BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS

In the Matter of:

MICHAEL ELZUFON,
DAVID LUNDBERG,
REAL DEVELOPMENT CORP.,
SUTTON MN, LLC,

And their representatives and agents,

Respondents.

Docket No. 14 E 013
KSC No. 2014-6136

_____/
Pursuant to K.S.A. 17-12a604

ORDER TO CEASE AND DESIST AND NOTICE OF INTENT TO IMPOSE ADMINISTRATIVE SANCTIONS

On December 24, 2013, the Staff for the Office of the Kansas Securities Commissioner filed a Petition for an Order to Cease and Desist and Notice of Intent to Impose Administrative Sanctions with the Commissioner. In their Petition, Staff for the Office of the Kansas Securities Commissioner ("KSC Staff") alleges that Respondents have committed violations of the Kansas Uniform Securities Act and that the issuance of an Order to Cease and Desist and the imposition of administrative sanctions pursuant to K.S.A 17-12a604 are in the public interest.

Based on the allegations of the KSC Staff contained in the Petition, the Securities Commissioner of the State of Kansas (the "Commissioner") issues this Order to Cease and Desist and Notice of Intent to Impose Administrative Sanctions.

If Respondents wishes to contest the allegations of the KSC Staff and the Findings of Fact, Conclusions of Law and Order set forth herein, Respondents must file a request for hearing within thirty (30) days after service of this Order. The request for hearing must be in the manner

and form prescribed by K.A.R. 81-11-5, and it must be filed with the Office of the Securities Commissioner of Kansas, 109 SW 9th Street, Suite 600, Topeka, Kansas 66612.

The request for hearing must be verified under oath by Respondents and, if Respondents dispute any of the allegations of the KSC Staff, Respondents shall specifically deny the allegations or they will be deemed admitted. In addition, Respondents may offer evidence and argument to mitigate the facts set forth herein. If facts are properly disputed, the matter will be set for hearing. **If no request for hearing is filed within thirty (30) days after service of this Order, the Commissioner will issue a Final Order, Findings of Fact and Conclusions of Law. The Final Order may impose administrative sanctions, including but not limited to civil penalties, disgorgement and restitution.**

FINDINGS OF FACT

1. Respondent Michael Elzufon ("Elzufon") is an individual residing at [redacted].

2. Respondent David Lundberg ("Lundberg") is an individual residing at [redacted]

3. Respondent Real Development Corp. ("Real Development") is a Minnesota corporation incorporated on January 20, 2005. On May 6, 2008, Real Development filed a Foreign Corporation Application in Kansas. The corporation's status is currently forfeited due to failure to file the required annual report. Real Development is controlled by Elzufon and Lundberg.

4. Respondent Sutton MN, LLC, ("Sutton MN") is a Kansas limited liability company organized on December 12, 2005 and is currently in forfeited status as of July 15, 2011. Elzufon and Lundberg are members of Sutton MN.

5. Respondent Wichita 19, LLC, ("Wichita 19") is a Kansas limited liability company organized on April 17, 2006 and is currently in forfeited status as of July 15, 2011. Elzufon and Lundberg are members of Wichita 19.

6. Beginning sometime in or around 2005, Elzufon, Lundberg and Real Development entered into the downtown Wichita real estate market, developing residential loft condominiums and acquiring and restoring functionally obsolete office buildings.

7. The downtown real estate development projects were funded through the personal assets of Elzufon and Lundberg, bank financing, a City of Wichita sponsored program known as the Façade Improvement Program, as well as through the issuance of promissory notes to individual investors.

8. When acquiring a property, Elzufon and Lundberg would organize a separate Kansas limited liability company with the intent of conducting business relating to a single property through that limited liability company.

9. Sutton MN and Wichita 19 were two such limited liability companies and organized for the purpose of conducting business associated with downtown Wichita real estate; Sutton MN was associated with the Sutton Place Building, located at 209 E. William St., Wichita, KS, while Wichita 19 was associated with the Wichita Executive Center located at 125 N. Market, Wichita, KS.

Note 1

10. [redacted] is a Kansas resident who was first introduced to Lundberg in 2006 through [redacted] business associate, [redacted] [redacted]. Both [redacted] and [redacted] had considerable experience in residential property management.

11. [redacted] had previously invested with Elzufon and Lundberg and was involved in the Sutton Place project. Miller had a particular interest in the Sutton Place Building.

12. Lundberg informed [redacted] that capital was needed to implement a plan to renovate the building, improve the occupancy rate, and then potentially sell the building for a profit.

13. On June 1, 2006, Elzufon, Lundberg, Sutton MN, Steiner, and Pine Creek Apartments, LLC, a limited liability company controlled by [redacted], issued a promissory note to [redacted] ("Note 1").

14. Under the terms of Note 1, [redacted] was to receive 25% per year on a $200,000 investment, with at least six months of minimum monthly payments of $4,166.67, with the entire unpaid principal and interest due and payable on June 1, 2007. Additionally, Note 1 was "secured by a collateral assignment of LLC interest in Sutton MN, LLC and Pine Creek Apartments, LLC."

15. A check of the records maintained by the Office of the Kansas Securities Commissioner indicates there was no registration, granted exemption, or notice filing indicating status as a federal covered security for Note 1.

16. Prior to the issuance of Note 1, Lundberg, Elzufon and Sutton MN failed to provide material information to [redacted] regarding the investment including but not limited to:

    a. That the security was not registered;

    b. how the proceeds of the investment would specifically be used;

    c. The risks associated with the investment; and

    d. The financial statements of Lundberg, Elzufon, and Sutton MN evidencing their financial condition.

17. Beginning in July 2006, [redacted] received monthly installments per the terms of the promissory note dated June 1, 2006. By July 2007, [redacted] agreed to extend the due date for the principal repayment while he continued to receive monthly payments. No specific date was set for the principal payoff.

Note 2

18. In May 2007, [redacted] was contacted by Lundberg who requested $50,000 in additional capital. Lundberg represented to [redacted] that the additional capital was related to the refinancing of the Wichita Executive Center office building located at 125 N. Market, Wichita, KS.

19. On May 17, 2007, Wichita 19 and Real Development issued a promissory note to [redacted] in exchange for a $50,000 investment ("Note 2"). Under the terms of the note, [redacted] was to receive $52,000 payable on July 17, 2007. Note 2 was executed by Lundberg on behalf of Wichita 19 and Real Development.

20. A check of the records maintained by the Office of the Kansas Securities Commissioner indicates there was no registration, granted exemption, or notice filing indicating status as a federal covered security for Note 2.

21. Lundberg, Elzufon, Wichita 19 and Real Development failed to satisfy the terms of the promissory note dated May 17, 2007. Lundberg represented to [redacted] that the failure to repay the promissory note was due to unforeseen circumstances associated with the refinance of the Wichita Executive Center.

22. On November 12, 2007, [redacted] agreed to amend the terms of Note 2 extending the due date to May 17, 2008. The amended note dated November 17, 2007, included an annual interest rate of 20% and $1000 monthly payments. [redacted] received periodic payments,

although not on time, and a final satisfactory payment of $51,250 on April 25, 2008 that fulfilled the terms of Note 2.

23. Prior to [redacted] agreeing to amend the terms of Note 2, Lundberg, Elzufon, Wichita 19 and Real Development failed to provided material information to [redacted] regarding the investment including but not limited to:

    a. That the security was not registered;

    b. The risks associated with the investment; and

    c. The financial statements of Lundberg, Elzufon, Wichita 19 and Real Development evidencing their financial condition.

24. On April 25, 2008, [redacted] agreed to release [redacted] and Pine Creek Apartments, LLC from Note 1. At that time, [redacted] was seeking to extract himself from his dealings with Elzufon, Lundberg, and Sutton MN after a dispute between [redacted] and Elzufon, Lundberg and Sutton MN. [redacted] agreed to the release based on his friendship with [redacted].

Note 3

25. By March 2009, Elzufon, Lundberg and Sutton MN were three months in arrears in payments on Note 1. At that time, Lundberg contacted [redacted] requesting an additional $100,000 to continue the renovation of Sutton Place and other office buildings owned by Respondent Lundberg. Lundberg proposed to include an assignment of rent from a tenant in Broadway Plaza, and mortgages on condominiums at Broadway Plaza, Petroleum Building

26. At the time of the solicitation, Elzufon, Lundberg and Sutton MN still owed [redacted] approximately $139,000 on Note 1. Fearing the loss of his earlier investment, [redacted] agreed to invest the additional $100,000.

27. Additionally, Respondents were in arrears on certain accounts and obligations owed to contractors, including, but not limited to:

    a. Approximately $187,000 at least 26 months past due;

    b. Approximately $8,100 at least 15 months past due; and

    c. $306,000 in debt less than 6 months old.

28. On March 9, 2009, Lundberg, Elzufon and Real Development issued a promissory note to [redacted] in the amount of $110,871.56 in exchange for [redacted] $100,000 investment ("Note 3"), with the $10,871.56 representing interest in arrears on Note 1. Under the terms of Note 3, Lundberg, Elzufon and Real Development agreed to an annual interest rate of 20%, monthly payments of $3,112.17, with the balance on Note 3 due on March 9, 2010.

29. A check of the records maintained by the Office of the Kansas Securities Commissioner indicates there was no registration, granted exemption, or notice filing indicating status as a federal covered security for Note 3.

30. Prior to the issuance of Note 3, Lundberg, Elzufon and Real Development failed to provided material information to [redacted] regarding the investment including but not limited to:

    a. That the security was not registered;

    b. how the proceeds of the investment would specifically be used;

    c. The risks associated with the investment;

d. The financial statements of Lundberg, Elzufon, and Real Development evidencing their financial condition; and

e. That Respondents had at least $500,000 in existing past due debt.

31. In September 2009, Lundberg, Elzufon, Real Development and Sutton MN had failed to meet their obligations on the outstanding notes, namely Note 1 and Note 3. By that time [redacted] had invested approximately $250,000 with the Lundberg, Elzufon and Real Development and/or Sutton MN.

Note 4

32. In December 2009, Lundberg solicited [redacted] for an additional investment. Lundberg told [redacted] that the funds were needed to assist in the refinance of the Wichita Executive Center office building and that as soon as the refinance was accomplished, [redacted] would receive the return on his entire investment. [redacted], fearing the loss of the approximately $250,000 already invested, agreed to provide the additional $50,000 in capital.

33. On December 3, 2009, [redacted] issued a check for $50,000 payable to Real Development for which he received a promissory note issued by Lundberg, Elzufon, and Sutton MN ("Note 4"). Under the terms of Note 4, [redacted] was to receive a return of 25% per annum and was payable in full within 60 days. To date, Sutton MN, Lundberg and Elzufon have not met their obligations under the terms of Note 4.

34. A check of the records maintained by the Office of the Kansas Securities Commissioner indicates there was no registration, granted exemption, or notice filing indicating status as a federal covered security for Note 4.

35. Prior to the issuance of Note 4, Lundberg, Elzufon, Sutton MN and Real Development failed to provided material information to [redacted] regarding the investment including but not limited to:

a. That the security was not registered;

b. how the proceeds of the investment would specifically be used;

c. The risks associated with the investment;

d. The financial statements of Lundberg, Elzufon, Sutton MN and Real Development evidencing their financial condition; and

e. That certain past due construction debt, including that discussed *supra,* was consolidated in on November 17, 2009 in a note for $935,647.00 issued by Wichita 19 and personally guaranteed by Lundberg and Elzufon ("Wichita 19 Note").

Note 5

36. In January 2010, Lundberg and Elzufon both spoke with [redacted] regarding the status of the Respondents' business plan. Lundberg and Elzufon told [redacted] that they needed an additional $51,000 to repay the City of Wichita, which was holding up the approval of $1 million in façade improvement funds. Lundberg and Elzufon stated that once they could get the façade work done on Sutton Place, the Respondents would be in a position to repay [redacted] from the refinance or sale of the building. [redacted], fearing the loss of his over $300,000 investments, agreed to provide additional $51,000 of capital.

37. On February 10, 2010, Lundberg, Elzufon, and Sutton MN issued a promissory note to [redacted] in the amount of $57,000, which was to pay [redacted] a return of 24% ("Note 5").

38. In exchange for Note 5, [redacted] wrote a check for $6,220 payable to Real Development on January 27, 2010 and a $51,000 check payable to Sutton MN on February 10, 2010.

39. Within a week of purchasing Note 5, [redacted] became aware that Lundberg and Elzufon had paid the City of Wichita only approximately $24,000 of the $51,000 [redacted] had provided. [redacted] learned that instead of using the proceeds solely to pay the City of Wichita, Lundberg and Elzufon had used the remainder of the funds to pay investors associated with the office building at 150 N. Main, Wichita, KS, and for other expenses.

40. [redacted] confronted Lundberg about the misrepresentations concerning the use of the investment proceeds, and inquired as to why Lundberg and Elzufon had stated $51,000 was needed to clear the way for façade financing through the City of Wichita when only about $24,000 was needed. Lundberg did not provide an explanation.

41. A check of the records maintained by the Office of the Kansas Securities Commissioner indicates there was no registration, granted exemption, or notice filing indicating status as a federal covered security for Note 5.

42. Prior to the issuance of Note 5, Lundberg, Elzufon, Sutton MN and Real Development failed to provided material information to [redacted] regarding the investment including but not limited to:

    a. That the security was not registered;

    b. The risks associated with the investment;

    c. The existence of the Wichita 19 Note;

    d. That a portion of the funds were going to be used to pay investors in another venture, namely 150 Main;

e. That a portion of the funds were going to be used to pay expenses associated with Real Development; and

f. The financial statements of Lundberg, Elzufon, Sutton MN and Real Development evidencing their financial condition.

43. Prior to the issuance of Note 5, Elzufon, Lundberg, Sutton MN and Real Development made the following untrue statements of material fact:

a. That $51,000 was needed to repay the City of Wichita, when only approximately $24,000 was needed; and

b. That the proceeds were going to be used to repay the City of Wichita, when in fact a portion of the proceeds were going to be used to pay other investors and used for other expenses unrelated to Sutton Place.

CONCLUSIONS OF LAW
AS TO RESPONDENTS ELZUFON AND LUNDBERG

Multiple Violations of Offering and Selling an Unregistered, Non-Exempt Security

44. Paragraphs 1 through 43 are incorporated by reference as though fully set forth herein.

45. In violation of K.S.A. 17-12a301, Respondents Elzufon and Lundberg offered and sold a security, to wit: Note 3, without the security being registered with the Office of the Kansas Securities Commissioner, exempt from registration, or a federal covered security.

46. In violation of K.S.A. 17-12a301, Respondents Elzufon and Lundberg offered and sold a security, to wit: Note 4, without the security being registered with the Office of the Kansas Securities Commissioner, exempt from registration, or a federal covered security.

47. In violation of K.S.A. 17-12a301, Respondents Elzufon and Lundberg offered and sold a security, to wit: Note 5, without the security being registered with the Office of the Kansas Securities Commissioner, exempt from registration, or a federal covered security.

Multiple Violations of Making an Untrue Statement of Material Fact in Connection with the Offer and Sale of a Security

48. Paragraphs 1 through 43 are incorporated by reference as though fully set forth herein.

49. In connection with the offer and sale of a security, to wit: Note 5, Respondents Elzufon and Lundberg made to the following untrue statements of material fact:

    a. That $51,000 was needed to repay City of Wichita, when only approximately $24,000 was needed; and

    b. That the proceeds were going to be used to repay the City of Wichita, when in fact a portion of the proceeds were going to be used to pay other investors and used for other expenses unrelated to Sutton Place.

50. Respondents Elzufon and Lundberg's conduct in making untrue statements of material fact in connection with the offer and sale of Note 5 constitute violations of K.S.A. 17-12a501(2).

Multiple Violations of Omitting to State Material Facts

51. Paragraphs 1 through 43 are incorporated by reference as though fully set forth herein.

52. In connection with the offer, sale or purchase of a security, to wit: Note 3, Respondents Elzufon and Lundberg omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:

a. that the security was not registered;

b. how the proceeds of the investment would be specifically used;

c. the risk associated with the investment;

d. the financial statements of Lundberg, Elzufon, and Real Development evidencing their financial condition; and

e. the Respondents had at least $500,000 in existing past due debt;

53. In connection with the offer, sale or purchase of a security, to wit: Note 4, Respondents Elzufon and Lundberg omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:

a. that the security was not registered;

b. how the proceeds of the investment would be specifically used;

c. the risk associated with the investment;

d. the financial statements of Lundberg, Elzufon, Sutton MN, and Real Development evidencing their financial condition; and

e. the existence of the Wichita 19 Note for $935,647.00 issued by Wichita 19 and personally guaranteed by Lundberg and Elzufon.

54. In connection with the offer, sale or purchase of a security, to wit: Note 5, Respondents Elzufon and Lundberg omitted to state material facts necessary in order to make

statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:

a. That the security was not registered;

b. The risks associated with the investment;

c. The existence of the Wichita 19 Note;

d. That a portion of the funds were going to be used to pay investors invested in another venture, namely 150 Main;

e. That a portion of the funds were going to be used to pay expenses associated with Real Development; and

f. The financial statements of Lundberg, Elzufon, Sutton MN and Real Development evidencing their financial condition.

55. Respondents Elzufon and Lundberg's conduct in omitting to state material facts in connection with the offer and sale of Notes 3, 4, and 5, constitute violations of K.S.A. 17-12a501(2).

CONCLUSIONS OF LAW AS TO RESPONDENT REAL DEVELOPMENT

Multiple Violations of Offering and Selling an Unregistered, Non-Exempt Security

56. Paragraphs 1 through 43 are incorporated by reference as though fully set forth herein.

57. In violation of K.S.A. 17-12a301, Respondent Real Development offered and sold a security, to wit: Note 3, without the security being registered with the Office of the Kansas Securities Commissioner, exempt from registration, or a federal covered security.

58. In violation of K.S.A. 17-12a301, Respondent Real Development offered and sold a security, to wit: Note 4, without the security being registered with the Office of the

Kansas Securities Commissioner, exempt from registration, or a federal covered security.

Multiple Violations of Making an Untrue Statement of Material Fact in Connection with the Offer and Sale of a Security

59. Paragraphs 1 through 43 are incorporated by reference as though fully set forth herein.

60. In connection with the offer and sale of a security, to wit: Note 5, Respondent Real Development made to the following untrue statements of material fact:

    a. That $51,000 was needed to repay City of Wichita, when only approximately $24,000 was needed; and

    b. That the proceeds were going to be used to repay the City of Wichita, when in fact a portion of the proceeds were used to pay other investors and used for other expenses unrelated to Sutton Place.

61. Respondent Real Development's conduct in making untrue statements of material fact in connection with the offer and sale of Note 5 constitute violations of K.S.A. 17-12a501(2).

Multiple Violations of Omitting to State Material Facts

62. Paragraphs 1 through 43 are incorporated by reference as though fully set forth herein.

63. In connection with the offer, sale or purchase of a security, to wit: Note 3, Respondent Real Development omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:

    a. that the security was not registered;

    b. how the proceeds of the investment would be specifically used;

    c. the risk associated with the investment;

d. the financial statements of Lundberg, Elzufon, and Real Development evidencing their financial condition; and

e. the Respondents had at least $500,000 in existing past due debt;

64. In connection with the offer, sale or purchase of a security, to wit: Note 4, Respondent Real Development omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:

a. that the security was not registered;

b. how the proceeds of the investment would be specifically used;

c. the risk associated with the investment;

d. the financial statements of Lundberg, Elzufon, Sutton MN, and Real Development evidencing their financial condition; and

e. the existence of the Wichita 19 Note for $935,647.00 issued by Wichita 19 and personally guaranteed by Lundberg and Elzufon.

65. In connection with the offer, sale or purchase of a security, to wit: Note 5, Respondent Real Development omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:

a. That the security was not registered;

b. The risks associated with the investment;

c. The existence of the Wichita 19 Note;

d. That a portion of the funds were going to be used to pay investors invested in another venture, namely 150 Main;

e. That a portion of the funds were going to be used to pay expenses associated with Real Development; and

f. The financial statements of Lundberg, Elzufon, Sutton MN and Real Development evidencing their financial condition.

66. Respondent Real Development's conduct in omitting to state material facts in connection with the offer and sale of Notes 3, 4, and 5, constitute violations of K.S.A. 17-12a501(2).

CONCLUSIONS OF LAW AS TO RESPONDENT SUTTON MN

Multiple Violations of Offering and Selling an Unregistered, Non-Exempt Security

67. Paragraphs 1 through 43 are incorporated by reference as though fully set forth herein.

68. In violation of K.S.A. 17-12a301, Respondent Sutton MN offered and sold a security, to wit: Note 4, without the security being registered with the Office of the Kansas Securities Commissioner, exempt from registration, or a federal covered security.

69. In violation of K.S.A. 17-12a301, Respondent Sutton MN offered and sold a security, to wit: Note 5, without the security being registered with the Office of the Kansas Securities Commissioner, exempt from registration, or a federal covered security.

Multiple Violations of Making an Untrue Statement of Material Fact in Connection with the Offer and Sale of a Security

70. Paragraphs 1 through 43 are incorporated by reference as though fully set forth herein.

71. In connection with the offer and sale of a security, to wit: Note 5, Respondent Sutton MN made to the following untrue statements of material fact:

a. That $51,000 was needed to repay City of Wichita, when only approximately $24,000 was needed; and

b. That the proceeds were going to be used to repay the City of Wichita, when in fact a portion of the proceeds were used to pay other investors and used for other expenses unrelated to Sutton Place.

72. Respondent Sutton MN's conduct in making untrue statements of material fact in connection with the offer and sale of Note 5 constitute violations of K.S.A. 17-12a501(2).

Multiple Violations of Omitting to State Material Facts

73. Paragraphs 1 through 43 are incorporated by reference as though fully set forth herein.

74. In connection with the offer, sale or purchase of a security, to wit: Note 4, Respondent Sutton MN omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:

a. that the security was not registered;

b. how the proceeds of the investment would be specifically used;

c. the risk associated with the investment;

d. the financial statements of Lundberg, Elzufon, Sutton MN, and Real Development evidencing their financial condition; and

e. the existence of the Wichita 19 Note for $935,647.00 issued by Wichita 19 and personally guaranteed by Lundberg and Elzufon.

75. In connection with the offer, sale or purchase of a security, to wit: Note 5, Respondent Sutton MN omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:

a. That the security was not registered;

b. The risks associated with the investment;

c. The existence of the Wichita 19 Note;

d. That a portion of the funds were going to be used to pay investors invested in another venture, namely 150 Main;

e. That a portion of the funds were going to be used to pay expenses associated with Real Development; and

f. The financial statements of Lundberg, Elzufon, Sutton MN and Real Development evidencing their financial condition.

76. Respondent Sutton MN's conduct in omitting to state material facts in connection with the offer and sale of Notes 4 and 5 constitute violations of K.S.A. 17-12a501(2).

ORDER

NOW, WHEREFORE, 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 are prohibited from:

A. violating or materially aiding in any violation of K.S.A. 17-12a301 by offering or selling any securities as defined by K.S.A. 17-12a-102(28), in the State of Kansas unless those securities are registered in accordance with the provisions of K.S.A. 17-12a301;

B. violating or materially aiding in any violation of K.S.A. 17-12a501, 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.

IT IS FURTHER ORDERED that the Commissioner, pursuant to K.S.A. 17-12a604(b), will determine whether to grant, in a Final Order, the KSC Staff's petition for the imposition of a civil penalty of up to twenty-five thousand dollars ($25,000) against each Respondent for each violation of K.S.A. 17-12a301, not to exceed one million dollars ($1,000,000) unless Respondents request a hearing within thirty (30) days after service of this Order.

IT IS FURTHER ORDERED that the Commissioner, pursuant to K.S.A. 17-12a604(b), will determine whether to grant, in a Final Order, the KSC Staff's petition for the imposition of a civil penalty of up to twenty-five thousand dollars ($25,000) against each Respondent for each violation of K.S.A. 17-12a501, not to exceed one million dollars ($1,000,000) unless Respondents request a hearing within thirty (30) days after service of this Order.

ENTERED BY THE COMMISSIONER at Topeka, Kansas, this 14th day of January, 2014.

[redacted]

Joshua A. Ney
Kansas Securities Commissioner

CERTIFICATE OF SERVICE

On this 15th day of January, 2014, I was provided a copy of the aforementioned process on behalf of the Office of the Securities Commissioner. I promptly sent notice of the process to the address below, being the address set forth in the recipient's consent to service of process or last known address. The process was sent via certified mail, receipt requested to:

Michael Elzufon
[redacted]

David Lundberg
[redacted]

Real Development Corp.
[redacted]

Real Development Corp.
[redacted]

Sutton MN, LLC,
[redacted]

Sutton MN, LLC,
[redacted]

[redacted]

Ryan A. Kriegshauser
Special Counsel to the Commissioner