

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 71904 / April 8, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15827

In the Matter of

Empire Stock Transfer, Inc.
and Patrick R. Mokros

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 17A(c) AND 21C
OF THE SECURITIES EXCHANGE ACT OF
1934, MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 17A(c) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Empire Stock Transfer, Inc. (“Empire”) and Patrick R. Mokros (“Mokros”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have 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 them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 17A(c) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offer, the Commission finds¹ that

Respondents

1. Empire Stock Transfer, Inc. ("Empire") is a Nevada corporation located in Henderson, Nevada, and has been registered as a transfer agent with the Commission since May 2004.

2. Patrick R. Mokros ("Mokros"), age 32, resides in Ohio. Mokros is Empire's president. Prior to associating with Empire, Mokros was associated with a broker-dealer registered with the Commission.

Other Relevant Party

3. Marcus A. Luna ("Luna") was an undisclosed control person of Empire. He is an attorney currently licensed in the state of California. In December 2010, the Commission filed an action against Luna for violations of the anti-fraud provisions of the federal securities laws (*SEC v. Luna*, Case No. 2:10-CV-02166 (D. Nev.) (L.R. No. 21779 (Dec. 15, 2010)).

Background

4. Empire is a transfer agent registered with the Commission. As of 2013, Empire had been engaged by approximately 327 corporate issuers to perform various shareholder administrative functions, including recording changes in ownership of the issuers' stock, maintaining the issuer's security holder records, canceling and issuing stock certificates, distributing dividends, resolving problems arising from lost, destroyed or stolen certificates, and mailing proxy ballots and tabulating proxy votes.

5. Empire, as a registered transfer agent was required by Section 17A(c)(2) of the Exchange Act and Rules 17Ac2-1(a) and (c) thereunder: (1) to register with the Commission by filing a true, correct, and complete Form TA-1 in accordance with the instructions therein (Rule 17Ac2-1(a)); and (2) to file an amended Form TA-1 within 60 days (Rule 17Ac2-1(c)) if any information in its Form TA-1 became inaccurate, misleading, or incomplete to correct the information. The Form TA-1 required Empire to disclose, among other information: (1) its officers, owners, and control persons; (2) any other person, directly or indirectly, through agreement or otherwise exercise or have the power to exercise control over its management or policies; and (3) any other person who wholly or partially finances its business, directly or indirectly, in any manner other than a public offering of securities under the Securities Act or by credit extended in the ordinary course of business by suppliers, banks, or others. Empire was also

¹ The findings herein are made pursuant to Respondents' Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

required by Section 17(a)(3) of the Exchange Act to make and keep any reports required by Section 17A of the Exchange Act and the rules thereunder, including Forms TA-1.

6. On or about May 30, 2006, Mokros signed a Share Purchase Agreement, under which Mokros agreed to purchase all of Empire's outstanding stock for \$300,000. Mokros, however, did not pay the \$300,000 purchase price for the Empire shares; rather, the \$300,000 was paid by Luna. On June 2, 2006, the stock certificate for Empire was issued to Mokros.

7. From May 30, 2006, through 2008, Luna was significantly involved in Empire's operations, including (1) hiring personnel; (2) making strategic decisions regarding the business lines to pursue; (3) revising Empire's procedures manual and transfer agent service contract; and (4) renting Empire's new premises. During this period, Luna also received most of Empire's profits. From May 30, 2006, through 2008, Luna received \$535,000 from Empire, while Mokros received \$179,461 from Empire. In addition, on April 12, 2010, Empire loaned \$200,000 to a company controlled by Luna, which was to be repaid by September 14, 2010; Luna's company never repaid the loan, and Empire never took any action to collect on the loan.

8. In January 2007, Empire hired Matthew J. Blevins ("Blevins") to run Empire's day-to-day operations, including overseeing Empire's finances. In 2009, Blevins was given the title of vice president.

9. Since May 30, 2006, Empire has filed five Forms TA-1 or amendments with the Commission. Empire filed these Forms TA-1 under Mokros's physical signature (prior to January 11, 2007) or electronic signature (after January 11, 2007). These Forms TA-1 stated that by Empire's filing the form and Mokros's signing the form, they represented that the information in the forms was "true, correct, and complete."

10. The Forms TA-1 and amendments thereto required Empire to disclose: (a) "each Chief Executive Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer, Director, and persons with similar status or functions"; (b) any person who had the "power to direct or cause the direction of the management or policies of a company, whether through ownership of securities, by contract, or otherwise"; and (c) any person or entity who "wholly or partially finance[d] the business of [Empire], directly or indirectly, in any manner other than by a public offering of securities pursuant to the Securities Act of 1933 or by credit extended in the ordinary course of business by suppliers, banks and others."

11. In Empire's Forms TA-1 and amendments thereto, Empire and Mokros never disclosed Luna's or Blevins' control position in Empire or Luna's financing of the purchase of Empire.

12. As a result of the conduct described above, Empire willfully² violated, and Mokros willfully aided and abetted and caused Empire's violations of, Sections 17(a)(3) and 17A(c)(2) of the Exchange Act and Rules 17Ac2-1(a) and (c) thereunder.

Undertakings

Empire undertakes to:

13. Retain within 30 days after entry of this Order, the services of an Independent Consultant, not unacceptable to the Commission's staff, and thereafter exclusively bear all costs, including compensation and expenses, associated with the retention of the Independent Consultant. Empire shall retain the Independent Consultant to conduct a comprehensive review of, and recommend corrective measures concerning, its policies and procedures relating to the making, keeping, and filing of Forms TA-1 and Forms TA-2 with the Commission. Empire shall cooperate fully with the Independent Consultant and shall provide the Independent Consultant with access to Empire's files, books, records, and personnel as reasonably requested.

14. No more than 120 days after the entry of this Order, submit to the Commission's staff a written report that Empire will obtain from the Independent Consultant regarding Empire's policies and procedures. The report will include a description of the review performed, the conclusions reached, the Independent Consultant's recommendations for changes or improvements to the policies and procedures, and a procedure for implementing any recommended changes.

15. Adopt all recommendations made by the Independent Consultant, provided, however, that within 150 days after the entry of this Order, Empire will advise the Independent Consultant and the staff of the Commission in writing of any recommendations it considers unnecessary or inappropriate, Empire need not adopt that recommendation at that time, but instead propose in writing an alternative policy, procedure, or system designed to achieve the same objective or purpose. As to any recommendation with respect to Empire's policies and procedures on which Empire and the Independent Consultant do not agree, Empire will attempt in good faith to reach an agreement with the Independent Consultant within 180 days of the entry of this Order. In the event that Empire and the Independent Consultant are unable to agree on an alternative proposal, Empire will abide by the determinations of the Independent Consultant.

16. To ensure the independence of the Independent Consultant, Empire: (a) shall not have authority to terminate the Independent Consultant, without the prior written approval of the Commission's staff; (b) shall compensate the Independent Consultant, and persons engaged to assist the Independent Consultant, for services rendered pursuant to this Order at their reasonable and customary rates; (c) shall not be in and shall not have an attorney-client relationship with the Independent Consultant, and shall not seek to invoke the attorney-client or any other doctrine or privilege to prevent the Independent Consultant from transmitting any information, reports, or documents to the Commission or the Commission's staff.

² A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." *Wonsover v. SEC*, 205 F.3d 408,414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)).

17. Require the Independent Consultant to enter into an agreement that provides that for the period of engagement and for a period of two years from completion of the engagement, the Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Empire or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity. The agreement will also provide that the Independent Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Independent Consultant in performance of his/her duties under this Order shall not, without prior written consent of the Los Angeles Regional Office, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Empire or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

18. Certify, in writing, compliance with the undertaking(s) set forth above. The certification shall identify the undertaking(s), provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Empire agrees to provide such evidence. The certification and supporting material shall be submitted to Diana Tani, Assistant Regional Director, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than 60 days from the date of the completion of the undertakings.

IV.

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

Accordingly, pursuant to Sections 17A(c) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Empire cease and desist from committing or causing any violations and any future violations of Sections 17(a)(3) and 17A(c)(2) of the Exchange Act and Rules 17Ac2-1(a) and (c) thereunder.

B. Respondent Mokros cease and desist from committing or causing any violations and any future violations of Sections 17(a)(3) and 17A(c)(2) of the Exchange Act and Rules 17Ac2-1(a) and (c) thereunder.

C. Respondents Empire and Mokros are censured.

D. Respondents Empire and Mokros shall jointly and severally pay civil penalties of \$50,000 to the United States Treasury. Payment shall be made in the following installments: \$12,500 within 10 calendar days of the entry of this Order; \$12,500 within 120 calendar days of the entry of this Order; \$12,500 within 240 calendar days of the entry of this Order; and \$12,500 within 360 calendar days of the entry of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any

additional interest accrued pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. Payment must be made in one of the following ways:

- (1) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (2) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Empire and Mokros as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Lorraine Echavarria, Associate Director, Division of Enforcement, Securities and Exchange Commission, 5670 Wilshire Blvd., Suite 1100, Los Angeles, California 90036.

E. Respondent Empire shall comply with the undertakings enumerated in Section III, Paragraphs 13-18 above.

By the Commission.

Jill M. Peterson
Assistant Secretary