

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

**SECURITIES ACT OF 1933**  
**Release No. 10270 / December 16, 2016**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 79575 / December 16, 2016**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17729**

<p><b>In the Matter of</b></p> <p><b>Empire Stock Transfer, Inc., and</b> <b>Matthew J. Blevins,</b></p> <p><b>Respondents</b></p>
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**ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTION 8A OF THE SECURITIES ACT  
OF 1933, AND SECTIONS 17A AND 21C  
OF THE SECURITIES EXCHANGE ACT  
OF 1934, MAKING FINDINGS, AND  
IMPOSING REMEDIAL SANCTIONS  
AND CEASE-AND-DESIST ORDERS**

**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 17A and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Empire Stock Transfer, Inc. and Matthew J. Blevins (collectively “Respondents”).

**II.**

In anticipation of the institution of these proceedings, each Respondent has submitted an Offer of Settlement (the “Offer” or “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 the Respondents and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, the Respondents each consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Sections 17A and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and Cease-and-Desist Orders (“Order”), as set forth below.

### III.

On the basis of this Order and Respondents' Offers, the Commission finds that:<sup>1</sup>

#### Summary

1. This matter concerns violations of the Securities Act registration provisions by Empire Stock Transfer, Inc. ("Empire") and its supervisor of stock transfer operations, Matthew J. Blevins ("Blevins"), in connection with their actions relating to the unregistered distributions of the common stock of four penny stock issuers, Swingplane Ventures, Inc., Goff Corporation, Norstra Energy Inc., and Xumanii Inc.<sup>2</sup> Empire and Blevins played a critical role in processing numerous stock transfer requests and, as a result, restricted, issuer-controlled securities were passed off as "free trading" securities (ostensibly unrestricted shares that are represented in stock certificates without restrictive legends and held by shareholders not affiliated with the issuers) in the illegal distributions in violation of the securities registration provisions in Section 5 of the Securities Act.

2. Empire and Blevins repeatedly transferred large blocks of purportedly unrestricted penny stock securities in unlegended stock certificates to offshore nominees,<sup>3</sup> despite repeated red flags indicating that the shares were likely a part of illegal, unregistered securities distributions. Empire and Blevins, among other lapses, repeatedly processed stock transfer requests that lacked any endorsements by the registered owners. In several instances, they also processed transfer requests that lacked signature guarantees or other suitable evidence of authenticity or accepted requests where the stock powers were signed by persons whose names did not match the names listed on the accompanying stock certificates. Further, Empire and Blevins were aware that they processed transfers, in some case for all or nearly all of an issuer's public trading float, not at the direction of individuals whose names were registered on the stock certificates, but at the direction of the issuer or its affiliate,<sup>4</sup> providing an additional significant indicia that the securities being transferred were controlled by the issuers or its affiliates. In addition, Empire failed reasonably to supervise Blevins because it failed to establish and implement reasonable policies and procedures with a view to preventing and detecting Blevins' Securities Act Section 5 violations.

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<sup>1</sup> 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.

<sup>2</sup> The four penny stocks at issue are the subjects of a pending Commission civil injunctive action, captioned, *SEC v. Caledonian Bank Ltd., et al.*, 15-cv-894, S.D.N.Y., filed on February 6, 2015. The Commission's complaint alleged that defendants, Caledonian Bank Ltd., Caledonian Securities, Ltd., Clear Water Securities, Inc., Legacy Global Markets, S.A., and Vermont Capital, S.A., sold the subject securities in unregistered distributions.

<sup>3</sup> The term "nominee" refers to a person who holds securities, assets, or accounts in its name on behalf of an undisclosed person or persons, who are the actual owners of the securities.

<sup>4</sup> The term "affiliate" or "affiliate of an issuer," as used herein, refers to a person who, directly or indirectly, through one or more intermediaries, controls or is under common control with an issuer.

## Respondents

3. **Empire** is a stock transfer agent in Henderson, Nevada, registered with the Commission pursuant to Section 17A of the Exchange Act. Empire serviced numerous penny stock and/or shell company issuers, including Swingplane Ventures, Inc., Goff Corporation, Norstra Energy Inc., and Xumanii Inc. On April 8, 2014, the Commission censured Empire and ordered it to: cease and desist from committing or causing violations and any future violations of Exchange Act Sections 17(a)(3) and 17A(c)(2) and Rules 17Ac2-1(a) and (c) thereunder; pay a civil penalty of \$50,000, jointly and severally, with its principal owner; and comply with certain undertakings that addressed deficiencies in its policies and procedures relating to the making, keeping, and filing of Forms TA-1 and Forms TA-2 with the Commission.<sup>5</sup>

4. **Blevins**, age 40, a resident of Las Vegas, Nevada, at all relevant times, was vice president and operations manager of Empire. He supervised all persons involved in the day-to-day operations of Empire. On April 8, 2014, the Commission censured Blevins and ordered him to 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, and pay a civil penalty of \$25,000. The prior Commission action was based on findings that Blevins willfully aided and abetted and caused Empire's violations of Section 17(a)(3) and 17A(c)(2) of the Exchange Act and Rules 17Ac2-1(a) and (c) thereunder, by signing Forms TA-1 with the representation that the forms were "true, correct, and complete," when in fact, it failed to disclose persons with control positions in Empire, including himself, and a person who financed the purchase of Empire.<sup>6</sup> Empire terminated Blevins on May 3, 2016.

## Facts

### Swingplane Ventures Inc. ("Swingplane")

5. On August 22, 2012, Swingplane, a development stage start-up company with no operations, revenue, customers or employees, appointed Empire as Swingplane's stock transfer agent. The stock transfer records reflected the entire public float of 122,500,000 Swingplane shares were registered in the names of certain Serbian and Mexican individuals and reflected in 35 stock certificates without restrictive legends.<sup>7</sup> The shares were purportedly purchased by these investors in Swingplane's S-1 offering that took place in September 2011.

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<sup>5</sup> *In the Matter of Empire Stock Transfer, Inc. and Patrick R. Mokros*, Adm. Pro. File No. 3-15827, Exch. Act Rel. No. 71904 (April 8, 2014)

<sup>6</sup> *In the Matter of Matthew J. Blevins*, Adm. Pro. File No. 3-15828, Exch. Act Rel. No. 71905 (April 8, 2014)

<sup>7</sup> Certificated securities are securities represented in physical stock certificates. Under the Uniform Commercial Code, a transfer of "control" of certificated securities to a purchaser requires delivery of the stock certificate and the endorsement of the registered owner. The stock certificates issued in the names of these Serbian and Mexican registered owners were "unlegended"—meaning that they did not carry a legend restricting the resale of the shares into the public markets—because they were purportedly purchased by public (unaffiliated) investors in a registered offering.

6. On September 7, 2012, Empire received a single package from an individual by the name of Phillip Kueber (“Kueber”) containing all of the original-issue stock certificates for the 122.5 million shares. The package also contained a Swingplane board resolution that directed Empire to transfer the securities to certain offshore entities and a cover letter from Kueber that directed the same transfers.

7. The board resolution directed Empire to process the stock transfers and indemnified Empire for processing the transfers. Specifically, the resolution stated: “BE IT RESOLVED: That EMPIRE STOCK TRANSFER INC., Transfer Agent for this corporation be, and it hereby is, directed to process the transfer request regarding the certificate below, and this Board of Directors does hereby extend this corporation’s irrevocable agreement to indemnify said Transfer Agent for all loss, liability or expense in carrying out the authority and direction herein contained on the terms herein set forth. The Transfer Agent shall maintain the right to uphold the transfer in the event of forgery.”

8. Although each stock certificate was registered in the name of an individual investor owner, Kueber and Swingplane—as opposed to any of the registered owners—directed Empire to transfer all of the shares to three offshore entities, Caledonian Bank Ltd. (“Caledonian Bank”), Legacy Global Markets S.A. (“Legacy Global”), and Clear Water Securities (“Clear Water”).

9. At the time of the stock transfer request, Empire and Blevins recognized that the shares that Kueber and Swingplane wanted to transfer to Legacy Global amounted to over 10% (specifically 17%) of Swingplane’s then outstanding shares, which would make Legacy Global a *de facto* affiliate of Swingplane and subject the shares to affiliate-control resale restrictions. As a result, Empire and Blevins sought revised transfer instructions and advised Kueber to request that the amount transferred to any one transferee be below 10% of Swingplane’s outstanding shares. On September 11, 2012, Kueber presented Empire and Blevins with revised instructions and a revised board resolution from Swingplane’s President and CEO.

10. None of the original 35 stock certificates were endorsed by the purported registered owners. Further, Swingplane and Kueber presented no stock powers or other evidence that they were acting on behalf of the registered owners. Neither Empire nor Blevins sought or had any direct contact with any of the registered owners of Swingplane in connection with these transfers.

11. Empire’s policies and procedures provided that stock transfer requests be endorsed by the registered owner of the security. Empire’s Procedures Manual specified that the following two requirements be met: (1) Empire had to be the duly authorized transfer agent; and (2) the back of each stock certificate had to be (a) “endorsed by the registered owner” and (b) guaranteed by a financial institution, bank or broker, preferably by a member of the Securities

Transfer Agent Medallion Program. The Manual provided that a “guaranteed endorsement” may also appear on a separate “stock power”<sup>8</sup> or on the “transfer instructions.”

12. In processing the transfer requests, Empire communicated with Swingplane’s President and CEO, and not the purported registered owners of the Swingplane securities. On September 12, 2012, for example, Empire emailed Swingplane’s President and CEO notifying him that “[Empire] will process the request tomorrow as long as the transfer is in good order.”

13. In processing the transfer requests, Empire and Blevins knew or should have known that Kueber was Swingplane’s affiliate because Kueber came to possess 100% of Swingplane’s purportedly “free trading” securities, and Kueber repeatedly presented to Empire and Blevins transfer requests on behalf of Swingplane through issuer board resolutions and indemnities.

14. On September 13, 2012, Empire completed the transfers by issuing unlegended Swingplane stock certificates in the names of the transferees, as follows: two certificates in the name of Legacy Global, totaling 36,750,000 shares; two certificates in the name of Clear Water, totaling 43,050,000 shares; and two certificates in the name of Caledonian Bank, totaling 42,700,000 shares. On the same day, pursuant to Kueber’s instructions, Empire delivered by express mail the reissued stock certificates to the offshore entities.

15. Beginning about January 23, 2013 through mid-May 2013, Caledonian Bank, Caledonian Securities, Legacy Global and Clear Water, sold most, if not all, of their Swingplane securities to the public in an unregistered distribution, simultaneous with aggressive and extensive promotion campaigns for Swingplane.

16. Empire and Blevins processed the stock transfer request despite red flags that the securities being transferred were controlled by the issuer or an affiliate and that the transfers were in furtherance of an unregistered distribution of securities in violation of Section 5 of the Securities Act. The red flags were as follows:

- Empire and Blevins processed the transfer requests despite the complete lack of endorsements by the registered owners which was also in violation of its Procedures Manual; and
- Empire and Blevins relied on a board resolution, an indemnity, and communications from Swingplane and Kueber with no bona fide stock transfer powers, to process the transfer, indicating that Swingplane (and not the purported registered owners) were controlling the securities and directing the transfers.

17. Notwithstanding these red flags, Empire and Blevins failed to make inquiries to determine whether the securities were issuer or affiliate-controlled and required restrictive

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<sup>8</sup> In general, a stock power is an endorsement by a registered owner of the security, which is executed on a separate written document as opposed to the back of a stock certificate.

legends on the stock certificates reissued to the issuer's transferees or whether the securities were in furtherance of an unregistered distribution. A restrictive legend would have provided notice to broker-dealers and prospective purchasers that the securities were subject to resale restrictions and could not be resold into the public market, unless an exemption from registration was available or pursuant to an effective registration.

18. By processing these transfers by Swingplane (the issuer) and Kueber (the issuer's affiliate) and reissuing unlegended stock certificates under circumstances where red flags indicated that the issuer and a potential affiliate controlled the securities, Empire and Blevins played a significant role as necessary participants and substantial factors in facilitating an unregistered distribution of Swingplane securities.

**Goff Corporation ("Goff"), Norstra Energy, Inc. ("Norstra") and Xumanii Inc. ("Xumanii")**

19. Goff, Norstra and Xumanii<sup>9</sup>—each a development stage company with little or no assets, operations, or revenue—appointed Empire as its transfer agent. By the time Empire was appointed, each of these companies had filed an S-1 registration statement with respect to initial (in the case of Norstra) or secondary resale (in the case of Goff and Xumanii) offerings and sold securities in these offerings to purported foreign investors residing in such places as Ireland, Norway, Panama, and Jamaica. Just as it had done for Swingplane, Empire processed transfer requests in connection with securities for Goff, Norstra, and Xumanii despite being presented with a pattern of red flags indicating that the securities being transferred were controlled by the issuers or its affiliates.

20. At the initial issuance of certificates to the purported foreign registered owners of these securities, Empire and Blevins were presented with irregularities that, in context, provided notice of possible unregistered distributions. With regard to Goff and Xumanii, as reflected on Empire's records, no stock certificates had been issued, let alone delivered, until nearly a year after the purported foreign registered owners had purchased the securities. Further, after the share certificates for Goff, Norstra and Xumanii were finally issued, instead of delivering the share certificates to any of the foreign registered owners of these securities, Empire and Blevins sent the certificates—representing 100% of these issuers' "free trading" securities—to the address of the issuers or its agents.

21. Following the original issuance of these shares, Empire and Blevins were repeatedly presented with stock transfer instructions from the same two intermediaries—Kueber and Celtic Consultants LLC ("Celtic"), an entity based in Surrey, British Columbia. In each instance, Empire and Blevins were aware that Kueber and Celtic came to possess an extraordinary concentration of the issuers' "free trading" securities and instructed transfers to

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<sup>9</sup> Xumanii's corporate predecessor is Medora Corporation. Medora's change of name to Xumanii occurred on October 29, 2012.

offshore entities or “International Business Corporations” (“IBCs”).<sup>10</sup> In the case of Goff, Celtic and Kueber together possessed stock certificates that represented nearly 96% of Goff’s “free trading” shares. In six separate tranches, Celtic requested Empire and Blevins to transfer Goff shares to IBCs in Switzerland, Marshall Islands, Panama and Cyprus, while Kueber requested transfers to a Caledonian entity.

22. Similarly, in the case of Norstra, Empire and Blevins knew that Celtic came to possess 24 original-issue stock certificates, representing 99.25% of Norstra’s purportedly “free trading” securities, which were registered in the names of certain Norwegian and Panamanian individuals. Between January and March 2013, Celtic presented these certificates to Empire and Blevins and requested transfers of Norstra securities to various nominee IBCs located in Nevis, Belize, the Marshall Islands, Samoa, and to Caledonian Bank. Likewise, in the case of Xumanii, Celtic came to possess 34 of the 43 original-issue share certificates, representing 78.5% of Xumanii’s “free-trading” common stock. Celtic then instructed Empire and Blevins to transfer Xumanii securities to three IBCs, two in Nevis and one in Samoa.

23. In all of these instances, Empire and Blevins processed the transfer requests on the basis of issuer board resolutions and indemnities, which were signed by the issuers’ principal and chief officer. In connection with nearly every transfer request, the board resolutions by Goff, Norstra and Xumanii were presented to Empire and Blevins by the same two intermediaries, Kueber and/or Celtic. Further, the board resolutions by Goff, Norstra and Xumanii were virtually identical in form and substance to the board resolution by Swingplane that Kueber had provided to Empire.

24. In the case of Xumanii, the indicia that the issuer controlled the securities was particularly strong because Empire was provided a “blanket” board resolution, with no bona fide stock transfer powers, that covered every purported foreign registered owner and every outstanding “free trading” Xumanii security for any and all transfers. Specifically, Celtic presented Empire with a blanket board resolution, dated June 6, 2011, and signed by Xumanii’s President, attaching an “Appendix A” that listed all 42 purported Jamaican investors who bought shares in a prior offering. Through the blanket board resolution, Xumanii directed Empire to process transfer requests regarding any of the 42 registered owners listed on Appendix A and 100% of Xumanii’s purported “free trading” securities.

25. Empire and Blevins were presented with additional strong indicia that the securities being transferred were controlled by the issuers and they took active steps to facilitate the unregistered distributions. In connection with Norstra, on December 5, 2012, an entity by the name of Euro-Helvetia Trust Co. S.A. presented to Empire an unlegended original-issue stock certificate for 250,000 Norstra shares and requested transfer of the shares to “Fiddich River Corporation,” an IBC based in the Marshall Islands. On the same day, Empire, instead of

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<sup>10</sup> An IBC is an offshore company formed under the laws of a jurisdiction, but is not taxed in its domiciled jurisdiction, and is generally able to offer secrecy to persons holding assets and engaging in business through the IBC.

contacting the registered owner of the Norstra stock certificate, sent an email to the issuer at norstraenergy@hotmail.com requesting an indemnity from Norstra and attaching a template board resolution that would direct Empire to process the transfer request and indemnify Empire for processing the transfer. The template also included a blank signature line for Norstra's President. In form and substance, the board resolution and indemnity that Empire sent to Norstra was identical to the board resolution used in connection with the earlier Swingplane transfers that Kueber requested from Empire. Later that same day, Norstra provided Empire with a certified resolution of its board of directors, which lifted verbatim language from the template that Empire provided to Norstra and was signed by Norstra's President.

26. In other instances, Empire and Blevins became aware that certain transfer instructions would result in registering and placing a large concentration of shares into the hands of a single entity, providing strong indicia of issuer or affiliate control of the securities. With regard to Goff, on January 9, 2013, Kueber presented to Empire and Blevins nine unlegended stock certificates, constituting 42% of Goff's purported "free trading" securities, and instructed them to transfer the shares to certain offshore entities. Kueber also instructed Empire to reissue all of the Goff certificates in the name of a Caledonian entity. Between January 9, 2013, and January 22, 2013, Empire employees, including Blevins, engaged in email correspondence with Kueber and a Managing Director of Caledonian Securities. In the email, Empire raised concerns that Caledonian Securities was attempting to register in its name more than 10% of Goff's outstanding shares, which would make Caledonian a *de facto* affiliate of the issuer. Under these circumstances, the shares would be subject to affiliate-control resale restrictions.

27. In light of this concern, Blevins requested revised instructions to "keep the certificate from being [under] Restricted control." On January 22, 2013, Kueber promptly provided Empire with revised instructions from Goff, providing for the following transfers: 1,050,000 shares to Caledonian Bank; 870,000 shares to Legacy Global; and 1,000,000 shares to Clear Water. These were the exact same three transferees who received all of Swingplane's purportedly "free trading" securities. On the same day, Empire completed Kueber's transfer request by issuing unlegended stock certificates and delivering these stock certificates pursuant to Kueber's instructions.<sup>11</sup>

28. Empire and Blevins knew or should have known that Kueber and Celtic were operating as the issuers' affiliates because these intermediaries repeatedly came to possess an extraordinary portion of the issuers' "free-trading" securities, and they repeatedly presented transfer directions from the issuers through board resolutions signed by the issuers' principals. Moreover, in each instance where Empire and Blevins needed revised transfer instructions from the issuer, Kueber promptly delivered revised instructions on behalf of the issuers (*i.e.*, revised Norstra board resolution and indemnities and revised instructions from Goff to prevent the placement of more than 10% of securities into the hands of any single transferee).

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<sup>11</sup> On January 31, 2013, Empire began processing stock transfers to reflect a 25 to 1 forward stock split that Goff affected on January 21, 2013.



29. In addition to strong indicia that the securities were controlled by the issuer or its affiliates, Empire and Blevins were also on notice of several red flags that were apparent from the face of the transfer documents. In this regard, as they did in connection with Swingplane securities, Empire and Blevins continued to process transfer requests that lacked any endorsements by the purported registered owners of the securities. Empire and Blevins processed these transfer requests even though Empire's Procedures Manual required endorsements by the registered owners of the securities. In the case of Goff, two stock certificates that Kueber presented for transfer lacked endorsements by the registered owners. Similarly, in the case of Xumanii, at least two certificates that Celtic presented to Empire for transfer had no endorsements or accompanying stock powers. In all of these instances, Empire and Blevins readily processed the transfer requests despite the utter lack of endorsements.

30. In multiple instances, Empire and Blevins processed transfer requests by Celtic even though none of the stock powers had a signature guarantee of a financial institution, bank, or broker. The transfer requests, in fact, lacked any suitable evidence of authenticity or verification that Celtic was instructing the transfer at the request of the registered owners of the securities. Empire's policies and procedures, however, required the signature guaranty of a financial institution, bank or broker, preferably by a member of the Securities Transfer Agents Medallion Program.

31. With regard to Goff, for example, after Celtic presented for transfer 16 out of 27 share certificates (representing 54% of Goff's public trading float) to various IBCs, Empire and Blevins processed the request even though none of the stock powers accompanying the stock certificates had a signature guarantee of a financial institution, bank, or broker, or reflected other suitable evidence of authenticity or verification of the endorsement. Empire and Blevins, thus, had no verification that Celtic was instructing the transfer at the request of the registered owners of the securities. Similarly, when Celtic presented transfer instructions for Norstra securities, the signature on each of the stock powers, applying to the stock certificates registered in the names of purported Norwegian individuals, bore the signature guaranty of an unidentified individual. In the case of Xumanii, Celtic presented to Empire and Blevins stock powers for 11 stock certificates on one occasion and then later presented 20 stock powers for 20 purported Jamaican registered owners. Significantly, none of the stock powers had the signature guarantee of a financial institution, bank or broker, or other suitable evidence of authenticity or verification of the endorsement.

32. In other instances, Empire and Blevins had notice of other irregularities in the transfer documents that were presented. With regard to Goff securities that Kueber presented for transfer, two of the stock certificates, certificates numbers 120 and 122, were presented with an undated stock power signed by someone whose name did not match either certificate and identified certificate number 110 as the instrument it was affecting. Also, the quantity of securities to be transferred by the stock power did not match the quantity of either certificate. A second stock power presented with stock certificates 120 and 122 did not identify the name of the endorser, security, stock certificate, date or the quantity of securities to be transferred pursuant to the stock power. In addition, an undated stock power presented with the stock certificate registered to someone with the initials A.G. was signed with an illegible signature, did

not identify the signer, the security, the quantity of the security, the registered owner, or the stock certificate that it applied to.

33. In connection with Goff, Norstra and Xumanii, Empire and Blevins completed the transfer requests by issuing unlegended stock certificates and delivering the shares to numerous offshore entities. The shares that Empire transferred to various offshore entities were then sold to the public in an unregistered distribution, simultaneous with aggressive and extensive promotion campaigns for the penny stocks of Goff, Norstra and Xumanii, through issuer press releases and stock-touting websites.

34. Empire and Blevins processed the stock transfer request despite red flags indicating that the securities being transferred were controlled by the issuer or its affiliate and that the transfers of share certificates without restrictive legends were in furtherance of an unregistered distribution of securities in violation of Section 5 of the Securities Act. The red flags are as follows:

- In each case, the issuers' affiliates, Kueber and/or Celtic, came to possess a significant portion of the issuer's "free trading" securities and directed the transfer of the securities despite lacking bona fide stock transfer powers from the registered owners;
- Empire was presented with template board resolutions and indemnities signed by the issuers' principal and chief officers, who lacked authority to act on behalf of the purported foreign registered owners and reflected that the issuers were directing the transfers;
- In the case of Goff (similar to what occurred in Swingplane), Empire and Blevins knew that the issuer's affiliate sought the transfer of more than 10% of Goff's total shares outstanding to a single person providing indicia of issuer control and the need to add restrictive legends to the certificates being transferred;
- Several transfer requests lacked endorsements by the registered owners of the securities which was also in violation of its Procedures Manual;
- Numerous stock powers lacked a signature guarantee and there was no additional verification that the purported registered owners of the securities were directing the transfers; and
- Several transfer requests contained stark irregularities in the records (*i.e.*, signatures in the stock powers did not match the names of the owners of the securities, the quantity of securities to be transferred by the stock power did not match the quantity on the certificate, and blank stock powers were presented).

35. By readily processing the transfer requests for Goff, Norstra, and Xumanii, in the face of red flags reflecting that the issuers or its affiliates controlled the securities, Empire and

Blevins played a significant role as necessary participants and substantial factors in facilitating unregistered distributions of these securities.

36. Blevins, as the person who oversaw all day-to-day stock transfer operations and supervised all Empire employees engaged in stock transfer operations, was aware of the red flags.

### **Violations**

37. As a result of the conduct described above, Empire and Blevins willfully violated Sections 5(a) and 5(c) of the Securities Act, which makes it unlawful for any person, directly or indirectly, to use the mails or other means of interstate commerce to sell or to offer to sell a security for which a registration statement is not on file or in effect, absent an available exemption.

38. Empire and Blevins's role and conduct demonstrate that they were necessary participants and substantial factors in the unregistered distributions of Swingplane, Goff, Norstra and Xumanii securities. Empire and Blevins were necessary participants because, but for their participation in processing the share transfers without restricted legends, there would not have been subsequent sales of these securities to the public in unregistered distributions.

39. Empire and Blevins's role and conduct in issuing and transferring the unlegended shares amounted to a substantial factor in the unregistered distributions. Their actions went beyond routine functions of stock transfer processing, and they became aware of and ignored red flags of a possible unregistered distribution. The red flags include, but not limited to, processing transfer requests that: (a) lacked endorsements by the registered owners; (b) were accompanied by stock powers signed by persons whose names did not match the registered owners names on the accompanying certificates; (c) were accompanied by stock powers bearing signature guarantees of unidentified individuals; and (d) were unaccompanied by a signature guarantee or other suitable evidence of authenticity. In addition, Empire and Blevins were aware that they processed transfers, in some case for all or almost all of an issuer's public float, not at the direction of individuals whose names were registered on the stock certificates, but at the direction of the issuer or possible affiliate, providing an additional significant indicia that the securities being transferred were controlled by the issuers or its affiliates. Thus, by processing transfer requests for securities in unlegended stock certificates under circumstances where there were no endorsements, the presence of several red flags, and/or insufficient documentation, Empire and Blevins were a substantial factor in the unregistered distributions of Swingplane, Goff, Norstra and Xumanii securities.

40. Exchange Act Sections 17A(c)(3)(A), incorporating by reference Exchange Act Section 15(b)(4)(E), authorizes the Commission to sanction a transfer agent for failing to supervise, with a view to preventing and detecting violations of the federal securities laws, another person subject to its supervision who commits such a violation. Reasonable supervision includes establishing reasonable policies and procedures and also effective systems to implement them. *See Quest Capital Strategies, Inc.*, Exchange Act Rel. No. 44935, 2001 WL 1230619 at 6 (Oct. 15, 2001) (Commission opinion).

41. Blevins, who was subject to Empire's supervision, willfully violated Sections 5(a) and 5(c) of the Securities Act.

42. Empire was responsible for developing and implementing reasonable policies and procedures with a view to prevent and detect violations of Securities Act Sections 5(a) and 5(c) of those under its supervision.

43. Empire's policies and procedures failed to provide guidance that certain red flags could be indicative of potential unregistered distributions of securities, in violation of Section 5 of the Securities Act. For example, Empire's policies and procedures did not identify indicia of an unregistered distribution that required follow-up such as: (1) the same person (Kueber and Celtic) presented transfer requests for stock certificates that represented a significant portion or all of the issuers' "free trading" securities; (2) missing or questionable signature guarantees; or (3) inapplicable or mismatched stock powers that did not identify the name of the signatory, certificate number, or date of signature, which lacked any basis to determine the connection between the stock power signatory and the registered owner of the certificates.

44. In addition, Empire failed reasonably to train Blevins with respect to the firm's procedures regarding processing transfers. For example, Blevins repeatedly violated Empire's procedures by processing transfer requests that lacked registered owners' endorsements or accompanying stock powers authorizing the transfers. Instead, Blevins improperly relied on board resolutions by the issuers (who no longer purportedly owned or controlled the securities) to effectuate the transfers without any inquiry as to whether this request related to potential unregistered distributions or complied with Empire's procedures.

45. As a result, Empire did not establish reasonable policies and procedures or reasonably implement a system for applying such procedures with a view to prevent and detect Blevins' violations of Securities Act Section 5. Accordingly, Empire failed reasonably to supervise Blevins under Section 17A(c)(3)(A), incorporating by reference Section 15(b)(4)(E) of the Exchange Act. If Empire had developed and implemented reasonable policies and procedures, it is likely that it would have prevented and detected Blevins' violations of Securities Act Section 5.

46. Exchange Act Sections 17A(c)(4)(C) authorizes the Commission to suspend or bar any person from association with any transfer agent, broker, dealer, investment adviser, municipal securities dealer, municipal advisor, or nationally recognized statistical rating organization, for willful violation of Securities Act Section 5 while associated with a transfer agent. Accordingly, the Commission has power to suspend or bar Blevins for willfully violating Securities Act Section 5.

### **Undertakings**

47. Respondent Empire has agreed to undertake to:

a. Retain an independent consultant (the “Independent Consultant”), not unacceptable to the Commission staff, to conduct a review of Empire’s policies, procedures, and supervisory controls to identify deficiencies and weaknesses in Empire’s policies, procedures, supervisory controls, or in the implementation thereof, intended to prevent the transfer agent from, directly or indirectly, participating in, enabling or facilitating violations of Securities Act Section 5, and in light of “red flags” set forth in the Facts section, above. The Independent Consultant shall not have provided consulting, legal, auditing or other professional services to, nor had any affiliation with, Empire during the two years prior to the institution of these proceedings; however, Empire may seek the Commission staff’s waiver of this condition. At its discretion, Commission staff may waive this condition if it is provided information about the proposed Independent Consultant to the satisfaction of the staff that the proposed Independent Consultant’s prior services to Empire does not pose a conflict of interest. Empire shall cooperate fully with the Independent Consultant and the Independent Consultant’s compensation and expenses shall be borne by Empire.

b. 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 as such. 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 Commission’s staff 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. The agreement will also provide that, within 180 days of the institution of these proceedings, the Independent Consultant shall submit a written report of its findings to Empire, which shall include the Independent Consultant’s recommendations for changes in or improvements to Empire’s policies, procedures, and supervisory controls.

c. Adopt all recommendations contained in the Independent Consultant’s report within 90 days of the date of that report, provided, however, that within 30 days of the report, Empire shall advise in writing the Independent Consultant and the Commission staff of any recommendations that Empire considers to be unduly burdensome, impractical or inappropriate. With respect to any such recommendation, Empire need not adopt that recommendation at that time but shall propose in writing an alternative policy, procedures or system designed to achieve the same objective or purpose. As to any recommendation on which Empire and the Independent Consultant do not agree, Empire and the Independent Consultant shall attempt in good faith to reach an agreement within 60 days after the date of the Report. Within 15 days after the conclusion of the discussion and evaluation by Empire and the Independent Consultant, Empire shall require that the Independent Consultant inform Empire and the Commission staff in writing of the Independent Consultant’s final determination concerning any recommendation that Empire considers to be unduly burdensome, impractical, or inappropriate. Within 10 days of this written communication from the Independent Consultant,

Empire may seek approval from the Commission staff to not adopt recommendations that Empire can demonstrate to be unduly burdensome, impractical, or inappropriate. Should the Commission staff agree that any proposed recommendations are unduly burdensome, impractical, or inappropriate, Empire shall not be required to abide by, adopt, or implement those recommendations.

d. Certify, in writing, compliance with the undertakings set forth herein. The certification shall identify the undertakings, 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 Anita B. Bandy, Assistant Director, with a copy to the Office of Chief Counsel of the SEC Division of Enforcement, no later than the one-year anniversary of the institution of these proceedings.

e. Empire shall cooperate with any subsequent Commission staff investigation regarding the subject matter of this Order, including the roles of other parties.

f. For good cause shown, the Commission staff may extend any of the procedural dates relating to these undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

### **Findings**

48. Based on the foregoing, the Commission finds that Respondents, Empire and Blevins, willfully violated Sections 5(a) and 5(c) of the Securities Act.

49. Based on the foregoing, the Commission finds that Respondent Empire failed reasonably to supervise Blevins with a view to preventing his violations of Sections 5(a) and 5(c) of the Securities Act.

### **IV.**

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 and Sections 17A(c)(3), 17A(c)(4)(C) and 21A of the Exchange Act, it is hereby ORDERED that:

A. Respondents Empire and Blevins shall cease and desist from committing or causing any violation and any future violation of Sections 5(a) and 5(c) of the Securities Act;

B. Respondent Empire is censured.

C. Respondent Empire shall pay a civil money penalty in the amount of \$150,000 and disgorge \$3,840, plus prejudgment interest thereon of \$399.30, to be paid as follows:

- (1) \$34,239.30 within 10 days of entry of this Order, which payment includes full payment of the disgorgement amount, plus prejudgment interest thereon;
- (2) \$30,000 within 90 days of the entry of this Order;
- (3) \$30,000 within 180 days of entry of this Order;
- (4) \$30,000 within 270 days of entry of this Order; and
- (5) \$30,000 within 360 days of entry of this Order.

D. Respondent Empire shall comply with undertakings set forth in paragraph 47, above.

E. Respondent Blevins be, and hereby is, barred from association with a transfer agent, broker, dealer, investment adviser, municipal securities dealer, municipal advisor, or nationally recognized statistical rating organization.

F. Respondent Blevins shall pay a civil money penalty in the amount of \$20,000, to be paid as follows:

- (1) \$3,000 within 10 days of entry of this Order;
- (2) \$4,250 within 90 days of the entry of this Order;
- (3) \$4,250 within 180 days of entry of this Order;
- (4) \$4,250 within 270 days of entry of this Order; and
- (5) \$4,250 within 360 days of entry of this Order.

G. Respondent Empire shall pay the amounts in civil penalties, disgorgement, and prejudgment interest and Respondent Blevins shall pay civil penalties to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3). If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest, and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. Payments 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

H. Payments by check or money order must be accompanied by a cover letter identifying the payors, Empire Stock Transfer, Inc. or Matthew J. Blevins, 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 simultaneously sent Gerald W. Hodgkins, Associate Director, Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549.

I. 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, Respondents agree that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he 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, Respondents agree 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. 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 Respondents, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents 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 Respondents 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