

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 70679 / October 11, 2013**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15567**

**In the Matter of**

**JAMES C. MULHOLLAND,**  
**JR.,**

**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO SECTION 15(b) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934,**  
**MAKING FINDINGS, AND IMPOSING**  
**REMEDIAL SANCTIONS**

**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”) against James C. Mulholland, Jr. (“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 him and the subject matter of these proceedings and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Respondent is 54 years old and resides in St. Pete Beach, Florida. In approximately 1981, Respondent became registered as a "securities agent" in Michigan, and between 1981 and 1991 was associated with multiple registered broker-dealers. In 1991, the State of Michigan's Corporation and Securities Bureau entered a consent order revoking Respondent's securities agent registration and fining him \$8,000 for engaging in the unregistered offer and sale of securities. In 2004, Respondent became associated with Invest Financial Corporation ("Invest"), a registered broker-dealer located in Tampa, Florida. Respondent resigned from Invest in July 2005 and, in 2006, FINRA suspended him and fined him \$10,000 for offering and selling securities to customers without notice to or permission from Invest. Also in 2006, the State of Michigan Office of Financial and Insurance Regulation revoked Respondent's insurance license for offering and selling securities to his insurance clients.

2. On October 4, 2013, a final judgment was entered by consent against Respondent, permanently enjoining him from future violations of Sections 5 and 17(a) of the Securities Act of 1933 ("Securities Act"), Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. James C. Mulholland, Jr., et al., Civil Action Number 1:12-cv-14663, in the United States District Court for the Eastern District of Michigan.

3. The Commission's complaint alleged that since the 1990s, Respondent and his twin brother, Thomas S. Mulholland, (collectively, "the Mulhollands") operated a real estate business which involved buying, maintaining, and renting residential real estate in Michigan. To finance the real estate business, the Mulhollands raised money from individual investors through the offer and sale of securities in the form of demand notes ("Mulholland Notes"). The Commission also alleged that beginning in at least January 2009, the Mulhollands' real estate business experienced significant cash flow problems and had difficulty meeting financial obligations, including repaying investors. The complaint also alleged that despite the deteriorating financial condition of their real estate operation, the Mulhollands continued to solicit investors and to raise additional funds from them. From January 2009 through January 2010, the Mulhollands raised approximately \$2 million from approximately 75 investors through the offer and sale of the Mulholland Notes. The Commission alleged that the Mulhollands defrauded these investors by, among other things, telling investors that the Mulhollands' real estate business was profitable, that investors would earn 7% per year on their investment and that the investors' returns would be generated by profits from the real estate business. The Commission also alleged that Respondent held himself out as a broker in connection with the offer and sale of Mulholland Notes. The complaint further alleged that the Mulhollands misrepresented to investors that investors' principal and interest were guaranteed and that they could get their money back upon 30 days' written notice. The Commission alleged that in reality the Mulhollands' real estate business was a failure and losing money. In fact, the business had experienced negative monthly cash flow from real estate operations during most of the relevant period, needed new investor funds to pay its bills and to pay interest to previous investors, and did not have the means to refund investors' principal within 30 days even if a small

number of them requested to redeem their notes. The complaint alleged that despite their deteriorating financial condition, the Mulhollands continued to raise new investor funds throughout 2009 and into the beginning of 2010 – including within weeks of their bankruptcy filings – relying on the above misrepresentations and omissions to make the sales.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Mulholland's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act that Respondent Mulholland be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Elizabeth M. Murphy  
Secretary