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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
DEPARTMENT OF BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA	:	
DEPARTMENT OF BANKING AND	:	
SECURITIES, BUREAU OF SECURITIES	:	
COMPLIANCE AND EXAMINATIONS	:	Docket No. : 220004 (SEC-OSC)
	:	
v.	:	
	:	
CBD USA GROWN, INC.	:	
DEBORAH GESTNER, ROGER GESTNER	:	

NOTICE OF RIGHT TO APPEAL

You have the right to appeal the attached Final Order issued by the Commonwealth of Pennsylvania, Banking and Securities Commission. ("Commission")

If you wish to appeal this Final Order, you may file a petition for review with the Commonwealth Court of Pennsylvania that complies with the format and timing requirements of Chapter 15 of the Pennsylvania Rules of Appellate Procedure, Pa.R.A.P. 1511-1561. Failure to file a petition for review within 30 days of the mailing date of this Order will result in this Final Order becoming final and unappealable. The telephone number for the Commonwealth Court is 717-255-1650.

All Commonwealth Court filings must be made in the Court's filing office in Harrisburg. Filing must be made in person, by mail as provided by general rules, or electronically via the PACFile appellate court electronic filing system. The address of the Court is as follows:

Pennsylvania Judicial Center
601 Commonwealth Ave.
Suite 2100
P.O. Box 69185
Harrisburg, PA 17106

A party may submit a request to the Commission for rehearing or reconsideration no later than fifteen (15) days after the decision mailing date in accordance with section 35.241 of the General Rules of Administrative Practice and Procedure. 1 Pa. Code § 35.241. However, submitting a reconsideration request does not extend the time limit for filing a petition for review with the Commonwealth Court.

You may wish to consult an attorney regarding your legal rights.

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PA DEPARTMENT OF
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DEPARTMENT OF BANKING AND
SECURITIES, BUREAU OF SECURITIES
COMPLIANCE AND EXAMINATIONS

Docket No. : 220004 (SEC-OSC)

v.


CBD USA GROWN, INC.
DEBORAH GESTNER, ROGER GESTNER

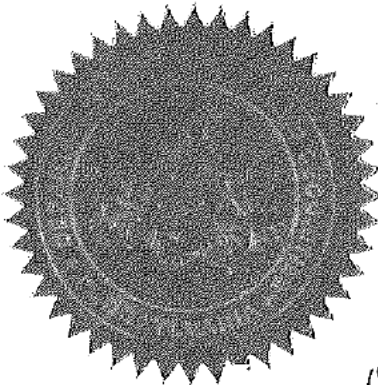
FINAL ORDER

AND NOW, upon review of the attached Consent Agreement and Order ("CAO") proposed by the parties in this matter as a final resolution of litigation, and pursuant to the final adjudication authority granted it under Section 1122-A of the Department of Banking and Securities Code, 71 P.S. § 733-1122-A, the Pennsylvania Banking and Securities Commission ("Commission") **APPROVES** the CAO as proposed. Among other things, the CAO calls for Deborah Gestner and Roger Gestner to pay an administrative assessment in the total amount of \$40,000, with \$10,000.00, payable on or before September 10, 2022, and \$30,000 on or before June 1, 2023.

BY ORDER OF THE COMMISSION:

Redacted


Richard Vague
Vice Chair
Pennsylvania Banking and Securities Commission



So ORDERED this 16th day of August 2022

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, BUREAU OF SECURITIES
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Docket No. 220004 (SEC-OSC)

CBD USA GROWN, INC.
DEBORAH GESTNER
ROGER GESTNER

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Securities Compliance and Examinations ("Bureau"), investigated the business practices of CBD USA Grown, Inc. co-founders, Deborah Gestner and Roger Gestner, president and vice president respectively, (collectively, the "Gestners"), CBD USA Grown, Inc. ("CBD USA"), and its officers and employees. Based on the results of its investigation, the Bureau has concluded that the Gestners and CBD USA, operated in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 *et seq.* ("1972 Act"). The Gestners, in lieu of litigation, and without admitting or denying the allegations herein, and intending to be legally bound, hereby agrees to the terms of this Consent Agreement and Order ("Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the 1972 Act.
2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.

3. CBD USA was, at all times material herein, a Pennsylvania limited liability company with an address at P.O. Box 12367, Pittsburgh, Pennsylvania 15231.

4. Deborah Gestner was, at all times material herein, an individual with an address at Redacted, and was co-founder and president of CBD USA.

5. Roger Gestner was, at all times material herein, an individual with an address at Redacted, and was co-founder and vice president of CBD USA.

FACTUAL ALLEGATIONS

6. Beginning in or about January 2017, the Gestners offered for sale shares of preferred and common stock (collectively "CBD Stock") in CBD USA, to investors throughout the United States. The written agreement for the shares of preferred stock promised a rate of return equal to 50% of the value of the initial investment annually. The written agreement for the shares of common stock promised an annual rate of return based upon CBD USA's performance.

7. From in or about January 2017 until March 2019, the Gestners offered and sold at least 370,239 shares of CBD Stock within the United States to at least 20 investors for an aggregate amount of at least \$1,080,000.

8. From in or about August 2017 until October 2018, CBD USA, offered and sold at least 30,278 shares of CBD Stock to at least 7 Pennsylvania residents ("PA Residents") for an aggregate amount of at least \$135,000.

9. As a co-founder and president of CBD USA, Deborah Gestner acted as an "affiliate" of CBD USA within the meaning of Section 102(b) of the 1972 Act, 70 P.S. § 1-102(b), and, as such, caused CBD USA to commit the herein-stated acts which violated the 1972

Act.

10. As a co-founder and vice president of CBD USA, Roger Gestner acted as an "affiliate" of CBD USA, within the meaning of Section 102(b) of the 1972 Act, 70 P.S. § 1-102(b), and, as such, caused CBD USA, to commit the herein stated acts which violated the 1972 Act.

11. The shares of CBD Stock described above are "securities" within the meaning of Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l).

12. CBD USA is the "Issuer" of the shares of CBD Stock described above within the meaning of Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l).

13. The records of the Department disclose that the shares of CBD Stock are: (a) not registered under Section 201 of the 1972 Act, 70 P.S. § 1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. § 1-202; (c) not federally covered securities under Section 211 of the 1972 Act, 70 P.S. § 1-211; and (d) the offer relating to the CBD Stock was not exempt under Section 203 of the 1972 Act, 70 P.S. § 1-203.

14. The Gestners failed to provide some or all the investors with financial statements regarding CBD USA, which disclosures would have been material for a reasonable investor to make an informed investment decision. To the extent that CBD USA, did not have disclosure documents, the Gestners failed to disclose their nonexistence, which would have been material for a reasonable investor to make an informed investment decision.

15. CBD USA, failed to disclose the following information concerning CBD USA, to some or all of the investors:

- a. The financial condition of CBD USA;
- b. The financial risk of the shares of CBD Stock;

- c. The identity and relevant background of the corporate officers of CBD USA; and
- d. CBD USA's operating history.

16. To date, CBD USA has been unable to fulfill its financial obligations to some or all of the Investors, and CBD USA has consequently defaulted on payments to some or all of the Investors.

17. At least one of the Investors was aged 60 or more at the time the Investor purchased the CBD Stock.

VIOLATION

18. By engaging in the acts and conduct set forth in paragraphs 6 through 13 above, the Gestners offered and sold shares of CBD Stock to Pennsylvania residents in willful violation of Section 201 of the 1972 Act, 70 P.S. § 1-201:

19. By engaging in the acts and conduct set forth in paragraphs 6 through 16 above, the Gestners, in connection with the offer and sale of the shares of CBD Stock, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in willful violation of Section 401(b) of the 1972 Act, 70 P.S. § 1-401(b).

RELIEF

20. The Gestners shall pay the Department an administrative assessment in the amount of \$40,000. Payment shall be made by certified check or money order made payable to the "Department of Banking and Securities" and shall be mailed or delivered in person to the Bureau of Securities Compliance and Examinations located at 17 N. Second Street, Suite 1300, Harrisburg, Pennsylvania 17101. The assessment shall be paid as follows:

- a. \$10,000 on or before September 10, 2022;

b. \$30,000 on or before June 1, 2023.

21. The Gestners are ORDERED to comply with the 1972 Act, and Regulations adopted by the Department, and in particular Sections 201 and 401 of the 1972 Act.

22. Should the Gestners fail to pay the assessment as set forth in paragraph 20 above, the sanctions set forth elsewhere in the Order shall continue in full force and effect until full payment is made. However, this provision shall not be construed as affording the Gestners the option of either paying the assessment or being indefinitely subject to the sanctions.

23. Should the Gestners fail to comply with any and/or all provisions of this Order, the Department may impose additional sanctions and costs and seek other appropriate relief subject to the Gestners' right to a hearing pursuant to the 1972 Act.

FURTHER PROVISIONS

24. Consent. The Gestners hereby knowingly, willingly, voluntarily, and irrevocably consent to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agrees that it understands all of the terms and conditions contained herein. The Gestners, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions, and/or penalties set forth in this Order.

25. Entire Agreement. This Order contains the entire agreement between the Department and the Gestners. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Department and the Gestners.

26. Binding Nature. The Department and the Gestners intend to be and are legally bound by the terms of this Order.

27. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

28. Effectiveness. The Gestners hereby stipulate and agree that the Order shall become effective on the date the Commonwealth of Pennsylvania Banking and Securities Commission approves the order.

29. Other Enforcement Action.

(a) The Department reserves all its rights, duties, and authority to enforce all statutes, rules, and regulations under its jurisdiction against the Gestners in the future regarding all matters not resolved by this Order.

(b) The Gestners acknowledge and agree that this Order is only binding upon the Department and not any other local, state or federal agency, department, or office regarding matters within this Order.

30. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

31. Counterparts. This Order may be executed in separate counterparts, by facsimile and/or by PDF.

32. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

33. Findings. The Department finds that it is necessary and appropriate, in the public interest for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities Compliance and Examination, Deborah Gestner, and Roger Gestner, intending to be legally bound, do hereby execute this Consent Agreement and Order.

FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES COMPLIANCE AND EXAMINATIONS

Redacted

Eric Mastilli, Deputy Secretary for Securities

Date: 06/22/2022

DEBORAH GASTNER

ROGER GASTNER

Redacted

Redacted

(Signature)

(Signature)

Deborah A. Gastner
(Print Name)

Roger Gastner
(Print Name)

Date: June 10, 2022

Date: 6-9-2022

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CERTIFICATE OF SERVICE

On behalf of the agency, I certify that I have this day caused to be served a copy of the foregoing *Final Order* upon the following persons pursuant to 1 Pa. Code § 33.31:

BY CERTIFIED, EMAIL AND
FIRST-CLASS MAIL:

CBD USA Grown, Inc.
World Operation Center
700 Horizon Dr., #117
Cargo Bldg. A, Foreign Trade Zone #33
Pittsburgh, PA 15231

CBD USA Grown, Inc.
PO Box 12367
Pittsburgh, PA 15231

Roger & Deborah Gestner

Redacted

VIA HAND DELIVERY:

Veronica Hoof, Assistant Counsel
Commonwealth of Pennsylvania
Department of Banking and Securities
17 North Second Street, Suite 1300
Harrisburg, PA 17101
*Counsel for the Bureau of Securities
Compliance and Examinations*

Redacted

Dated this 16th day of August 2022

Eileen Smith, Docket Clerk
PA Banking and Securities Commission
17 N. 2nd Street, Suite 1300
Harrisburg, PA 17101
Telephone: (717) 787-5783