

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10268 / December 16, 2016

SECURITIES EXCHANGE ACT OF 1934
Release No. 79573 / December 16, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17727

In the Matter of

MICHAEL J. MUELLERLEILE, ESQ.
and
M2 LAW PROFESSIONAL CORP.,

Respondents.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-
AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933,
SECTIONS 4C AND 15(b) OF THE
SECURITIES EXCHANGE ACT OF
1934, AND RULE 102(e) OF THE
COMMISSION'S RULES OF
PRACTICE, 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 Section 8A of the Securities Act of 1933 (“Securities Act”) and Sections 4C¹ and 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Michael J. Muellerleile, Esq. (“Muellerleile”) and M2 Law Professional Corp. (“M2 Law”) (collectively,

¹ Section 4C provides, in relevant part, that:

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others . . . (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations thereunder.

“Respondents”), and pursuant to Rule 102(e)(1)(iii)² of the Commission’s Rules of Practice against Muellerleile.

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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, and except as provided herein in Section VI for Respondent Muellerleile, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 4C and 15(b) of the Securities Exchange Act of 1934, and Rule 102(e) of the Commission’s Rules of Practice 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’ Offers, the Commission finds³ that

A. SUMMARY

1. This proceeding concerns an unlawful scheme to create five public microcap companies by Muellerleile, a California attorney, for the purpose of securing the issuance and dissemination of unrestricted securities that were quoted on the OTC Bulletin Board and OTC Link.

2. Muellerleile handpicked family and friends to incorporate microcap companies in Nevada and serve as their officers. Through his law firm, M2 Law, Muellerleile authored Form S-1 and SB-2 registration statements to take the companies public, knowing that each registration statement contained material misrepresentations and omissions. Once the Forms S-1 and SB-2 were effective, Muellerleile orchestrated sham initial public offerings (“IPOs”). He provided false and misleading information to a stock transfer agent to obtain unrestricted shares in the names of straw shareholders, while maintaining control over the issued shares. Muellerleile then provided false and misleading information to a broker-dealer that created the false appearance that valid

² Rule 102(e)(1)(iii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

³ The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

IPOs had occurred. The broker-dealer then included the materially misleading information in Forms 211 it submitted to FINRA in order to secure price quotations for the companies' stock on the OTC Bulletin Board and OTC Link. After FINRA granted clearance of the Forms 211, Muellerleile facilitated the transfer of most of the shares, which for three of the companies was to overseas market participants. Muellerleile also maintained the reporting company status of all five companies by authoring periodic Commission filings that repeated and added to the materially misleading statements contained in the Forms S-1, SB-2, and 211. Muellerleile profited from the scheme through legal fees paid to M2 Law in the amount of \$73,058.

B. RESPONDENTS

3. **Muellerleile**, age 44, of Newport Beach, California, is an attorney licensed to practice law in California and the sole principal of M2 Law. Muellerleile and M2 Law represented LJM Energy, Inc. and its successor American Energy Development Corp. ("AEDC"); On Time Filings, Inc. and its successor Empowered Products, Inc. ("OTMF"; later "EMPO"); BLS Media, Inc. and its successor Coyote Resources, Inc. ("BLSM"; later "COYR"); Sur Ventures, Inc. ("SVTY"); and nycaMedia, Inc. ("NYCA") (collectively, the "Issuers").

4. **M2 Law** is a law firm incorporated on October 24, 2005 in California. M2 Law's offices were in Newport Beach and Irvine, California. Muellerleile was M2 Law's sole partner, and M2 Law also employed several other attorneys who acted at Muellerleile's direction.

C. OTHER RELEVANT INDIVIDUALS AND ENTITIES

5. **Joel Felix ("Felix")**, 48, of Ventura, California, was the CEO, CFO and a director of AEDC.

6. **Lan Phuong Nguyen ("Nguyen")**, 42, of Los Angeles, California, is an attorney licensed to practice law in California, New York, and the District of Columbia. She is the principal and sole employee of Esquire Consulting, Inc., a law firm incorporated on December 10, 2002 in California and located in Los Angeles.

7. **AEDC** is a Nevada corporation initially organized on March 10, 2010 under the name LJM Energy, Inc. AEDC purports to be an energy exploration company and purported to maintain its office in New York, New York. During the relevant period, AEDC securities were penny stocks within the meaning of Section 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder.

8. **NYCA** was a Nevada corporation organized on May 1, 2009 that engaged in advertising print and digital design until its dissolution on December 23, 2013. NYCA's office was located at the home of its President in Laguna Beach, California. During the relevant period, NYCA securities were penny stocks within the meaning of Section 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder.

9. **SVTY** was a Nevada corporation organized on December 4, 2007 that engaged in party planning and then the resale of computer parts until its dissolution on December 31, 2015. SVTY shared office space with M2 law in Newport Beach and Irvine, California. On September

26, 2016, the Commission temporarily suspended trading in SVTY because it was no longer an operating business. During the relevant period, SVTY securities were penny stocks within the meaning of Section 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder.

10. **OTMF** was a Nevada corporation organized on July 10, 2009 that engaged in the preparation of documents for electronic filing on the Commission's EDGAR system. OTMF shared office space with M2 Law in Newport Beach. During the relevant period, OTMF securities were penny stocks within the meaning of Section 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder. On May 19, 2011, OTMF effected a 44:1 stock split. On June 30, 2011, OTMF conducted a reverse merger in which its stock was exchanged for stock in Empowered Products, Inc. ("EMPO"), a sexual wellness company located in Las Vegas, Nevada.

11. **BLSM** is a Nevada corporation organized on October 31, 2006 as a video and media relations company. BLSM's office was at the home of its CEO and CFO in Henderson, Nevada. During the relevant period, BLSM securities were penny stocks within the meaning of Section 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder. On August 12, 2010, BLSM underwent a corporate reorganization, change of control and business plan, becoming Coyote Resources ("COYR"), a gold mining and exploration company. On August 30, 2010, COYR effected a 60:1 forward stock split. On October 31, 2013, COYR's Nevada business license was revoked. On April 29, 2016, the Commission temporarily suspended trading in COYR for failure to make required periodic filing and on June 2, 2016 revoked the registration of COYR's securities.

12. The Issuers identified in paragraphs 7 through 11 filed Form S-1 or SB-2 registration statements, and amendments to those registration statements, for IPOs from May 2007 through December 2011.

D. OVERVIEW OF THE SCHEME

13. An IPO takes place when a company offers its shares to the public for the first time, and relinquishes control of the shares it offers to the investors who purchase them. Unless a valid exemption applies, a company may only sell stock to the public in an IPO if the offering is undertaken pursuant to the plan for public distribution set forth in its registration statement. When that occurs, the company is deemed the issuer of the stock and the securities it issues are freely tradable.

14. Securities market participants, such as stock transfer agents, broker-dealers, and investors, rely on the accuracy of the information in registration statements. The validity of a Form S-1 or SB-2 determines whether a transfer agent can issue freely-trading certificates for exchange in public markets; whether a broker-dealer can secure clearance of the Form 211 from FINRA for the quotation of its securities on the OTC Bulletin Board and OTC Link , and provides assurance to potential investors that a company in which they may invest has truthfully represented who possesses control over its future course.

15. An issuer can present its registration statement and other documents to a broker-dealer in support of a Form 211 application to FINRA for quotation of a price for its shares on

over-the-counter markets. SEC Rule 15c2-11 governs the initiation and publication of these quotations for covered OTC securities in a quotation medium and requires broker-dealers to collect and review detailed information.

16. Among other information, broker-dealers may require issuers to identify their investors' names and addresses, the date, amount and source of funds for their investments, the identities of all individuals soliciting their investment, the relationship between the investors and the solicitors, the relationship between the investors and the issuer, and the date of delivery of the share certificates to the investors.

17. From 2006 through 2012, M2 Law and Muellerleile created five public companies and carried out sham IPOs in order to secure the issuance and dissemination of unrestricted securities.

18. For each Issuer, the scheme followed a similar pattern of conduct. As an initial step, Muellerleile recruited a friend or family member to incorporate a private company in Nevada, to serve as an officer or director of the company, and to take the company public.

19. Respondents drafted and filed with the Commission a Form SB-2 or Form S-1 registration statement knowing they contained material misstatements and omissions to register an IPO of the company's stock.

20. Once the registration statement became effective, and contrary to statements contained therein, Muellerleile orchestrated a sham IPO. Muellerleile, or intermediaries acting at his direction, solicited straw shareholders who provided funds or, sometimes, only the use of their names, for subscriptions of stock in the IPOs. No public offering actually took place because Muellerleile retained control over most of the issued shares.

21. Respondents knowingly provided false and materially misleading documents to a stock transfer agent, (the "Transfer Agent"), who issued shares in the names of the straw shareholders without a restrictive legend.

22. At Muellerleile's direction, the Issuers knowingly provided false and misleading information about the IPO to a broker-dealer (the "Broker-Dealer") who filed a Form 211 with FINRA obtained clearance of the Form 211 from FINRA, and published initial stock price quotations for the Issuers' shares on the OTC Bulletin Board and OTC Link.

23. After FINRA granted clearance of the Forms 211, Muellerleile presented each straw shareholder with documents authorizing the sale of the IPO shares that had been issued in their names. After receiving the paperwork, Muellerleile arranged for payouts to the straw shareholders for relinquishing their shares, often at a sizeable return. Muellerleile used the M2 Law Trust Account to facilitate the payouts from the purchasers of the shares, which for three of the Issuers were almost all by overseas purchasers.

24. Respondents knowingly submitted false and misleading information again to the Transfer Agent to arrange for the transfer of the straw shareholders' shares to offshore market participants.

E. CREATING THE COMPANIES AND FILING FALSE AND MISLEADING REGISTRATION STATEMENTS

25. Muellerleile recruited a friend or relative to serve as the incorporator and officer of the newly created company. In the case of SVTY, Muellerleile named himself as the incorporator.

26. Respondents drafted the Forms S-1 and SB-2 and accompanying legal opinions, and engaged the accountants and auditors who prepared and reviewed the financial statements therein.

27. The material misstatements and omissions that Respondents knowingly included in the registration statements concealed their roles as promoters and/or financiers of the companies, and of Muellerleile's central role in conducting the IPOs.

28. Each of the Issuers' registration statements contained false and misleading statements.

a. Each registration statement contained false and misleading statements that the company was offering shares for sale in a direct public offering.

In fact, no public offering took place: straw shareholders were provided a cash payout after subscribing for shares and then signing documents authorizing their transfer to others as directed by Muellerleile.

b. Each registration statement contained false and misleading statements that a company officer would offer and sell the company's shares in a direct public offering pursuant to the safe harbor from broker-dealer registration, and no underwriter would be involved in the offering and distribution of shares.

In fact, Muellerleile, or intermediaries acting at his direction, were underwriters who solicited most and, in the case of BLSM and NYCA, all of the IPO subscribers.

29. Muellerleile took initiative in founding and organizing each of the Issuers. However, Respondents knowingly omitted from the registration statements that Muellerleile was a promoter and the nature and amount of assets, services, or items of value to be received from Muellerleile or provided to him from the Issuers.

30. Additionally, Respondents knowingly included in the registration statements and amendments thereto the false and materially misleading statements that an officer of NYCA, AEDC, and BLSM had committed his own funds for the establishment of the companies by loaning funds for initial working capital and expenses: \$22,500 from NYCA's President; \$30,000 from Felix, and \$22,000 from BLSM's CFO. None of these officers, however, made these capital commitments to these Issuers. Specifically:

a. The NYCA Form S-1 contained the materially misleading statement that on June 6, 2011, NYCA issued a promissory note payable on demand to its sole officer and director in the amount of \$5,000 at an interest rate of 10% per annum. Amendment No. 1 to NYCA Form S-1 contained the false and materially misleading statements that its sole officer and director had made

two loans to NYCA, due on demand, with annual interest rates of 10% per annum, to cover the company's expenses and fund operations: (1) June 6, 2011: \$5,000; and (2) October 13, 2011: \$12,500.

b. Amendments No. 2 and No. 3 to NYCA Form S-1 contained the false and materially misleading statements that its sole officer and director had made three loans, due on demand, with annual interest rates of 10% per annum, to cover its expenses and fund operations: (1) June 6, 2011: \$5000; (2) October 13, 2011: \$12,500; and (3) November 8, 2011: \$5,000. These amendments made the additional false and misleading statements that the sole officer and director could request that NYCA repay him at any time, exercise rights under California law to collect the amounts due, and that there was no guaranty that "additional" funds would be advanced by him.

In fact, NYCA's sole officer and director never loaned funds to NYCA and the promissory notes to NYCA documented loans that did not exist. Rather, the funds came from the M2 Law Trust Account.

c. The AEDC Form S-1 and subsequent amendments thereto contained the false statement that on March 30, 2010, Felix made a demand loan of \$30,000 to AEDC at an interest rate of 10% per annum.

In fact, Felix never loaned funds to AEDC and the promissory note AEDC documents a loan that did not exist. Rather, the funds came from the M2 Law Trust Account.

d. The BSLM Form SB-2 contained the false and misleading statement that on December 31, 2006, BLSM's CFO made a loan of \$22,000 to BLSM at an interest rate of 8% per annum due in one lump-sum payment on December 28, 2007.

In fact, Muellerleile and a friend had provided the funds, transferring the \$22,000 to the CFO's bank account with Muellerleile directing that funds be deposited into BLSM's bank account.

31. Respondents or company officers acting at their direction, knowingly prepared false and misleading corporate resolutions, promissory notes, and M2 Law Trust Account records that they provided to accountants and auditors for their preparation of the financial statements contained within the Forms S-1 or SB-2.

32. The registration statement for AEDC also contained the false and misleading statement that Felix had experience in the oil and gas industry as demonstrated by his service as an officer and director of United Petroleum Corp. ("UPC"), a private oil and gas company. In fact, Felix was not a *bona fide* officer and director of UPC, but a placeholder nominee installed by Muellerleile. In exchange for Felix holding himself out as UPC's President and signing documents on the company's behalf, Muellerleile arranged for him to receive \$20,000.

33. The registration statements for SVTY and OTMF failed to identify Muellerleile's status as a *de facto* officer of these Issuers. Muellerleile formulated their business plans and operations, alongside their chief officers, namely, his wife and sister-in-law, respectively. For example, Muellerleile and his wife or sister-in-law hired and supervised staff or contractors, set the prices for contracts or services, and engaged in the day-to-day tasks of running the businesses. For

OTMF, Muellerleile proposed and negotiated the business terms of its reverse merger with EMPO. In fact, Muellerleile identified himself in an email announcing the establishment of OTMF as “one of the principals of On Time Filings, Inc.” The registration statements also failed to disclose that company business was conducted from M2 Law’s offices with the assistance of M2 Law staff and resources.

34. The registration statements for SVTY and OTMF also materially misstated the identity of company counsel. Muellerleile listed the name of his friend and former employee, Nguyen, on the Forms S-1 as counsel and in the legal opinions as “special counsel,” creating the false appearance that Nguyen had participated in the preparation of those documents. Muellerleile also instructed Nguyen to communicate with the Commission’s Division of Corporation Finance about its Form S-1 comment letters, once again creating the false appearance that Nguyen was the one who had prepared and would be amending the filings. In fact, it was Respondents who prepared and filed the Forms S-1, subsequent amendments, and opinion letters.

35. SVTY’s IPO was preceded by a private placement of SVTY shares that took place on or about May 2009 and April 2010. The Form S-1 for SVTY’s public offering registered an IPO plus the resale of shares held by the private placement participants. In addition to the misrepresentations concerning the IPO, the Form S-1 for SVTY materially misstated the conduct of its private placement. It falsely stated that among the shares being offered by the selling shareholders were 31,500 shares purchased by unrelated investors for \$1,575 in a private placement offering. In fact, Muellerleile’s wife, SVTY’s CEO and Muellerleile bought these shares for six friends who joined them on a group vacation in Cabo San Lucas Mexico. Muellerleile’s wife wrote to her friends, asking them to contribute \$250 apiece toward the cost of the trip, and “for accounting reasons” to make the checks out to Sur Ventures. The six friends learned in Cabo San Lucas, Mexico that the money they paid for vacation expenses came with the added bonus of free Sur Ventures shares.

F. MUELLERLEILE CONDUCTS THE SHAM IPOs

36. Muellerleile orchestrated the IPOs for the five Issuers. The IPOs were not *bona fide* public offerings because the Issuers were not actually offering their shares for public dissemination. Rather, most of the investors were straw shareholders whose shares remained under Muellerleile’s control.

37. Contrary to the representations in the Forms S-1 and SB-2, and later to FINRA, that a company officer was offering the IPO shares, Muellerleile used intermediaries to act as underwriters and solicit straw shareholders. For each IPO, Muellerleile recruited between two and five friends or colleagues to assist him in securing investors who laid out funds to purchase subscriptions and then received a cash payout after signing documents provided to them by Muellerleile permitting the transfer of their subscribed-for shares to others.

38. Funds to pay for the subscriptions came from individual straw shareholders, the intermediaries, or monies held in the M2 Law Trust Account on behalf of straw shareholders. Most of the funds for the payouts to the straw shareholders were drawn from funds deposited into the M2 Law Trust Account by Muellerleile’s friends and family or overseas purchasers. Many of the straw shareholders who put up their own funds in the Issuers’ IPOs received profits of 50% to

100% on their investments. The timing of the payouts for four of the Issuers ranged from three to eight months. For BLSM, the timing for most of the payouts ranged from eight to 15 months.

1. Muellerleile Solicits Straw Shareholders

i. AEDC

39. On February 28, 2011, Muellerleile sent an email to Intermediary A, the stepmother of a friend and colleague, asking if her friends “may be interested in doing another one.” Intermediary A had already invested and solicited IPO subscribers for OTMF and BLSM. Intermediary A responded, “Sure – I need a job :)”.

40. On March 1, 2011, Muellerleile sent Intermediary A a copy of the final prospectus for AEDC and a blank subscription agreement. Intermediary A responded, “How many investors would you like? What dollar range would you like the investments to be? Minimum? Maximum?” Muellerleile answered, “We can use as many investors as possible, ten would be GREAT! [B]ut any number is helpful. Dollar range would be minimum \$250 to maximum \$1,500.”

41. Some AEDC subscribers did not put up their own money to purchase IPO shares. After AEDC’s Form S-1 became effective on January 18, 2011, Muellerleile told Felix, AEDC’s CEO, that Felix needed to recruit subscribers and use his own money for the subscriptions. Muellerleile told Felix to tell his friends that he needed investors to buy shares for his company; that Felix would provide them funds to subscribe for shares; and that after a short time period, the company would repurchase them. Muellerleile told Felix to send interested subscribers a \$500 check or money order for the investment along with a blank subscription agreement for completion. Felix followed these instructions, and four of his friends from Colorado and England subscribed between April 27, 2011 and May 13, 2011.

42. Intermediary B, a friend of Muellerleile residing in Bali, paid for AEDC shares purportedly purchased by his friends. On April 6, 2011, Muellerleile sent a copy of the final prospectus for AEDC and a blank subscription agreement to Intermediary B in an email inviting him and “any of your friends [that] are interested” to subscribe to the IPO. Intermediary B directed Muellerleile to use money in the M2 Law Trust Account under his name to purchase the AEDC shares. On or about May 11, 2011, Intermediary B emailed Muellerleile telling him to use his Trust Account funds to subscribe for AEDC shares for his three friends, stating “put in \$1000.00 USD each and take from trust account, and then the money will go back in the trust when finished plus the earnings. I will disburse from here!” Later that day, at Muellerleile’s direction, an M2 Law lawyer emailed printed subscription agreements for each of Intermediary B’s friends to Intermediary B so his friends could sign them and Muellerleile arranged for the subscriptions to be purchased with Intermediary B’s money.

43. All of the AEDC subscribers solicited by Intermediaries A and B received an 80% return on their initial investment within four to six months.

44. Unlike the other Issuers, AEDC had a large IPO subscriber – Langold Enterprises – that was not a straw shareholder and bought and held its shares. Langold Enterprises, incorporated in the Republic of Seychelles, was controlled by David Craven a U.K. citizen residing

in Switzerland and affiliated with EuroHelvetia TrustCo SA, now EHT Corporate Services, SA, a purported Swiss wealth administration firm. Langold subscribed for two million shares of AEDC at a price of \$200,000 on or around March 25, 2011.

ii. NYCA

45. On January 10, 2012, Muellerleile emailed Intermediary A seeking her help to secure investors for NYCA. He wrote, “We have a new company that needs people from Colorado. Let me know if you can help!” She responded, “Yes, I will,” and three days later Muellerleile forwarded her the NYCA prospectus and a blank subscription agreement to be filled out by her friends.

46. On January 13, 2012, Intermediary A asked Muellerleile, “What is the minimum and maximum investment? How many do you need and when would you like them?” Muellerleile answered, “Max is \$2500, min is \$750. As many as you like. No rush on timing, but the sooner the better.”

47. On or February 5, 2012, Muellerleile emailed Intermediary B to secure his investment and those of any interested friends overseas, in NYCA. On or around February 21, 2012, Intermediary B sent Muellerleile a series of questions that Muellerleile answered the following day:

Intermediary B: Are you looking for “out of the US investors”?

Muellerleile: yes, only want out of US investors.

Intermediary B: How many do you need?

Muellerleile: Will take as many as you can – the more the merrier

Intermediary B: Whats [sic] the pay out?

Muellerleile: I am not sure what the return will be but it should be similar to the past ones.

Intermediary B: What is the estimated time period?

Muellerleile: Estimate the [sic] time period is probably six months.

48. On February 24, 2012, Muellerleile emailed his office assistant, Intermediary C, seeking her help in soliciting overseas investors for NYCA. He wrote, “Any of your homeys overseas? NYCA needs investors. The investors will need to complete the first page of the sub agreement and then sign the second page. Let me know if you have any questions.”

49. She answered, “How long will their money be tied up for and what will the return be like?” Muellerleile responded, “Probably a few months and probably slightly smaller than last time.” Intermediary C followed up, “What is your ideal amount you’d want them to invest?” Muellerleile answered, “\$500-1500.”

50. All of the NYCA subscribers solicited by Intermediaries A, B, and C received a return of 50% to 100% on their initial investment within six to seven months.

iii. BLSM, OTMF, and SVTY

51. OTMF's IPO followed the same pattern as AEDC and NYCA. Muellerleile orchestrated the solicitation of straw shareholders by intermediaries, including Intermediaries A, B, and C, and retained control over almost all of the issued shares; almost all of the straw shareholders made a profit on their investments. For BLSM, Muellerleile recruited intermediaries to assist with the solicitation of shareholders, and arranged for payouts and the transfer of nearly all of the shares. Muellerleile directed that investors who invested between \$500 and \$3000 be sent 50% returns and directed a friend to provide a 300% return on \$100 investments solicited by his stepmother, Intermediary A.

52. For SVTY, Muellerleile and intermediaries recruited six IPO straw shareholders. Muellerleile directed that payouts be sent to 27 of the 29 private placement participants registered as selling shareholders in the Form S-1 and to two IPO shareholders recruited by Intermediary C.

2. Muellerleile Arranges for the Transfer of the Straw Shareholders' Shares

53. After Muellerleile, or intermediaries acting at his direction, had received the IPO subscription forms and payments, Respondents arranged for the Transfer Agent to issue share certificates in the subscribers' names. Muellerleile instructed the Transfer Agent to send the original certificates to M2 Law's offices. For four of the Issuers, Muellerleile kept nearly all of the original certificates at M2 Law. When it came time for the payouts to subscribers, Muellerleile and his agents sent each straw shareholder a photocopy of the certificate along with a share purchase agreement and stock transfer power of attorney for their signature.

54. Typically, preprinted on each share purchase agreement was the name of the straw shareholder as the seller, the number of shares sold, and the cash consideration for the purported sale. Often the name of a purchaser was listed, but sometimes not. With few exceptions, the straw shareholders played no role in negotiating the sale of the shares, including when, to whom, or at what price to sell.

55. For example, on February 28, 2011, Muellerleile emailed Intermediary A the paperwork for the transfer of the OTMF shares to others. Intermediary A wrote back to Muellerleile, stating, "I printed everything off However, it does not say anywhere what they are selling the shares back for. Am I missing something? That will be the first question they ask :)." Muellerleile answered, "It says the amount on the bottom of the last page of the agreement, or at least it should say it there." Intermediary A responded, "Yes it does – thank you! I will try to get this taken care of ASAP!"

56. Only after Muellerleile and the intermediaries had gathered up the paperwork did the straw shareholders receive the payout on their investment. On July 25, 2011, Intermediary B wrote to Muellerleile asking about the status of the AEDC deal. "Hey Mike, my friends over here are asking about their pay out. Is it ready to pay out?" Again, on August 25, 2011, Intermediary B sent an email to Muellerleile with the subject line "\$\$\$\$\$\$\$\$\$\$" asking, "Can we start the process on the pay out, my friends are all asking here as its [sic] been 4 months."

57. Intermediary A also pressed Muellerleile for the payouts that the straw shareholders she had solicited were expecting. On April 20, 2012, about three months after mailing in the

NYCA subscription agreements and checks to Muellerleile, Intermediary A wrote to him for “any news on the last investment? The natives have begun to get restless :).” On April 24, 2012, Muellerleile responded that “it will probably be one and a half months at the earliest and three months on the outside at this point.” Intermediary A wrote back, “Three months more? Just longer than usual – I will let everyone know.” On June 12, 2012, Intermediary A wrote again to Muellerleile stating that “[t]he natives are restless so I thought I would check in with you to give them an update.” In early July 2012, the straw shareholders received and signed the share purchase agreements and stock powers of attorney to sign and on or about July 25, 2012, an M2 Law lawyer mailed Intermediary A the payout checks for herself and her 12 friends.

58. Intermediary C received frequent emails from one of her friends who had invested in the NYCA deal. He had wired \$1000 apiece to NYCA on behalf of himself and his girlfriend on or around March 30, 2012 together with subscription agreements. On July 11, 2012, the friend wrote, “Let me know if you get a update from the investments. I’m gonna be poor soon!” Intermediary C wrote back on July 25, 2012, “[I] just spoke to Michael. He said he will get you the paperwork next week so that we can begin the process of getting the money back to you!” On August 23, 2012, the friend complained, “I didn’t get anything from Michael . . . I’m kinda in need of the 4K now, since I haven’t had a paycheck for a little while. If I could get the paperwork as soon as possible it would make my life less stressful.” Muellerleile and Intermediary C emailed the share purchase agreements, stock powers of attorney, and copies of the share certificates to her friend in late August. He returned scanned copies of his and his girlfriends’ signatures on September 3, 2012. On September 27, 2012, Muellerleile arranged for \$4000 to be sent to Intermediary C’s friend.

59. Langold was not a straw shareholder and retained its AEDC shares. On June 24, 2011, Muellerleile mailed Langold its original AEDC certificate for two million shares. Several weeks later, on July 14, 2011, AEDC undertook a 30-for-1 forward stock split that increased Langold’s holdings to 60 million unrestricted shares. These shares constituted approximately 87% of AEDC’s unrestricted shares.

G. FALSE AND MISLEADING INFORMATION TO THE TRANSFER AGENT

60. Muellerleile selected the Transfer Agent for each of the Issuers and M2 Law served as the Transfer Agent’s main point of contact. Respondents knowingly misrepresented to the Transfer Agent that a *bona fide* public offering had taken place. Muellerleile never disclosed that almost all of the IPO investors were straw shareholders and that he maintained control over the shares.

61. Once Muellerleile received subscription agreements and checks from the IPO straw shareholders, Respondents prepared a Board resolution for the signature of the Issuers’ directors consenting to the acceptance of subscription agreements for identified subscribers and authorizing the issuance and delivery to the subscribers of certificates representing the public offering shares. Each resolution stated that the Issuer would “issue and deliver to [the individual shareholders] . . . certificates representing the Public Offering shares” upon receipt of the consideration for the shares. Respondents also prepared an issuance resolution that they sent to the Transfer Agent authorizing it to issue free-trading shares to the subscribers on the grounds that the shares were

“registered pursuant to an effective registration,” knowing that they had provided false and materially misleading information to the Commission on which the grant of effectiveness was based.

62. For example, for NYCA, Respondents secured the signature of NYCA’s sole officer on two issuance resolutions that were emailed to the Transfer Agent on or about January 27, 2012 and April 2, 2012. In addition to the resolution, the January 27, 2012 email contained a cover letter representing that “the shares are to be issued in a transaction pursuant to the Company’s Registration Statement . . . and, therefore, should be issued with no restrictive legend;” a copy of the false and materially misleading Plan of Distribution that was contained within the Form S-1⁴ prepared by Respondents; and the SEC’s Notice of S-1 Effectiveness. Respondents directed the Transfer Agent to forward the new NYCA certificates to M2 Law’s offices via overnight courier.

63. The transmission of cover letters and issuance resolutions to the Transfer Agent that Respondents knew were false and materially misleading took place more than ten times between July 2007 and April 2012.

H. FALSE AND MISLEADING INFORMATION TO THE BROKER-DEALER

64. Muellerleile selected the Broker-Dealer for the five Issuers. Once each company’s Form S-1 or SB-2 was declared effective, Respondents knowingly began providing false and misleading information to the Broker-Dealer to incorporate in the FINRA Form 211 applications they prepared. The Broker-Dealer then submitted the Form 211 applications to secure FINRA’s clearance of the applications for price quotation of each Issuer’s shares on the OTCBB and OTC Link.

65. Respondents directed the Issuers’ officers to sign various documents they had prepared for submission to the Broker-Dealer, knowing that they contained false and materially misleading statements. For example, these documents included a Form 211 filing agreement and due diligence form from the Broker-Dealer in which each officer represented that the company was supplying “complete, true and accurate information” to the Broker-Dealer.

66. Among the materials Respondents provided to the Broker-Dealer were the Issuers’ false and materially misleading Forms S-1 or SB-2. Respondents also provided copies of the subscription agreements and cancelled checks that created the false appearance that an initial offering of shares to the public had actually occurred.

67. The Broker-Dealer specifically required all of the Issuers, except BLSM, to identify who had solicited each IPO investor and how each investor was known to that solicitor. For these Issuers, Respondents knowingly provided false and materially misleading information asserting

⁴ Similar to the other Issuers, the plan of distribution in NYCA’s Form S-1 set out the purported manner in which the IPO would be conducted, including the false statements that the distribution would constitute a direct public offering conducted by the sole officer under a safe harbor from broker-dealer registration with no underwriters.

that the officer identified in the Forms S-1 or SB-2 was offering the shares on the company's behalf and had solicited all of the investors whom they knew as friends or business associates.

68. For example, based on Respondents' false and misleading representations, the Broker-Dealer represented to FINRA in a letter dated January 31, 2012 that the President of NYCA "is soliciting all of the investors in connection with the Issuer's initial public offering . . . and knows these potential investors, either as friends or business associates." It also stated that "[a]s of the date of this letter, [he] has solicited approximately eighteen (18) investors, of which thirteen (13) have invested." On April 10, 2012, the Broker-Dealer repeated in a letter to FINRA that the NYCA President was soliciting all of the investors, and that by that date had "solicited 35 investors, of which 29 have invested." In fact, the President of NYCA solicited no investors in the IPO.

69. Respondents also knowingly misrepresented to the Broker-Dealer that all of the securities issued in the IPOs had been delivered to the IPO shareholders. Among the information that FINRA asked the Broker-Dealer to provide was the date the certificates would be delivered to the shareholders. Respondents provided false and misleading information to the Broker-Dealer – contained in each Form 211 package that was submitted to FINRA – stating that the Issuer had delivered the certificates to the investors. In fact, for four of the five Issuers, Muellerleile retained almost all of the original certificates at M2 Law's offices.

70. For NYCA, AEDC, and BLSM, Respondents also knowingly provided false and misleading tradability opinions to the Broker-Dealer, opining that the shares issued in each IPO were free-trading. Muellerleile, however, knew that no *bona fide* public offering had taken place, and therefore, the shares should not have been issued without restriction.

71. For OTMF and SVTY, Respondents drafted for Nguyen's signature on Esquire Consulting letterhead tradability opinions regarding their shares, even though they had prepared the opinions and Nguyen conducted no more than a cursory review of the facts underlying the opinion. These opinions also concluded that the shares issued in the IPOs were free-trading. Respondents listed Nguyen of Esquire Consulting, and not Respondents, as securities counsel on the Broker-Dealer due diligence questionnaire, even though Respondents carried out all of the securities work for OTMF and SVTY. The completed due diligence questionnaires also failed to disclose to the Broker Dealer that Muellerleile was a *de facto* officer of OTMF and SVTY.

72. After considering each Issuer's Form 211 submitted by the Broker-Dealer, FINRA wrote a letter to the Broker-Dealer letter stating that "in reliance upon the information contained in the filing [it had] cleared the Broker-Dealer's request for an unpriced quotation on the OTC Bulletin Board and OTC Link" for that Issuer.

73. Respondents knowingly provided false and misleading information to the Broker-Dealer for the Issuers from at least July 2007 through May 2012.

I. ADDITIONAL MISREPRESENTATIONS TO THE TRANSFER AGENT TO SECURE THE SALE OF SHARES

74. Respondents also knowingly provided false and misleading signature indemnity affidavits to the Transfer Agent in order to secure the sale of shares in the names of straw shareholders to offshore market participants. In order to transfer the securities of a domestic shareholder, the Transfer Agent required an irrevocable stock power of attorney signed by the transferor with a medallion guarantee as to the authenticity of the signature. For offshore shareholders unable to secure medallion guarantees, the Transfer Agent accepted alternative means of authentication, including shareholder signature indemnity affidavits in which an officer of the Issuer attested that the offshore shareholder was known to the company, the signature on the stock power of attorney was authentic, and therefore, “the Affiant affirms this guarantee can be relied upon by [the Transfer Agent.]”

75. All of the signature affidavits submitted by Respondents to the Transfer Agent for the sale of the shares issued to offshore straw shareholders in connection with NYCA, SVTY, AEDC, and OTMF were false and misleading because the officers who signed the affidavits did not know the offshore straw shareholders, and could not authenticate their signatures. Nonetheless, Respondents knowingly directed the Issuers’ officers to sign the affidavits and then provided them, along with the share certificates and stock powers of attorney, to the Transfer Agent for the transfer of the shares.

76. For example, on September 5, 2012, Respondents informed the President of NYCA that it had received stock transfer documents that required his signature and planned to use his electronic signature on the documents to save time. The documents were affidavits attesting that the NYCA President knew and could authenticate the signatures of two straw shareholders residing in Japan. One of the straw shareholders’ signatures was in Japanese. The NYCA President did not know the individuals, both of whom had been recruited by Intermediary C, Muellerleile’s assistant. That same day, Respondents submitted the two signature affidavits to the Transfer Agent for the transfer of the shares to a Cayman Islands investors and the issuance of a new certificate in his name, knowing that the affidavits were false.

77. On January 11, 2013, Respondents provided to the Transfer Agent an additional six signature affidavits with the NYCA President’s signature authenticating the signatures of offshore straw shareholders from Bali and Switzerland. The President did not know these individuals or recognize their signatures. Pursuant to Respondents’ instructions, the Transfer Agent transferred the shares and issued new certificates, one in the name of the Cayman investor and the other in the name of Muellerleile’s sister-in-law.

78. Respondents knowingly provided more than 25 false and misleading shareholder signature indemnity affidavits to the Transfer Agent in connection with the transfer of straw shareholders’ shares between February 2011 and January 2013.

79. Muellerleile knew that the Issuers’ shares should be restricted because they had not been issued pursuant to a *bona fide* IPO. Nonetheless, Respondents requested that the Transfer Agent transfer most or all of the unrestricted shares in AEDC, EMPO, and OTMF once held by the straw shareholders to offshore entities and individuals.

IV.

80. Based on the foregoing, the Commission finds that the knowing conduct engaged in by Muellerleile and M2 Law constitutes a willful violation of Sections 17(a)(2) and (3) of the Securities Act, which prohibit fraudulent conduct in the offer and sale of securities, and within the meaning of Section 4C(a)(3) of the Exchange Act and Rule 102(e)(iii) of the Commission's Rules of Practice.

V.

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

Accordingly pursuant to Section 8A of the Securities Act, Sections 4C and 15(b) of the Exchange Act, and Rule 102(e)(1)(iii) of the Commission's Rules of Practice, it is hereby ORDERED that:

A. Respondents cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and (3) of the Securities Act.

B. Respondent Muellerleile is denied the privilege of appearing or practicing before the Commission as an attorney.

C. Respondent Muellerleile be, and hereby is 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.

D. Respondents shall pay, jointly and severally, disgorgement of \$73,058, plus prejudgment interest of \$11,209.68, and a civil money penalty of \$70,000, for a total of \$154,267.68, plus post-order interest to be calculated on the date of entry of the Order, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: (1) \$38,566.92 within 10 days of the entry of the Order, (2) \$38,566.92 within 100 days of the entry of the Order, (3) \$38,566.92 within 190 days of the entry of the Order, and (4) \$38,566.92 within 280 days of the entry of the Order, plus post-order interest pursuant to Rule 600 and 31 U.S.C. § 3717. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance, plus any additional interest accrued pursuant to SEC Rule of Practice 600 and 31 U.S.C. § 3717, will be due and payable immediately, without further application.

Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) 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
- (3) 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 Michael J. Muellerleile and M2 Law Professional Corp. 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 Lara Shalov Mehraban, Associate Director, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, Brookfield Place, 200 Vesey Street, Suite 400, New York, NY 10281.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, each Respondent agrees that in any Related Investor Action, Respondents shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, each Respondent agrees that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

VI.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent Muellerleile, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Muellerleile under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent Muellerleile of the federal securities laws or any regulation

or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary