

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

ADMINISTRATIVE PROCEEDINGS RULINGS
Release No. 3619/February 17, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-16836

In the Matter of

STEVEN J. MUEHLER,
ALTERNATIVE SECURITIES MARKETS
GROUP CORP., AND
BLUE COAST SECURITIES CORP., dba
GLOBALCROWDTV, INC., AND BLUE
COAST BANC

ORDER FOLLOWING PREHEARING
CONFERENCE

On February 16, 2016, I held a prehearing conference attended by the Division of Enforcement and Respondent Steven J. Muehler, who also appeared on behalf of Respondents Blue Coast Securities Corp. and Alternative Securities Markets Group Corp. (ASMG).¹ The parties discussed the following during the conference.

On February 2, 2016, Respondents submitted objections to the Division's witness and exhibit lists. Respondents objected to certain documents based on relevance because the documents concerned interactions with foreign issuers, foreign investors, or a foreign securities exchange and requested testimony of certain witnesses be limited to interactions regarding domestic offerings only. Respondents also requested witnesses be allowed to review exhibits during examination. The Division clarified that these documents and testimony were relevant to an alleged fraudulent transaction between the witnesses' companies and Mr. Wes Johnson, Muehler's former business partner. The Division argued that the transaction involved took place within the United States and Respondents' conduct related to this transaction also took place within the United States.

I deferred ruling on Respondents' objections as to relevance. At the hearing, the Division will have the opportunity to present the exhibits and witness testimony and I will rule on Respondents' objections at that time. I noted to Muehler that while I was not denying his objections, the admissibility of evidence in administrative proceedings is governed by a liberal standard. *See* 17 C.F.R. § 201.320. I granted Respondents' request that witnesses be able to review exhibits during examination.

¹ Unless otherwise noted, "Muehler" herein refers to him, Blue Coast and ASMG.

The parties then discussed courtroom access because the hearing is to take place in a federal courtroom. The Division has been in contact with someone from the court regarding access to electronic equipment for the hearing. I asked that the Division contact the court to request that Muehler be able to bring his cell phone into the courthouse. I advised the Division that my office could write a letter supporting the request if needed.

On February 12, 2016, the Division received a motion to quash the subpoena from witness, Mr. Lance Layne. Mr. Layne's motion expressed that he does not think his testimony is relevant to the proceeding, the subpoena violates Federal Rule of Civil Procedure 45, and due to his career and family, traveling to California from Massachusetts for the hearing would be a significant hardship. During the conference, I denied Mr. Layne's motion to quash, but will allow the Division to modify the subpoena so that Mr. Layne can appear telephonically. I found that the Division's explanation of why Mr. Layne's testimony is relevant to the proceeding sufficient and noted that Federal Rule of Civil Procedure 45 is not applicable to this administrative proceeding. I stated that modifying the subpoena to allow Mr. Layne to appear telephonically should alleviate his concerns regarding traveling to the hearing.

I noted that Respondents had submitted subpoenas to my office for issuance and I had agreed to issue the subpoenas. I counseled Muehler that he must serve the subpoenas on the witnesses. The Division's and Respondents' witness lists share one witness, Mr. Johnson. As Mr. Johnson is represented by counsel, I instructed Muehler to serve the subpoena on Mr. Johnson's counsel.

Regarding the testimony of Ms. Eartha Baynard, an analyst from FINRA, the parties agreed to stipulate to her testimony. The Division will provide the stipulated language and the correct exhibit numbers for any documents relevant to Ms. Baynard's stipulated testimony. Due to this stipulation, I withdraw the subpoena for Ms. Baynard.

The Division requested to add additional exhibits to its exhibit list. The Division noted that these exhibits had previously been produced to Respondents. I agreed to allow the addition of exhibits and advised Muehler of his ability to object to these exhibits. The Division also requested to add one additional witness, Mr. Jason Koment. Mr. Koment is prepared to testify by telephone. I agreed to allow the addition of Mr. Koment. I advised the parties that for all witnesses who would testify telephonically, the parties must send the relevant documents to the witnesses prior to the hearing in order to give them adequate time to review.

I also stated that, to avoid confusion, parties must provide copies of each exhibit, with a unique exhibit number affixed to the front, to the opposing side prior to the hearing. The parties agreed to do so.

Lastly, based on representations by both parties concerning travel and transporting of exhibits, the hearing will commence at 10:30 a.m. PST, on February 22, 2016.

Jason S. Patil
Administrative Law Judge