

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF:)

Chris Zander,)

Amy Zander,)

Zander's Old Town Brewery, Inc. and its)
partners, members, officers, directors,)
agents, employees, affiliates, successors)
and assigns.)

Zander Management, LLC and its)
partners, members, officers, directors,)
agents, employees, affiliates, successors)
and assigns.)

File No. 0900470

ORDER OF PROHIBITION

TO THE RESPONDENTS:

Chris Zander
6837 West Wingleton Road
Baldwin, MI 49304

Chris Zander
11243 Upton Road
Grand Ledge, MI 48837

Amy Zander
6837 West Wingleton Road
Baldwin, MI 49304

Amy Zander
11243 Upton Road
Grand Ledge, MI 48837

Zander's Old Town Brewery, Inc.
C/o its registered agent and attorney
Aaron O. Matthews
212 East Grand River Avenue
Lansing, MI 48906

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Zander's Old Town Brewery, Inc.
6837 West Wingleton Road
Baldwin, MI 49304

Zander's Old Town Brewery, Inc.
319 Clinton Street
Lansing, MI 49806

Zander Management, LLC
6837 West Wingleton Road
Baldwin, MI 49304

Zander Management, LLC
11243 Upton Road
Grand Ledge, MI 48837

WHEREAS, a Temporary Order of Prohibition was issued by the Illinois Secretary of State, on March 11, 2010, temporarily prohibiting the Respondents from offering or selling securities in the State of Illinois for a maximum period of ninety (90) days.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of a Temporary Order of Prohibition shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, Respondents **Chris Zander, Amy Zander, Zander's Old Town Brewery, Inc. and Zander Management, LLC** have failed to request a hearing on the matters contained in the Temporary Order of Prohibition within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Findings of Fact as follows:

FRAUD IN THE OFFER AND SALE OF SECURITIES

1. Respondents **Chris Zander** and **Amy Zander** (collectively referred to as "the Zanders") are the owners of **Zander's Old Town Brewery, Inc.** and **Zander Management, LLC**. The Zanders have last known addresses of 6837 West Wingleton Road, Baldwin, MI 49304 and 11243 Upton Road, Grand Ledge, MI 48837.
2. **Zander's Old Town Brewery, Inc.** ("the Brewery") is an entity that was held out by the Zanders as a start-up brew pub in the Lansing, MI area. The Brewery has last known addresses of 6837 West Wingleton Road, Baldwin, MI 49304 and 319 Clinton Street, Lansing, MI 49806.

3. **Zander Management, LLC** (“Management”) is an entity that was held out by the Zanders as a land management company that purchased the building in which the Brewery would be located. Management has last known addresses of 6837 West Wingleton Road, Baldwin, MI 49304 and 11243 Upton Road, Grand Ledge, MI 48837.
4. In 2008, the Zanders began to publicly solicit investments of the Brewery’s stock on www.probrewer.com, a website dedicated to providing a marketplace for individuals to buy and sell used brewing equipment, list job openings, and also list investment opportunities.
5. The solicitation on the probrewer website stated:

The business plan and sales projections are solid and have been reviewed by accountants, lawyers, and one bank pre-approved us for the loan pending additional capitol [sic] is raised. Several small investors have already joined the project, but we are searching for one or two larger investors to make this happen quickly. Licensing is pending as we add investors and continue to raise capitol [sic]. Stock is available and buy-back terms are negotiable.

6. In addition to the solicitation on the probrewer website, The Zanders posted another public solicitation for investments on the Zanders Old Town Brewery website. This solicitation stated:

Want to make money while drinking great beer? Zander’s Old Town Brewery is offering shares of stock to investors who want to be involved in this unique and profitable company.

The solicitation went on to inform investors that stockholders would have an opportunity to sit on the board of directors and make decisions regarding the company’s future.

7. After viewing the public solicitations of the Brewery’s stock, Investor A, an Illinois resident, contacted Chris Zander in or about October 2008 to discuss the investment opportunity. Chris Zander provided Investor A with the Brewery’s business plan.
8. Despite Chris Zander’s representation that the business plan he gave to Investor A was “solid”, large portions of the business plan were, in fact, identical to a sample business plan that was published as part of a book distributed by the American Homebrewers Association titled “Starting Your Own Brewery.” Amy Zander, in her official capacity as an officer of the Brewery, prepared the business plan on behalf of the company.

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9. Chris Zander informed Investor A that the Brewery already had raised a total of \$50,000.00. Chris Zander also assured Investor A that Dart Bank has pre-approved the Brewery for a business loan contingent on the Brewery having \$100,000.00 of startup capital.
10. In fact, prior to Investor A's investment, the Brewery did not have anything close to the \$50,000.00 of startup capital that Chris Zander claimed to have raised from previous investors. At the time Investor A made his investment, the Brewery only had \$4,280.78 in capital.
11. Additionally, contrary to representations made to Investor A, the Brewery never received a commitment from Dart Bank to provide financing for the brewpub business venture, and was unable to obtain any financing from any financial institution for this business venture. The Brewery's inability to receive financing was confirmed in an email that Chris and Amy Zander sent to Investor A on July 2, 2009.
12. After discussing the investment opportunity with Chris Zander and reviewing the business plan that Chris Zander provided him, Investor A invested \$50,000.00 in the Brewery with the expectation that his investment would allow the Brewery to obtain additional financing from Dart Bank. In exchange for his investment, Investor A received a twenty percent (20%) ownership interest in the Brewery.
13. As a part of making his investment, Investor A signed a "Shareholder Agreement" which laid out the terms of the investment. Amy Zander, in her capacity as an officer of the company, signed the "Shareholder Agreement" on behalf of the Brewery.
14. Investor A's \$50,000.00 investment was deposited into the Brewery's bank account at the Michigan State University Federal Credit Union ("MSUFUCU"). Both Chris and Amy Zander are the signatories on this bank account.
15. After Investor A invested \$50,000.00 in the Brewery's stock, The Zanders commingled these funds with those of Zander Management and also converted the funds for their own personal use. Both Chris and Amy Zander are also the signatories of Zander Management's bank account with the MSUFUCU.
16. Investor A never received any return on his investment and never received any of his \$50,000.00 investment back from the Zanders.
17. The activities described above constitute the offer and sale of stock, and therefore a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act").
18. Section 12.A of the Act provides that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.

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19. Section 12.F of the Act provides that it shall be a violation of the provisions of this Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
20. Section 12.G of the Act provides that it shall be a violation of the provisions of this Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission 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.
21. Section 12.H of the Act states that it shall be a violation of the provisions of this Act for any person "to sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue."
22. Section 12.I of the Act provides that it shall be a violation of the provisions of this Act for any person to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.

OFFER AND SALE OF UNREGISTERED SECURITIES

23. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 "shall be registered either by coordination or qualification prior ... to their offer or sale" in the State of Illinois.
24. Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and, as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer or sale in the State of Illinois.
25. Section 12.A of the Act provides that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
26. Section 12.D of the Act provides, *inter alia*, that it shall be a violation for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State's Conclusions of Law as follows:


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1. Respondents **Chris Zander, Amy Zander, Zander's Old Town Brewery, Inc., and Zander Management, LLC** violated Sections 12.A, 12.D, 12.F, 12.G, 12.H, and 12.I of the Act.
2. Respondents **Chris Zander, Amy Zander, Zander's Old Town Brewery, Inc., and Zander Management, LLC**, and each of their partners, members, officers and directors, agents, employees, affiliates, successors and assigns are subject to, pursuant to Section 11.F of the Act, an Order which permanently prohibits them from offering or selling securities in the State of Illinois.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to Section 11.F of the Act, Respondents **Chris Zander, Amy Zander, Zander's Old Town Brewery, Inc., and Zander Management, LLC** and each of their partners, members, officers and directors, agents, employees, affiliates, successors and assigns are hereby **PROHIBITED** from offering or selling any securities in or from the State of Illinois.

Dated: This 16th day of April, 2010.



JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 Felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, {735 ILCS 5/3-101 et seq.} and the Rules and Regulations of the Illinois Securities Act, {14 Ill. Admin. Code Ch. I, Section 130.1123}. Any action for Judicial Review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:

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