

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 73087 / September 12, 2014

INVESTMENT ADVISERS ACT OF 1940

Release No. 3917 / September 12, 2014

ADMINISTRATIVE PROCEEDING

File No. 3-16104

In the Matter of

**MICHAEL LEE
MENDENHALL,**

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Michael Lee Mendenhall (“Mendenhall” or “Respondent”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

Respondent Michael Lee Mendenhall, age 51, is a resident of Canon City, Colorado. From June 2005 to November 2009, Mendenhall was associated with a broker-dealer and investment adviser that was registered with the Commission. From January 2009 until October 2010, Mendenhall was associated with a broker-dealer registered with the Commission.

B. RESPONDENT’S CRIMINAL CONVICTION

1. On March 2, 2012, Mendenhall was convicted of 17 counts of securities fraud in violation of Colo. Rev. Stat. § 11-51-501(1), a class three felony, and eight counts of theft in

violation of Colo. Rev. Stat. § 18-4-401, a class three felony, before the District Court, City and County of Denver, Colorado, in People v. Michael Lee Mendenhall, Case No. 2011CR10094. On April 20, 2012, a judgment in the criminal case was entered against Mendenhall. Mendenhall was sentenced to 30 years in prison, and ordered to pay \$1,408,667.77 in restitution.

2. One of the securities fraud counts on which Mendenhall was convicted alleged that, between April 2006 and November 2010, Mendenhall, in connection with the offer, sale, or purchase of a security, directly or indirectly, unlawfully, feloniously, and willfully engaged in any act, practice, or course of business which operated, or would have operated as a fraud or deceit upon any person in connection with purported residential real estate acquisition investments. The remaining sixteen securities fraud counts on which Mendenhall was convicted alleged that, at various times between April 2006 and November 2010, Mendenhall, in connection with the offer, sale, or purchase of a security, directly or indirectly, unlawfully, feloniously and willfully made an untrue statement of material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in connection with purported residential real estate investments. The theft counts on which Mendenhall was convicted alleged that, at various times between September 2005 and August 2010, Mendenhall unlawfully, feloniously, and knowingly obtained or exercised control over investors' money, without authorization, or by threat or decision, and knowingly used, concealed, or abandoned the thing of value in such manner as to permanently deprive investors of its use or benefit.

3. At the time of the misconduct for which he was convicted, Mendenhall was associated with a broker-dealer and investment adviser registered with the Commission and/or a broker-dealer registered with the Commission.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an

Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Jill M. Peterson
Assistant Secretary