents; and
- j. misappropriating investor funds for his own personal use and benefit.

Respondents' violation of Section 409.5-501 constitutes an engagement in an illegal act, practice, or course of business subject to the Commissioner's authority under Section 409.6-604.

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 409.5-501, by, in connection with the offer or sale of securities, employing a device, scheme or artifice to defraud, 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 states that he will determine whether to grant the Enforcement Section's requests for:

- A. \$25,000 against Respondents, jointly and severally, for a single 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;
- B. an order to pay restitution in the amount of \$59,550 against Respondents, jointly and severally, plus annual interest at a rate of eight percent (8%) from the date of the violation, for any loss, including the amount of any actual damages that may have been caused by the Respondents' conduct;
- C. an order awarding the costs of the investigation against Respondents in this proceeding, jointly and severally, 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; and
- D. an order providing such other relief as he deems just.

All of the preceding relief is sought on behalf of the persons injured by the acts and practices of Respondent that constitute violations of the Missouri Securities Act.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 16th DAY OF APRIL, 2021.



JOHN R. ASHCROFT
SECRETARY OF STATE


DAVID M. MINNICK
COMMISSIONER OF SECURITIES



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

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and)
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Imani Butler)
6565 Arsenal Street)
St. Louis, Missouri 63146)

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, and 15 CSR 30-55.020. Any requests for 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 Secretary of State
600 West Main Street, Room 229
Jefferson City, Missouri 65102

CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of April, 2021, a copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Civil Penalties, Restitution, and Costs Should Not Be Imposed in the above styled case was **mailed via certified U.S. mail to:**

Fango, LLC
2079 Travel Court, Apt. A
St. Louis, Missouri 63146

and

Imani Butler
6565 Arsenal Street
St. Louis, Missouri 63146

And hand delivered to:

Steven M. Kretzer, 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