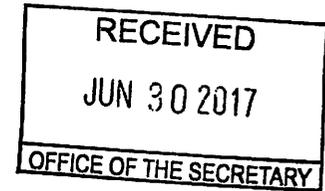


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**UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING
File No. 3-18011**

**In the Matter of

Integrated Freight Corporation,

Respondent.**

**DIVISION OF ENFORCEMENT'S
MOTION FOR RULING ON THE PLEADINGS AND BRIEF IN SUPPORT**

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MOTION FOR RULING ON THE PLEADINGS

The Division of Enforcement (“Division”), pursuant to Commission Rule of Practice 250(a), respectfully moves for a ruling on the pleadings against Integrated Freight Corporation (“Integrated Freight”). In its June 15, 2017 Answer and Affirmative Defenses (“Answer”), Integrated Freight admits that it is delinquent in its periodic filings with the Commission, having not filed any periodic reports since it filed a Form 10-K for the fiscal year ended March 31, 2015. Accordingly, even accepting all of Integrated Freight’s factual allegations as true and drawing all reasonable inferences in Integrated Freight’s favor, the Division is entitled to an order revoking each class of securities of Integrated Freight registered with the Commission pursuant to Section 12(j) of the Securities Exchange Act of 1934 (“Exchange Act”) as a matter of law.

I. Statement of Facts

Integrated Freight is a Florida corporation located in Danbury, Connecticut with a class of securities registered with the Commission pursuant to Exchange Act Section 12(g). Integrated Freight has failed to file its periodic reports for over two years, *i.e.*, any of its periodic reports after its Form 10-K for the fiscal year ended March 31, 2015. Integrated Freight has therefore missed six quarterly filings and two annual filings. As of June 5, 2017, the company’s stock (symbol “IFCR”) was quoted on OTC Link (previously “Pink Sheets”) operated by OTC Markets Group, Inc. (“OTC Link”), had eight market makers, and was eligible for the “piggyback” exception of Exchange Act Rule 15c2-11(f)(3). (Answer ¶ I.1).¹ On June 5, 2017, the Commission suspended

¹ The Court may take official notice of the pleadings and Integrated Freight’s filings on EDGAR. *See Blink Tech., Inc.*, Initial Decision Rel. No. 1134, 2017 WL 1953457, at *2

trading in the common stock of Integrated Freight for a period of ten business days, from 9:30 a.m. EDT on June 6, 2017, through 11:59 p.m. EDT on June 19, 2017, pursuant to Exchange Act Section 12(k).

II. Argument

This administrative proceeding was instituted under Section 12(j) of the Exchange Act. Section 12(j) empowers the Commission to either suspend (for a period not exceeding twelve months) or permanently revoke the registration of a class of securities if the respondent has failed to comply with any provision of the Exchange Act or the rules and regulations thereunder.

A. The Division Is Entitled to a Ruling on the Pleadings Against Integrated Freight for Violations of Exchange Act Section 13(a) and Rules 13a-1 and 13a-13 Thereunder.

Section 13(a) of the Exchange Act and the rules promulgated thereunder require issuers of securities registered pursuant to Section 12 of the Exchange Act to file periodic and other reports with the Commission. Exchange Act Section 13(a) is the cornerstone of the Exchange Act, establishing a system of periodically reporting core information about issuers of securities. The Commission has stated:

Failure to file periodic reports violates a central provision of the Exchange Act. The purpose of the periodic filing requirements is to supply investors with current and accurate financial information about an issuer so that they may make sound decisions. Those requirements are “the primary tool[s] which Congress has fashioned for the protection of investors from negligent, careless, and deliberate misrepresentations in the sale of stock and securities.” Proceedings initiated under Exchange Act Section 12(j) are an important remedy to address the problem of publicly traded companies that are delinquent in

(May 11, 2017) (taking notice of EDGAR filings pursuant to Rule of Practice 323 in decision granting the Division’s motion for ruling on the pleadings).

the filing of their Exchange Act reports, and thereby deprive investors of accurate, complete, and timely information upon which to make informed investment decisions.²

As explained in *St. George Metals, Inc.*:

Section 13(a) of the Exchange Act and the rules promulgated thereunder require issuers of securities registered pursuant to Section 12 of the Exchange Act to file periodic and other reports with the Commission. Exchange Act Rule 13a-1 requires issuers to submit annual reports, and Exchange Act Rule 13a-13 requires issuers to submit quarterly reports. No showing of scienter is necessary to establish a violation of Section 13(a) or the rules thereunder.³

Since Integrated Freight does not dispute the factual allegations in the OIP, it is established by the pleadings that Integrated Freight has failed to file its periodic reports for over two years, *i.e.*, any of its periodic reports after its Form 10-K for the fiscal year ended March 31, 2015, filed on July 14, 2015.⁴

B. Revocation Is the Appropriate Sanction for Integrated Freight's Serial Violations of Exchange Act Section 13(a) and Rules 13a-1 and 13a-13 Thereunder.

Exchange Act Section 12(j) provides that the Commission may revoke or suspend a registration of a class of an issuer's securities where it is "necessary or appropriate for the protection of investors." The Commission's determination of which sanction is

² *Gateway Int'l Holdings, Inc.*, Exch. Act Rel. No. 53907, 2006 WL 1506286, at *6 (May 31, 2006) (quoting *SEC v. Beisinger Indus. Corp.*, 552 F.2d 15, 18 (1st Cir. 1977)).

³ *St. George Metals, Inc.*, Initial Decision Rel. No. 298, 2005 WL 2397240, at *3 (Sept. 29, 2005); accord *Gateway*, 2006 WL 1506286, at *18, *5 n.28; *Stansbury Holdings Corp.*, Initial Decision Rel. No. 232, 2003 WL 21640201, at *5 (July 14, 2003); and *WSF Corp.*, Initial Decision Rel. No. 204, 2002 WL 917293, at *6 (May 8, 2002).

⁴ See *Blink Tech., Inc.*, 2017 WL 1953457, at *5 (ordering that each class of registered securities of Blink Technologies be revoked because it was undisputed that Blink Technologies had failed to timely file annual and quarterly reports for more than two years, in violation of Exchange Act Section 13(a) and Rules 13a-1 and 13a-13).

appropriate “turns on the effect on the investing public, including both current and prospective investors, of the issuer’s violations, on the one hand, and the Section 12(j)

sanctions on the other hand.”⁵ In making this determination, the Commission has said it will consider, among other things: (1) the seriousness of the issuer’s violations; (2) the isolated or recurrent nature of the violations; (3) the degree of culpability involved; (4) the extent of the issuer’s efforts to remedy its past violations and ensure future compliance; and (5) the credibility of the issuer’s assurances against future violations.⁶ Although no one factor is controlling,⁷ the Commission has stated that it views the “recurrent failure to file periodic reports as so serious that only a strongly compelling showing with respect to the other factors we consider would justify a lesser sanction than revocation.”⁸

An analysis of the factors above confirms that revocation of Integrated Freight’s securities is necessary and appropriate.

1. Integrated Freight’s violations are serious.

As established by the pleadings in this proceeding, Integrated Freight’s conduct is serious, being of continuous duration for two years and counting. Integrated Freight has not filed any periodic reports since it filed a Form 10-K for the fiscal year ended March 31, 2015. Given the central importance of the reporting requirements imposed by Section 13(a) and the rules thereunder, Administrative Law Judges have found violations of these

⁵ *Gateway*, 2006 WL 1506286, at *4.

⁶ *Id.*

⁷ *Stansbury*, 2003 WL 21640201, at *5; *WSF Corp.*, 2002 WL 917293, at *2.

⁸ *Impax Labs., Inc.*, Exch. Act Rel. No. 57864, 2008 WL 2167956, at *8 (May 23, 2008).

provisions of similar durations to be egregious, and Integrated Freight's violations support an order of revocation for each class of its securities.⁹

2. Integrated Freight's violations of Section 13(a) have been not just recurrent, but egregious.

Because Integrated Freight has failed to file any periodic reports since the period ended March 31, 2015, there is no dispute that its violations have been recurrent since then. In addition, EDGAR reflects that Integrated Freight also failed to file any Forms 12b-25 seeking extensions of time to make any periodic filings during that timeframe. Thus, the company not only failed to file two years' worth of periodic reports but also failed to file a total of eight Forms 12b-25.¹⁰ The serial nature of Integrated Freight's disregard of its filing obligations further supports the sanction of revocation here.

3. Integrated Freight's degree of culpability supports revocation.

Integrated Freight does not dispute that it knew of its reporting obligations. (Answer ¶¶ I.2, I.3.) Yet, according to EDGAR, Integrated Freight failed to file six quarterly filings and two annual filings. In *Gateway*, the Commission stated that, in determining the appropriate sanction in connection with an Exchange Act Section 12(j) proceeding, one of the factors it will consider is "the degree of culpability involved." The Commission found that the delinquent issuer in *Gateway* "evidenced a high degree

⁹ See *Blink Tech., Inc.*, 2017 WL 1953457, at *5 (respondent's failure to file period reports for over two years was egregious); *WSF Corp.*, 2002 WL 917293, at *7 (respondent's failure to file periodic reports for two-year period was egregious); *Freedom Golf Corp.*, Initial Decision Release No. 227, 2003 WL 21106567, at *3 (May 15, 2003) (respondent's failure to file periodic reports for less than one year was egregious).

¹⁰ See *Investco, Inc.*, Initial Decision Rel. No. 240, 2003 WL 22767599, at *3 (Nov. 24, 2003) (delinquent issuer's actions were found to be egregious and recurrent where there was no evidence that any extension to make the filings was sought).

of culpability,” because it “knew of its reporting obligations, yet failed to file” twenty periodic reports and only filed two Forms 12b-25.¹¹

Integrated Freight cites to certain other filings it has made during the last two years as evidence of its “desire to comply with the Reporting Requirements.” (Answer ¶ 8.)¹² However, Integrated Freight has not provided an explanation for its failure to file any of its eight required Forms 12b-25 for any of its delinquent reports for nearly two years. Because Integrated Freight knew of its reporting obligations and nevertheless failed to file its periodic reports and the required Forms 12b-25, it has shown more than sufficient culpability to support revocation.

4. Integrated Freight has made no efforts to remedy its past violations, nor has it made assurances against future violations.

Integrated Freight has made no efforts to remedy its past violations by, for example, filing any of its delinquent periodic reports. In the Answer, Integrated Freight stated that it does not have the resources to bring its filings up to date. (Answer ¶ 7.)

C. Integrated Freight Is Not Qualified to Deregister Under Exchange Act Rule 12g-4(a)(2).

Integrated Freight asserts that investors would be “better protected” by an order directing or allowing Integrated Freight to voluntarily terminate its reporting obligations by filing a Form 15 pursuant to Exchange Act Rule 12g-4(a)(2), rather than by revocation. (Answer ¶ 12.) However, Integrated Freight is not qualified to deregister

¹¹ *Gateway*, 2006 WL 1506286, at *5.

¹² Integrated Freight filed a Form 15 on January 25, 2017, pursuant to Exchange Act Rule 12g-4(a)(2). (Answer ¶ 9.) However, by letter dated February 13, 2017, the Division of Corporation Finance notified Integrated Freight that it was not qualified to deregister, and that it should withdraw the Form 15, because it has more than 500 stockholders of record. Integrated Freight has yet to withdraw the Form 15.

under Exchange Act Rule 12g-4(a)(2) because, as Integrated Freight acknowledges, it has more than 500 stockholders of record. (Answer ¶ 9.)

Moreover, even if Integrated Freight was qualified to deregister, revocation would still be the appropriate remedy here. Indeed, Chief ALJ Murray recently found revocation to be appropriate even where, unlike here, a respondent filed a valid Form 15 to withdraw its registration after being served with an OIP pursuant to Exchange Act Section 12(j), explaining: “A Section 12(j) revocation is the strongest measure the Commission can take to protect investors where an issuer has not filed required periodic reports for an extended period despite delinquency letters sent by the Division of Corporation Finance requesting compliance.”¹³

In addition, revocation will not be overly harmful to whatever business operations, finances, or shareholders Integrated Freight may have. The remedy of revocation will not cause Integrated Freight to cease being whatever kind of company it was before its securities registration was revoked. The remedy instead will ensure that until Integrated Freight becomes current and compliant on its past and current filings, its shares cannot trade publicly.¹⁴ Revocation will not only protect current and future investors in Integrated Freight, who presently lack the necessary information about Integrated Freight because of the issuer’s failure to make Exchange Act filings, it will also deter other similar companies from becoming lax in their reporting obligations.

¹³ *Blink Tech., Inc.*, 2017 WL 1953457, at *5 (revoking the registration of Blink Technologies’ registered securities even though Blink Technologies filed a valid Form 15 to withdraw its registration after being served with the OIP pursuant to Exchange Act Section 12(j)).

¹⁴ *See Eagletech Communications, Inc.*, Exch. Act Rel. No. 54095, 2006 WL 1835958, at *3 (July 5, 2006) (revocation would lessen, but not eliminate, shareholders’ ability to transfer their securities).

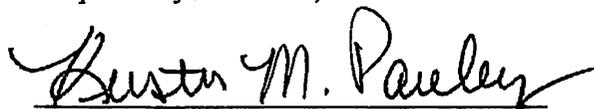
A new registration process will place all investors on an even playing field. All current investors will still own the same amount of shares in Integrated Freight that they did before registration, though their shares will no longer be devalued because of the company's delinquent status. All investors, current and future alike, will also benefit from the legitimacy, reliability, and transparency of a company in compliance. The time-out will protect the status quo, and will give Integrated Freight the opportunity to come into full compliance, to calmly and thoroughly work through all of Integrated Freight's remaining issues with its auditors and management, and to complete its financial statements in compliance with Regulations S-K and S-X.

III. Conclusion

For the reasons set forth above, the Division respectfully requests that the Court grant the Division's motion for a ruling on the pleadings and revoke the registration of each class of Integrated Freight's securities registered under Exchange Act Section 12.

Dated: June 29, 2017

Respectfully submitted,



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CERTIFICATE OF SERVICE

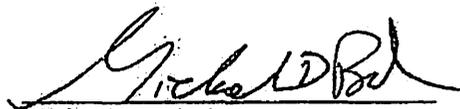
I hereby certify that true copies of the Division of Enforcement's Motion for Ruling on the Pleadings and Brief in Support were served on the following on this 29th day of June, 2017, in the manner indicated below:

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