

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 73164 / September 22, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16144

In the Matter of

MUHAMMAD (“M.J.”) SHAHEED,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 15(b) 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 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Muhammad (“M.J.”) Shaheed (“Shaheed” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) that 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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) 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 Respondent’s Offer, the Commission finds¹ that:

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.

Summary

These proceedings arise out of a fraudulent scheme in which insiders of publicly-traded penny stock companies paid secret kickbacks to a purported corrupt hedge fund manager, who was in fact an undercover agent with the Federal Bureau of Investigation (“Fund Manager”), in exchange for the Fund Manager’s purchase of restricted stock of the penny stock companies on behalf of his purported hedge fund (“the Fund”), which did not actually exist.

Respondent

1. Respondent, age 46, a resident of Cleveland Heights, Ohio, was President and Chief Executive Officer of Augrid Global Holdings Corporation (“Augrid”), a holding company incorporated in Nevada that seeks to acquire private companies in a variety of industries. Respondent participated in an offering of Augrid stock, which is a penny stock. Shaheed was charged with three counts each of mail fraud and wire fraud on January 18, 2012 and pleaded guilty to all counts on February 12, 2013 in *U.S. v. Shaheed*, 12-CR-10014-DPW (D. Mass.). On July 1, 2013, Shaheed was ordered to forfeit \$30,000 and sentenced to 21 months’ imprisonment to be followed by two years’ supervised release.

Other Relevant Entities and Individuals

2. Augrid Global Holdings Corporation appears to be a Nevada corporation with its principal place of business currently in Houston, Texas. It is purportedly a holding company operating in the telecommunications and real estate businesses. The company appears to have been formerly known as Augrid Corp. and formerly located in Cleveland, Ohio. Its securities had been registered with the Commission under Exchange Act Section 12(g), but it filed a form 15-12G on January 31, 2007 terminating its securities registration. The company’s stock had been quoted on OTC Markets, Inc. (“OTC Markets”) under the symbol “AGHD,” but OTC Markets has ceased quoting it, and the last know trade in AGHD stock was July 23, 2013. On December 1, 2011, the Commission, pursuant to Exchange Act Section 12(k), suspended trading in the securities of Augrid for a period of 10 business days.

3. Michael Lee (“Lee”), age 63, is a resident of Whitman, Massachusetts. Lee was the Chief Executive Officer and President of ZipGlobal Holdings, Inc. Lee was in the business of assisting publicly-traded companies in finding sources of funding. On January 11, 2012, Lee pleaded guilty to one count of mail fraud and one count of conspiracy to commit securities fraud in *U.S. v. Michael Lee*, 11-CR-10394-RWZ (D. Mass.). On March 6, 2014, Lee was sentenced to 30 months’ probation, with nine months of that sentence to be served as home confinement with electronic monitoring, and was ordered to forfeit \$105,603.

Background

4. At some time prior to November 23, 2010, Lee arranged for Shaheed to meet with the Fund Manager to discuss funding for Augrid.

5. On or about November 23, 2010, Shaheed met with the Fund Manager and Lee to discuss a potential investment of the Fund's monies in Augrid stock in exchange for a secret fifty percent kickback to the Fund Manager (the "November 23 Meeting"). Shaheed indicated that he was willing to enter the kickback arrangement.

6. At the November 23 Meeting, the Fund Manager, Shaheed, and Lee also discussed the mechanics of the funding. Shaheed was informed that the Fund Manager would begin by investing smaller amounts in Shaheed's company, while planning to increase the funding installments, or tranches, in the future.

7. At the November 23 Meeting, the Fund Manager further discussed with Shaheed the mechanics of the kickbacks to the Fund Manager. The Fund Manager explained to Shaheed that Shaheed would be sending the kickbacks to one or more companies that the Fund Manager himself controlled. The Fund Manager discussed with Shaheed that Augrid would execute consulting agreements with one or more of the Fund Manager's companies, and Shaheed would pay the relevant company owned by the Fund Manager an amount equaling fifty percent of Fund monies invested in Augrid stock. The Fund Manager further indicated to Shaheed that the Fund would not know about the kickbacks paid to the Fund Manager through such consulting agreements.

8. On various dates between November 26, 2010 and February 14, 2011, Shaheed sent the Fund Manager documents related to the kickback transaction, including consulting agreements between Augrid and one of the Fund Manager's nominee consulting companies and phony invoices in the name of the Fund Manager's nominee consulting company.

9. On or about December 1, 2010, \$10,000 was sent by wire transfer from a bank account maintained in Massachusetts, purportedly belonging to the Fund, to an Augrid corporate bank account outside of Massachusetts. This wire transfer represented the first tranche of funding to Augrid.

10. On or about December 2, 2010, Shaheed caused \$5,000 to be sent by wire transfer from an Augrid corporate bank account outside of Massachusetts to a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts. This wire transfer represented Shaheed's kickback to the Fund Manager from the first tranche of funding to Augrid.

11. On or about December 3, 2010, Shaheed caused a stock certificate representing the purchase by the Fund of Augrid shares to be sent to the Fund Manager.

12. On or about December 9, 2010, \$20,000 was sent by wire transfer from a bank account maintained in Massachusetts, purportedly belonging to the Fund, to an Augrid corporate bank account outside of Massachusetts. This wire transfer represented the second tranche of funding to Augrid.

13. On or about December 10, 2010, Shaheed caused \$10,000 to be sent by wire transfer from an Augrid corporate bank account outside of Massachusetts to a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts. This wire transfer represented Shaheed's kickback to the Fund Manager from the second tranche of funding to Augrid.

14. On or about December 10, 2010, Shaheed caused a stock certificate representing the purchase by the Fund of Augrid shares to be sent to the Fund Manager.

15. On or about January 10, 2011, \$30,000 was sent by wire transfer from a bank account maintained in Massachusetts, purportedly belonging to the Fund, to an Augrid corporate bank account outside of Massachusetts. This wire transfer represented the third tranche of funding to Augrid.

16. On or about January 11, 2011, Shaheed caused \$15,000 to be sent by wire transfer from an Augrid corporate bank account outside of Massachusetts to a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts. This wire transfer represented Shaheed's kickback to the Fund Manager from the third tranche of funding to Augrid.

17. On or about January 24, 2011, Shaheed caused a stock certificate representing the purchase by the Fund of Augrid shares to be sent to the Fund Manager.

18. As a result of the conduct described above, Shaheed willfully violated Section 10(b) of the Exchange Act and Rule 10b-5(a) thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

IV.

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

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Shaheed shall cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Shaheed be, and hereby is:

barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)]; 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.

By the Commission.

Jill M. Peterson
Assistant Secretary