

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

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<b>IN THE MATTER OF:</b>	)	
	)	
<b>Chris Zander,</b>	)	
	)	
<b>Amy Zander,</b>	)	
	)	
<b>Zander's Old Town Brewery, Inc. and its</b>	)	<b>File No. 0900470</b>
partners, members, officers, directors,	)	
agents, employees, affiliates, successors	)	
and assigns.	)	
	)	
<b>Zander Management, LLC and its</b>	)	
partners, members, officers, directors,	)	
agents, employees, affiliates, successors	)	
and assigns.	)	

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**TEMPORARY 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

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein find:

**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](http://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.
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.

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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 ("MSUFCU"). 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 MSUFCU.
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.
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.
23. By virtue of the foregoing, the Respondents violated Sections 12.A, 12.F, 12.G, 12.H, 12.I of the Act.

**OFFER AND SALE OF UNREGISTERED SECURITIES**

24. 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.
25. 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.
26. 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.
27. 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.
28. By virtue of the foregoing, the Respondents violated Sections 12.A and 12.D of the Act.

**PROHIBITION**

29. Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.
30. The entry of this **Temporary Order of Prohibition** prohibiting Respondents Chris Zander, Amy Zander, Zander’s Old Town Brewery, Inc. and Zander Management, LLC or their agents, affiliates, successors and employees, from offering or selling securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents **Chris Zander, Amy Zander, Zander’s Old Town Brewery, Inc. and Zander Management, LLC** and each of Respondents’ partners,

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members, officers and directors, agents, employees, affiliates, successors and assigns, are **Temporarily Prohibited** from offering or selling securities in or from this State for a maximum period of ninety (90) days.

NOTICE is hereby given that Respondent may request a hearing on this matter by transmitting such request in writing to:

James Gleffe  
Enforcement Attorney  
Illinois Securities Department  
Office of the Secretary of State  
69 West Washington Street, Suite 1220  
Chicago, Illinois 60602

Such request must be made within thirty (30) calendar days of the date of entry of the **Temporary Order of Prohibition**. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order of Prohibition.

FAILURE OF ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated this 11<sup>th</sup> day of March 2010.



JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

James R. Gleffe  
Enforcement Attorney  
Illinois Securities Department  
Office of the Secretary of State  
69 West Washington Street, Suite 1220  
Chicago, Illinois 60602  
312-793-3593