UNITED STATES OF AMERICA

Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933

INVESTMENT COMPANY ACT OF 1940

ADMINISTRATIVE PROCEEDING
File No. 3-13266

ORDER INSTITUTING CEASE-AND-DESIST AND EXEMPTION SUSPENSION PROCEEDINGS, MAKING FINDINGS, IMPOSING A CEASE-AND-DESIST ORDER, AND PERMANENTLY SUSPENDING THE REGULATION E EXEMPTION AS TO ATLANTIS TECHNOLOGY GROUP, PURSUANT TO SECTION 9(f) OF THE INVESTMENT COMPANY ACT OF 1940 AND RULE 610(c) OF REGULATION E

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist and exemption suspension proceedings be, and hereby are, instituted pursuant to Section 9(f) of the Investment Company Act of 1940 (“Investment Company Act”) and Rule 610(c) of Regulation E against Atlantis Technology Group (“Atlantic” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist and Exemption Suspension Proceedings, Making Findings, Imposing a Cease-and-Desist Order, and Permanently Suspending the Regulation E Exemption as to Atlantis Technology Group, Pursuant to Section 9(f) of the Investment Company Act of 1940 and Rule 610(c) of Regulation E (“Order”), as set forth below.
III.

On the basis of this Order and Respondent’s Offer, the Commission finds\(^1\) that:

**Summary**

1. Since electing to be regulated as a business development company (“BDC”) in April 2003, Atlantis has, among other things, issued rights to purchase securities without expiration to non-security holders, issued shares for services or property other than cash, and failed to establish a majority of disinterested directors on its board. As a result, Atlantis violated Sections 18(d), 23(a), and 56(a), respectively, of the Investment Company Act. In addition, Atlantis failed to obtain a fidelity bond as required under Section 17(g) of the Investment Company Act and Rule 17g-1 thereunder, and failed to implement a compliance program as required under Investment Company Act Rule 38a-1. Finally, Atlantis failed to comply with Rule 609 of Regulation E because it did not file offering-status reports on Form 2-E in connection with securities offerings under Regulation E commenced in June 2003, October 2003, December 2003, and July 2004.

**Respondent**

2. Atlantis, formerly known as Atlantis Business Development Corporation, is a Nevada corporation with its principal offices located in Colorado Springs, Colorado. It elected to be regulated as a BDC on April 30, 2003, and withdrew its election on September 19, 2007. Prior to its BDC election, Atlantis was an operating company known as Medplus Corp., which was primarily in the business of medical-patient financing. Atlantis’s securities are registered under Section 12(g) of the Securities Exchange Act of 1934 and are quoted on the OTC Bulletin Board under the symbol ATNO.

**Issuing Convertible Securities for Services**

3. On April 1, 2003, Atlantis issued 2 million shares of preferred stock split equally among two of its officers in compensation for, among other things, their services as officers. Each preferred share was convertible into 10 common shares. Under Section 61(b) of the Investment Company Act, a BDC must comply with Section 61 at the time it becomes subject to Sections 55 through 65 of the Investment Company Act (“the BDC provisions”), “as if it were issuing a security of each class which it has outstanding at such time.” Atlantis became subject to the BDC provisions on April 30, 2003.

4. Section 18 of the Investment Company Act is made applicable to BDCs by Section 61(a) of the Investment Company Act, subject to certain exceptions. Section 18(d), as applicable to BDCs, generally prohibits them from issuing “any warrant or right to subscribe to or purchase a security

\(^1\) The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.
of which such company is the issuer, except in the form of warrants or rights to subscribe expiring not later than one hundred and twenty days after their issuance and issued exclusively and ratably to a class or classes of such company's securities holders.” The conversion feature on Atlantis’s preferred stock, which constituted rights to subscribe to or purchase securities, did not provide that the conversion feature would expire not later than 120 days after their issuance as required under Section 18(d).

5. Section 61(a)(3) allows a BDC, notwithstanding Section 18(d), to issue warrants, options, or rights to subscribe or convert to voting securities that are accompanied by securities if, among other things, the BDC’s shareholders authorized, and a majority of the BDC’s disinterested directors approves, the proposal to issue such securities. Atlantis’ shareholders did not authorize the issuance of the preferred stock.

6. Section 23(a) of the Investment Company Act, which Section 63 makes applicable to BDCs, generally prohibits any closed-end company from issuing shares for services or for property other than cash or securities. In addition to the preferred stock described above, from June 2004 through December 2004, Atlantis issued approximately 8 million shares to officers and directors in compensation for services and property other than cash.

**Failure to Establish a Majority of Disinterested Directors**

7. Section 56(a) of the Investment Company Act provides that a majority of a BDC’s directors shall be persons who are not interested persons, as that term is defined in Section 2(a)(19) of the Investment Company Act. Between November 2003 and December 2004, Atlantis failed to have a board composed of a majority of persons who were not interested persons.

**Failure to Adopt and Implement Compliance Policies and Procedures**

8. On December 17, 2003, the Commission adopted Rule 38a-1 under the Investment Company Act, which requires each registered investment company and BDC to adopt and implement written policies and procedures reasonably designed to prevent violations of federal securities laws. These policies and procedures must be approved by the BDC’s board of directors (including a majority of disinterested directors) and reviewed annually. Furthermore, each BDC must appoint a chief compliance officer to administer the policies and procedures and fulfill certain reporting duties to the board. The compliance deadline for this new rule was October 5, 2004. Atlantis did not adopt and implement written policies and procedures reasonably designed to prevent violations of federal securities laws and did not appoint a chief compliance officer.

**Failure to Provide and Maintain a Fidelity Bond**

9. Section 17(g) of the Investment Company Act and Rule 17g-1 thereunder, which Section 59 makes applicable to BDCs, require each BDC to provide and maintain a bond issued by a reputable fidelity insurance company against larceny and embezzlement by officers and employees of the BDC. Atlantis did not provide and maintain a fidelity bond.
Violations

10. As a result of the conduct described above, Atlantis violated Sections 17(g), 18(d), 23(a), and 56(a) of the Investment Company Act and Rules 17g-1 and 38a-1 thereunder.

Failure to Comply with Rule 609 of Regulation E

11. On June 5, 2003, October 27, 2003, December 19, 2003, and July 29, 2004, Atlantis filed Form 1-E notifications of stock issuance pursuant to the securities-registration exemption under Securities Act Regulation E. The filings included a required offering circular, which provided certain disclosures regarding the offering. Rule 609 of Regulation E requires that, within 30 days after the end of each six-month period following the date of the original offering circular, or upon the termination of the offering, whichever is earlier, an issuer must file a report on Form 2-E, providing certain information regarding the status of the offering. Atlantis filed a Form 2-E for the December 19, 2003 Regulation E offering on July 13, 2004, but did not file any Forms 2-E for the June 5, 2003, October 27, 2003, or July 29, 2004 Regulation E offerings and failed to file any subsequent Forms 2-E for the December 19, 2003 Regulation E offering after July 23, 2004. Therefore, Atlantis failed to comply with Rule 609.

12. Under Regulation E, Rule 610(c), the Commission may, at any time after notice of and opportunity for hearing, enter an order permanently suspending the Regulation E exemption, if the Commission has reason to believe, among other things, that any of the terms or conditions of Regulation E have not been complied with, including failure to file any report as required by Rule 609.

Respondent’s Remedial Efforts

13. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Atlantis’ Offer.

Accordingly, pursuant to Section 9(f) of the Investment Company Act and Rule 610(c) of Regulation E, it is hereby ORDERED that:

A. Respondent Atlantis cease and desist from committing or causing any violations and any future violations of Sections 17(g), 18(d), 23(a), and 56(a) of the Investment Company Act and Rules 17g-1 and 38a-1 thereunder.
B. The Regulation E exemption as to Respondent Atlantis be, and hereby is, permanently suspended.

By the Commission.

Florence E. Harmon
Acting Secretary