

Initial Decision Release No. 1365
Administrative Proceeding
File No. 3-17132

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

In the Matter of
Infrastructure International, Inc.

Initial Decision of Default
March 12, 2019

Appearances: James Carlson and David S. Frye for the Division of
Enforcement, Securities and Exchange Commission

Before: James E. Grimes, Administrative Law Judge

Summary

This initial decision revokes the registration of the registered securities of Infrastructure International, Inc. The revocation is based on Respondent's failure to file required periodic reports with the Securities and Exchange Commission.

Introduction

On February 24, 2016, the Commission initiated this proceeding under Section 12(j) of the Securities Exchange Act of 1934 with an order instituting proceedings (OIP). The OIP alleges that Respondent has securities registered with the Commission under Exchange Act Section 12(g) and has failed to file timely periodic reports with the Commission, in violation of Exchange Act Section 13(a) and Rules 13a-1 and 13a-13 thereunder.

A different administrative law judge originally presided over this proceeding, but the matter was reassigned to me following the Supreme

Court's decision in *Lucia v. SEC*.¹ I have proceeded under the Commission's directive to not give weight to or otherwise presume the correctness of any prior opinions, orders, or rulings issued by the prior administrative law judge.²

Respondent was served with the OIP on November 21, 2018, through the Nevada Secretary of State.³ Its answer was due January 7, 2019, but this deadline was extended to February 13, 2019, by order of the Commission.⁴ Respondent did not submit an answer. On February 15, 2019, I ordered it to show cause by February 26, 2019, why the registration of its securities should not be revoked by default due to its failure to file an answer or otherwise defend the proceeding.⁵ Respondent has not filed an answer or responded to the show cause order and did not attend the prehearing conference held on February 26, 2019.

Findings of Fact

Respondent is in default for failing to file an answer, attend the prehearing conference, or otherwise defend this proceeding.⁶ Accordingly, as authorized by Rule of Practice 155(a),⁷ I find the following allegations in the OIP to be true.

Infrastructure International, Inc., Central Index Key No. 82312, is a permanently revoked Nevada corporation located in Shenzhen, China, with a class of securities registered with the Commission pursuant to Exchange Act Section 12(g). It is delinquent in its periodic filings with the Commission, having not filed any periodic reports since it filed a Form 10-QSB for the

¹ 138 S. Ct. 2044 (2018); see *Pending Admin. Proc.*, Securities Act of 1933 Release No. 10536, 2018 SEC LEXIS 2058, at *2–3 (Aug. 22, 2018).

² *Pending Admin. Proc.*, 2018 SEC LEXIS 2058, at *4.

³ *Infrastructure Int'l, Inc.*, Admin. Proc. Rulings Release No. 6383, 2018 SEC LEXIS 3396, at *1 (ALJ Dec. 3, 2018).

⁴ *Id.*; *Pending Admin. Proc.*, Securities Act Release No. 10603, 2019 SEC LEXIS 37 (Jan. 30, 2019).

⁵ *Infrastructure Int'l, Inc.*, Admin. Proc. Rulings Release No. 6463, 2019 SEC LEXIS 195, at *1 (ALJ Feb. 15, 2019).

⁶ See OIP at 2; 17 C.F.R. §§ 201.155(a), .220(f), .221(f).

⁷ 17 C.F.R. § 201.155(a).

period ended September 30, 1999, which reported no revenues or expenses for the prior nine months. As of February 23, 2016, the common stock of Infrastructure International was not publicly quoted or traded.

Respondent further failed to heed a delinquency letter sent to it by the Division of Corporation Finance requesting compliance with its periodic filing obligations.

Conclusions of Law

Exchange Act Section 13(a) and Rules 13a-1 and 13a-13 require public corporations to file annual and quarterly reports with the Commission.⁸ Compliance with these reporting requirements is mandatory.⁹ Scienter is not required to establish violations of Exchange Act Section 13(a) and Rules 13a-1 and 13a-13.¹⁰ Respondent failed to file timely periodic reports. As a result, Respondent failed to comply with Exchange Act Section 13(a) and Rules 13a-1 and 13a-13.

Sanction

Under Exchange Act Section 12(j), the Commission is authorized, “as it deems necessary or appropriate for the protection of investors,” to revoke the registration of a security or suspend the registration for a period not exceeding twelve months if it finds, after notice and an opportunity for hearing, that the issuer of the security has failed to comply with any provision of the Exchange Act or rules thereunder. In determining what sanctions will ensure that investors are adequately protected, the Commission “consider[s], among other things, the seriousness of the issuer’s violations, the isolated or recurrent nature of the violations, the degree of culpability involved, the extent of the issuer’s efforts to remedy its past violations and ensure future compliance, and the credibility of its assurances, if any, against further violations.”¹¹

⁸ 17 C.F.R. §§ 240.13a-1, .13a-13.

⁹ *America’s Sports Voice, Inc.*, Exchange Act Release No. 55511, 2007 SEC LEXIS 1241, at *12 (Mar. 22, 2007), *recons. denied*, Exchange Act Release No. 55867, 2007 SEC LEXIS 1239 (June 6, 2007).

¹⁰ *See SEC v. McNulty*, 137 F.3d 732, 740–41 (2d Cir. 1998); *SEC v. Wills*, 472 F. Supp. 1250, 1268 (D.D.C. 1978).

¹¹ *Gateway Int’l Holdings, Inc.*, Exchange Act Release No. 53907, 2006 SEC LEXIS 1288, at *19–20 (May 31, 2006).

Respondent's failures to file required periodic reports are serious because they constitute violations of a central provision of the Exchange Act. The purpose of periodic reporting is "to supply investors with current and accurate financial information about an issuer so that they may make sound [investment] decisions."¹² The reporting requirements are the primary tool that Congress "fashioned for the protection of investors from negligent, careless, and deliberate misrepresentations" in the sale of securities.¹³

Respondent's violations are recurrent in that it repeatedly failed to file periodic reports for nearly twenty years.¹⁴ Respondent is culpable because it knew or should have known about the reporting requirements. It further failed to heed a delinquency letter sent to it by the Division of Corporation Finance. Even if Respondent did not receive the delinquency letter, the other factors weigh in favor of revocation, and scienter is not necessary to establish grounds for revocation.¹⁵ In any event, there is no indication that Respondent's violations were inadvertent or accidental.¹⁶

Respondent has not answered the OIP or otherwise participated in the proceeding to address whether it has made any efforts to remedy its past violations, and it has made no assurances against further violations.

For the reasons described above, it is necessary and appropriate for the protection of investors to revoke the registration of each class of Respondent's registered securities.

¹² *Id.* at *26.

¹³ *Eagletech Commc'ns, Inc.*, Exchange Act Release No. 54095, 2006 SEC LEXIS 1534, at *12 (July 5, 2006) (quoting *SEC v. Beisinger Indus. Corp.*, 552 F.2d 15, 18 (1st Cir. 1977)).

¹⁴ *See Nature's Sunshine Prods., Inc.*, Exchange Act Release No. 59268, 2009 SEC LEXIS 81, at *20 (Jan. 21, 2009) (respondent failed to file seven required periodic reports due over a two-year period); *Impax Labs., Inc.*, Exchange Act Release No. 57864, 2008 SEC LEXIS 1197, at *25–26 (May 23, 2008) (respondent's failure to make eight filings over an eighteen-month period considered recurrent).

¹⁵ *See China-Biotics, Inc.*, Exchange Act Release No. 70800, 2013 SEC LEXIS 3451, at *37 & n.60 (Nov. 4, 2013).

¹⁶ *Id.* at *37 n.60.

Order

I ORDER that, under Section 12(j) of the Securities Exchange Act of 1934, the registration of each class of registered securities of Infrastructure International, Inc., is hereby REVOKED.¹⁷

This initial decision shall become effective in accordance with and subject to the provisions of Rule 360.¹⁸ Under this rule, a party may file a petition for review of this initial decision within twenty-one days after service of the initial decision. A party may also file a motion to correct a manifest error of fact within ten days of the initial decision, under Rule 111.¹⁹ If a motion to correct a manifest error of fact is filed by a party, then a party shall have twenty-one days to file a petition for review from the date of the undersigned's order resolving such motion to correct a manifest error of fact.

This initial decision will not become final until the Commission enters an order of finality.²⁰ The Commission will enter an order of finality unless a party files a petition for review or a motion to correct a manifest error of fact or the Commission determines on its own initiative to review the initial decision as to a party. If any of these events occur, the initial decision shall not become final as to that party.

A respondent may move to set aside a default. Rule 155(b) permits the Commission, at any time, to set aside a default for good cause, in order to prevent injustice and on such conditions as may be appropriate.²¹ A motion to set aside a default shall be made within a reasonable time, state the reasons for the failure to appear or defend, and specify the nature of the proposed defense in the proceeding.

James E. Grimes
Administrative Law Judge

¹⁷ This order applies to all classes of Respondent's securities registered under Section 12 of the Exchange Act, whether or not such securities are specifically identified by ticker symbol or otherwise in this initial decision.

¹⁸ 17 C.F.R. § 201.360.

¹⁹ 17 C.F.R. § 201.111(h).

²⁰ 17 C.F.R. § 201.360(d).

²¹ 17 C.F.R. § 201.155(b).