

Press Release

Office of the Kansas Securities Commissioner
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Topeka, Kansas 66603-3804

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Former Wichita Investment Adviser Representative, Stephen C. Langhofer, Sentenced for Securities Fraud

(Topeka, Kansas) – Kansas Securities Commissioner Chris Biggs announced today that Wichita resident Stephen C. Langhofer was sentenced today by the Hon. Clark V. Owens, II, in Sedgwick County District Court to 24 months prison for violations of the Kansas Securities Act. Langhofer, 59, was also ordered to pay restitution of \$717,348.00 to 34 victims from five states. All counts were ordered to be served consecutively. The Court suspended his sentence and placed him on 24 months supervised probation. In March, Langhofer was convicted in Sedgwick County District Court of two felony counts of securities fraud, resulting from Langhofer's role in selling stock in a local small business called Streamtrax Visual Communication Technologies, Inc.

Investigation by the Securities Commissioner's office revealed that Langhofer purchased stock in Streamtrax, formerly Greatrax, LLC, and then resold his shares to his investment advisory clients at a profit of up to 500 percent. Under the Kansas Securities Act, investment advisers owe a fiduciary duty to their clients and must put the financial interests of the clients above their own. Langhofer, owner of the investment advisory firm, Langhofer Financial Group, Inc., sold his stock in Greatrax to Kansas investors at the inflated prices of \$2.50 and \$3.00 per share but failed to disclose to his clients that the stock was available for purchase from Greatrax for \$.50 per share. Langhofer further failed to disclose that he had loaned \$180,000.00 to the company. As part of his plea agreement, Langhofer has surrendered his license to sell securities and will be barred from association with any broker-dealer or investment adviser in the state. He will also be subject to an administrative fine of \$71,735.00.

The successful investigation and prosecution of Mr. Langhofer was done with the assistance and cooperation of Nola Tedesco Foulston and the Sedgwick County District Attorney's Office.

The Office of the Kansas Securities Commissioner investigates and prosecutes securities fraud, the offer or sale of unregistered securities and the offer or sale of securities by unlicensed stockbrokers or investment advisers. For more information and investor education resources, visit <http://www.securities.state.ks.us>.

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