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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

## SECURITIES AND EXCHANGE COMMISSION,

Case No.

**Plaintiff,**

## **COMPLAINT**

STEVEN J. MUEHLER, CLAUDIA  
M. MUEHLER, KOOROSH  
“DANNY” RAHIMI, ALTAVISTA  
CAPITAL MARKETS, LLC,  
ALTAVISTA PRIVATE CLIENT,  
LLC, AND ALTAVISTA  
SECURITIES, LLC.

## Defendants.

Plaintiff Securities and Exchange Commission (“SEC”) alleges:

## **JURISDICTION AND VENUE**

1. The Court has jurisdiction over this action pursuant to Sections 20(b),

1 20(d)(1), 20(g), and 22(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C.  
 2 §§ 77t(b), 77t(d)(1), 77t(g), and 77v(a)], and Sections 21(d)(1), 21(d)(3), 21(d)(6),  
 3 21(e), 27(a), and 27(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15  
 4 U.S.C. §§ 78u(d)(1), 78u(d)(3), 78u(d)(6), 78u(e), 78aa(a), and 78aa(b)].

5       2. Defendants have, directly or indirectly, made use of the means and  
 6 instrumentalities of interstate commerce, or of the mails, in connection with the acts,  
 7 practices and courses of business alleged herein.

8       3. Venue is proper in this district pursuant to Section 22(a) of the Securities  
 9 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act [15 U.S.C. §  
 10 78aa(a)], because one or more of the acts or transactions constituting the violations  
 11 alleged occurred within this district. In addition, venue is proper in this district  
 12 because the defendants are located and conduct business within this district.

### SUMMARY

14       4. The SEC brings this action to preliminarily and permanently enjoin  
 15 Steven J. Muehler (“Muehler”) from continuing to violate the federal securities laws.  
 16 Muehler is a three-time recidivist, having been the subject of a recent SEC cease-and-  
 17 desist order in June 2016 (the “2016 SEC Order”), and separate cease-and-desist  
 18 orders from state regulators in California and Minnesota. Yet he continues to violate  
 19 the law, using his same playbook to defraud small business owners hoping to raise  
 20 money from investors. In fact, Muehler is currently violating the cease-and-desist  
 21 requirements of the 2016 SEC Order, despite having consented to its entry and being  
 22 fully aware of its terms.

23       5. To carry out his current scam, Muehler has resurrected the key aspects of  
 24 the prior scheme that led to the entry of the SEC order against him by simply creating  
 25 a new group of companies (collectively, the “AltaVista Companies”) to perpetrate the  
 26 same scheme. In his new scheme, Muehler and his AltaVista Companies agree to  
 27 help small businesses raise money from investors under “Regulation A” – a  
 28 regulation that allows small businesses to raise money from investors without

1 registering those offerings with the SEC. And just like his prior scheme, Muehler  
2 and his companies agree to act as broker-dealers for the small businesses by helping  
3 to identify potential investors and offering to effect securities transactions for them  
4 over an allegedly proprietary “Nanocap Market,” which Muehler claims is an online  
5 securities exchange. In return, Muehler and his companies receive fees, the right to a  
6 percentage of any funds raised from investors, and the right to an equity stake in each  
7 issuer. But they cannot do any of this legally since none of the Alta Vista Companies  
8 are registered with the SEC as broker-dealers, and Muehler himself is barred from  
9 associating with any broker-dealer under the 2016 SEC Order.

10       6. Muehler and his AltaVista Companies also make numerous false and  
11 misleading statements to their small business customers. For example, they falsely  
12 claim that they previously helped small businesses raise millions of dollars, that they  
13 have \$50 million on-hand to invest in their customers’ securities, and that some  
14 AltaVista Companies are registered with the SEC. Muehler and his companies also  
15 engage in deceptive conduct in carrying out this fraud, using false personas in emails,  
16 impersonating others on telephone calls, and forging documents. And they conceal  
17 the 2016 SEC Order, as well as the California and Minnesota orders against him.

18       7. In addition, Muehler and the AltaVista Companies have attempted to  
19 raise money by offering to sell bonds issued by so-called “Fixed Income Mortgage  
20 Funds” that they said were associated with the Alta Vista Companies. The offer and  
21 sale of those bonds should have been, but were not registered with the SEC.

22       8. Muehler operates this scheme with substantial assistance from his wife,  
23 Defendant Claudia M. Muehler (“Claudia Muehler”), who provides funding for the  
24 AltaVista Companies, helps identify potential customers, purchases investor leads,  
25 and signs agreements for the AltaVista Companies. She and Muehler operate the  
26 AltaVista Companies out of their condominium in Marina Del Rey, California.

27       9. During 2016 and 2017, Defendant Koorosh Rahimi, also known as  
28 Danny Rahimi (“Rahimi”), worked for Muehler and the AltaVista Companies.

Rahimi was not registered as a broker-dealer or associated with a registered broker-dealer during that time. Nevertheless, he helped Muehler solicit customers and investors, including investors for the unregistered bond offering in 2016.

10. By engaging in this conduct, Muehler violated, and is violating, Section 5(c) of the Securities Act, 15 U.S.C. § 77e, and Sections 10(b), 15(a) and 15(b)(6)(B) of the Exchange Act [15 U.S.C. §§ 78j, 78o], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]; the AltaVista Companies violated, and are violating, Section 5(c) of the Securities Act [15 U.S.C. § 77e], and Sections 10(b) and 15(a) of the Exchange Act, [15 U.S.C. §§ 78j, 78o], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]; Claudia Muehler has aided and abetted, and is aiding and abetting, Muehler’s and the AltaVista Companies’ Exchange Act violations, in violation of Section 20(e) of the Exchange Act [15 U.S.C. § 78t]; and Rahimi violated Section 5(c) of the Securities Act [15 U.S.C. § 77e], and Section 15(a) of the Exchange Act [15 U.S.C. § 78o].

11. The SEC seeks a preliminary injunction against Muehler, Claudia Muehler and the AltaVista Companies prohibiting future violations, pending trial of this action. In addition, the SEC seeks permanent injunctions against all of the defendants prohibiting them from future violations of the securities laws they have violated, disgorgement of their ill-gotten gains together with prejudgment interest, and civil penalties. The SEC also seeks an injunction against Muehler that bars him from participating in the issuance, purchase, offer or sale of securities, and an order barring the AltaVista Companies, Claudia Muehler, and Rahimi from participating in an offering of penny stock under Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)].

## **DEFENDANTS**

12. **Steven Joseph Muehler** is a resident of Marina Del Rey, California.

13. Muehler controls the AltaVista Companies, which he owns and co-founded with his wife, Defendant Claudia M. Muehler.

14. Muehler never registered with the SEC in any capacity and has never

1 associated with a registered broker-dealer during his operation of the AltaVista  
2 Scheme.

3       15. **Claudia Martins Muehler** resides with her husband, Muehler, in their  
4 Marina Del Rey condominium, out of which she and Muehler operate the AltaVista  
5 Companies.

6       16. Muehler and Claudia Muehler were married in 2008.

7       17. Claudia Muehler co-founded the AltaVista Companies with Muehler.  
8 She has never been registered with the SEC in any capacity and has never been an  
9 associated person of an SEC-registered entity.

10      18. **Koorosh Rahimi** is a resident of Los Angeles, California.

11      19. Rahimi worked with the Muehlers and the AltaVista Companies from  
12 approximately March 2016 until approximately February 2017.

13      20. Rahimi never registered with the SEC as a broker-dealer or investment  
14 adviser, and was not associated with a registered broker-dealer or investment adviser  
15 when he worked for the AltaVista Companies.

16      21. Rahimi's experience prior to working with the AltaVista Companies  
17 included working as a registered investment adviser representative and/or a registered  
18 representative with several different firms from July 2011 through September 2014.  
19 Rahimi previously held Series 6, 7, 31, 63, and 66 licenses, all of which expired two  
20 years after the termination of his last association with an entity registered with the  
21 SEC.

22      22. **AltaVista Capital Markets, LLC** ("AV Capital Markets") is a  
23 California limited liability company operated out of the Muehlers' condominium.  
24 AV Capital Markets never registered with the SEC in any capacity.

25      23. **AltaVista Private Client, LLC** ("AV Private Client") is a California  
26 limited liability company operated out of the Muehlers' condominium. AV Private  
27 Client never registered with the SEC in any capacity. Muehler sometimes markets  
28 AV Private Client as an operator of the Nanocap Market.

24. **AltaVista Securities, LLC** (“AV Securities”) is a California limited liability company operated out of the Muehlers’ condominium. Muehler sometimes markets AV Securities as an operator of the Nanocap Market and sometimes markets AV Securities as a registered broker-dealer. AV Securities never registered with the SEC in any capacity.

## **FACTUAL ALLEGATIONS**

25. The Defendants' current scheme is very similar to past schemes Muehler has perpetrated. In short, their current scheme involves offering broker-dealer services to small businesses, including promises to help them raise money, even though they have never registered as broker-dealers and Muehler is specifically barred from engaging in this activity under the 2016 SEC Order. As he did in his prior scam, Muehler and his companies mislead small businesses to convince them to sign up for these unlawful services.

26. The AltaVista scheme is ongoing. Muehler and Claudia Muehler continue to own and operate the AltaVista Companies, which continue to solicit small business issuers for their broker-dealer services and continue to solicit potential investors for these customers.

#### A. The Prior ASMG Scheme and Other Sanctioned Conduct

27. Before engaging in his current AltaVista scheme, Muehler operated a similar unregistered broker-dealer and securities fraud scheme under the name “Alternative Securities Market Group” (the “ASMG Scheme”). He carried out that scheme from approximately August 2013 until the SEC instituted administrative proceedings against him in September 2015.

28. The ASMG Scheme was essentially the same as the current scheme that is the subject of this Complaint. In the ASMG scheme, Muehler and entities he controlled offered broker-dealer services to small businesses, and Muehler lied to those small businesses to induce them to pay him and his companies for the proposed services. Although Muehler attempted to sell securities for his customers in the

1 ASMG Scheme, he failed to consummate any transactions before the SEC instituted  
2 enforcement proceedings.

3       29. During those proceedings, Muehler consented to the entry of the 2016  
4 SEC Order (Exhibit A hereto, Muehler Offer of Settlement). The SEC order,  
5 attached hereto as Exhibit B, was made publicly available on the SEC's website after  
6 it was entered. *See* [www.sec.gov/litigation/admin/2016/34-78118.pdf](http://www.sec.gov/litigation/admin/2016/34-78118.pdf).

7       30. In consenting to the entry of that order, Muehler admitted that he and  
8 his companies held themselves out as broker-dealers that provided broker-dealer  
9 services and offered and agreed to effect securities transactions for customers over  
10 the Internet, primarily under Regulation A, in connection with proposed securities  
11 offerings.

12      31. Muehler also admitted that he and his companies, to persuade small  
13 business owners to sign up for their services, made numerous false and misleading  
14 statements and omissions, and engaged in other deceptive practices, including making  
15 false claims that they had helped other small business raise millions of dollars from  
16 investors, and by concealing the Minnesota and California cease-and-desist orders.

17      32. Muehler further admitted that by engaging in this and other admitted  
18 conduct, he and his companies violated the federal securities laws.

19      33. Under the terms of the 2016 SEC Order, Muehler was ordered to cease  
20 and desist from committing or causing any violations and any future violations of  
21 Section 10(b) and 15(a) of the Exchange Act, and Rule 10b-5 thereunder. In  
22 addition, Muehler was barred from associating with a broker or dealer and from  
23 participating in any offering of penny stock, and prohibited from acting as an officer  
24 or director of a public company. Muehler was also ordered to pay over \$410,000 in  
25 disgorgement and civil penalties.

26      34. The Minnesota and California cease-and-desist orders were entered  
27 against Muehler before the SEC issued its 2016 order against him. The Minnesota  
28 order, attached as Exhibit C hereto, was issued in 2009 by the Minnesota Department

1 of Commerce and ordered Muehler to cease and desist from fraudulent conduct in the  
2 offer of unregistered securities and from acting as an unregistered broker-dealer.

3 35. The California order, attached as Exhibit D hereto, was issued by the  
4 California Department of Corporations and ordered Muehler to desist and refrain  
5 from offering unregistered securities.

6 **B. The AltaVista Companies**

7 36. Defendants Muehler and Claudia Muehler founded the AltaVista  
8 Companies together in late 2015.

9 37. The Muehlers and the AltaVista Companies have not followed corporate  
10 formalities while carrying out the AltaVista Scheme. Instead, Muehler treats, and has  
11 always treated, the AltaVista Companies as interchangeable parts of a single  
12 enterprise under his control.

13 38. At times, Muehler has purported to give senior leadership or ownership  
14 roles in one or more of the AltaVista Companies to Claudia Muehler and Rahimi.

15 39. To distance himself from his extensive disciplinary history with state  
16 and federal securities regulators, and to further deceive his customers, Muehler has  
17 sometimes disclaimed his ownership and role in managing the AltaVista Companies.  
18 For example, he has created a paper trail to suggest that one or more persons other  
19 than himself owns or manages those companies. At all relevant times, however,  
20 Muehler controlled the AltaVista Companies and their operations, and both he and  
21 his wife owned those companies.

22 40. Both Muehler and Claudia Muehler received remuneration in connection  
23 with their operations of the AltaVista Companies, including through personal receipt  
24 of customer fees paid to the AltaVista Companies.

25 41. At times, Claudia Muehler deposited and otherwise received  
26 compensation drawn from customer fees into her personal bank account.

1           **C.     The AltaVista Scheme: Providing Broker-Dealer Services Without**  
2           **Registration and In Violation of the 2016 SEC Order**

3       42. From approximately November 2015 until the present, Muehler has used  
4 the AltaVista Companies to continue the unregistered broker-dealer and securities  
5 fraud scheme he previously perpetrated in the ASMG Scheme.

6           **1.     Marketing and Solicitation of Customers**

7       43. Beginning in November 2015, and continuing to the present, Muehler  
8 has marketed the AltaVista Companies to small businesses as a combination  
9 underwriter, broker-dealer and alternative trading system, or “ATS,” with  
10 connections to thousands of potential investors.

11      44. Muehler and the AltaVista Companies claim to have a number of  
12 associated investment funds, which can invest millions of dollars in their customers’  
13 businesses (the “Alta Vista Investment Funds”).

14      45. Muehler and the Alta Vista Companies advertise one of the companies,  
15 AV Capital Markets, as an underwriter of securities that can facilitate public offerings  
16 on its allegedly proprietary “Nanocap Market.” This purported market is Internet-  
17 based, and Muehler developed, created, and controlled the website for the market at  
18 all relevant times.

19      46. Muehler markets this Nanocap Market as an SEC-registered alternative  
20 trading system. An alternative trading system is a place where investors can buy and  
21 sell stock, but is not regulated by the SEC. However, all ATSs must be registered  
22 with the SEC before they can operate legally.

23      47. The purported Nanocap Market has never registered with the SEC in any  
24 capacity.

25      48. Muehler and the AltaVista Companies primarily identify potential small  
26 business customers on crowd-funding websites on the Internet.

27      49. After identifying potential customers, Muehler and the AltaVista  
28 Companies send them unsolicited emails and marketing materials prepared and

1 approved by Muehler, most of which are based on materials Muehler used in  
2 connection with the ASMG Scheme.

3       50. Potential customers who express interest receive additional marketing  
4 materials developed and approved by Muehler, based largely on materials he used  
5 during the ASMG Scheme.

6       51. Muehler typically finalizes deals with customers over the telephone or  
7 through in-person meetings.

8       52. At times, Muehler uses false names, such as Steven Leite, when  
9 speaking with prospective customers.

10      53. At times, Muehler has also pretended to be Rahimi when speaking with  
11 potential customers.

12      54. Muehler conceals his identity when speaking with potential customers in  
13 an effort to hide his role in the AltaVista Scheme, and to distinguish it from the  
14 scheme described in the publicly available 2016 SEC Order and from other negative  
15 information about Muehler that is publicly available on the Internet.

16      55. In addition, he impersonated Rahimi in an effort to give the impression  
17 that the prospective customer was speaking with someone who holds – or previously  
18 held – securities licenses, as Rahimi did.

19           **2. Services Offered to Small Businesses**

20      56. In seeking customers, Muehler and the AltaVista Companies offer and  
21 agree to provide broker-dealer, ATS and underwriting services for the express  
22 purpose of helping those customers raise startup capital from investors.

23      57. The services include:

- 24           (a) conducting due diligence, reviewing business plans, and  
25 approving the customers' financial statements;
- 26           (b) structuring the terms of the proposed securities offerings;
- 27           (c) identifying potential investors;
- 28           (d) screening potential investors, purportedly to ensure they are

1 limited to registered broker-dealers, registered investment advisers, licensed banking  
2 firms, and other select firms;

- 3                   (e) marketing the securities to investors; and  
4                   (f) managing investor expectations about the issuers.

5       58. The services also include assisting the customers in having offerings of  
6 their securities qualified under the SEC's Regulation A under the Securities Act. The  
7 services offered include preparing and filing Regulation A offering circulars with the  
8 SEC in order to pursue that qualification.

9       59. The services offered also include listing the securities qualified under  
10 Regulation A for sale to investors in initial public offerings on the Nanocap Market  
11 website; allowing investors to purchase customer securities on the Nanocap Market;  
12 and providing an online secondary market for post-IPO trading.

13      60. In addition, under a typical agreement with a small business customer,  
14 the AltaVista Companies promise to help the customer sell the business' convertible,  
15 preferred stock to investors (the "Customer Preferred Stock").

16      61. Muehler and the AltaVista Companies also offer and agree to underwrite  
17 the customers' offering of Customer Preferred Stock.

18      62. As part of this service, Muehler and the AltaVista Companies sign  
19 agreements with their customers in which the AltaVista Companies guarantee that  
20 certain minimum levels of capitalization will be raised (the "Minimum Investment  
21 Commitments"). For some customers, this Minimum Investment Commitment is  
22 equal to several million dollars.

23      63. Muehler and the AltaVista Companies promise that, if a proposed  
24 offering raises less than the specified Minimum Investment Commitment for that  
25 offering, the AltaVista Companies will have one of the AltaVista Investment Funds  
26 purchase enough Customer Preferred Stock to meet the Minimum Investment  
27 Commitment.

28      64. The AltaVista Investment Funds, however, did not have any funds or

1 investors. Therefore, none of the funds, to the extent they even existed, ever had any  
2 reasonable prospect of fulfilling any of the Minimum Investment Commitments.

3                   **2. The AltaVista Companies' Compensation**

4         65. To receive these services, the small business customers and the  
5 AltaVista Companies enter into "Equity Capital Funding" agreements, "Nanocap  
6 Market Listing" agreements or similarly titled agreements.

7         66. In return for the AltaVista Companies' promise to provide underwriter,  
8 broker-dealer and ATS services under these agreements, their customers pay up-front  
9 and monthly fees, as well as "Broker-Dealer Fees."

10        67. The up-front and monthly fees vary. Multiple customers have paid up-  
11 front fees ranging from \$10,000 to \$20,000, and monthly fees from \$400 to \$1,500  
12 per month. The "Broker-Dealer Fees" are equal to a percentage of the funds that are  
13 raised from investors.

14        68. Muehler, Claudia Muehler, and the AltaVista Companies collect and  
15 have collected fees from customers and have commingled those fees into accounts  
16 used to pay the Muehlers' personal expenses.

17        69. The customer agreements also grant the AltaVista Companies an equity  
18 interest in each issuer customer upon the occurrence of certain milestones in the  
19 proposed offering, such as successful capitalization of the customer up to a specified  
20 amount. The equity interest typically is in the form of the customer's common stock,  
21 and is to be conveyed by the customer to one of the AltaVista Companies or one of  
22 the AV Investment Funds (the "Customer Common Stock").

23                   **3. Services Provided to Small Business Customers**

24        70. Since November 2015, the AltaVista Companies have signed agreements  
25 with more than 20 customers and collected approximately \$100,000 in fees.

26        71. For some or all of these customers, Muehler has been personally  
27 involved in providing services to the customers.

28        72. Muehler has helped structure the proposed offerings of the customers'

1 securities to raise capital for the customers.

2       73. Muehler has drafted and submitted Regulation A offering statements to  
3 the SEC (without disclosing his role in the process to the SEC). He has also helped  
4 customers navigate the SEC's comment and review process for the proposed  
5 offerings under Regulation A.

6       74. Muehler has prepared Nanocap Market "listing pages" for use in  
7 advertising customer securities, and has issued press releases on the Internet  
8 concerning the Nanocap Market.

9       75. Muehler has also solicited investors by purchasing thousands of leads on  
10 the Internet, each with contact information for a prospective individual investor, and  
11 sending to the prospective investors information about the Nanocap Market, the  
12 Nanocap Market website, and the AltaVista Companies' customers.

13       76. Muehler and the AltaVista Companies have received interest from  
14 numerous potential investors.

15       77. Muehler has personally screened each investor who expresses interest to  
16 determine whether such investor meets the criteria for Nanocap Market investors that  
17 Muehler advertises to his and the AltaVista Companies' small business clients.

18       78. Muehler and the AltaVista Companies have helped at least four small  
19 businesses qualify to sell securities under Regulation A and have attempted to find  
20 investors to purchase his and the AltaVista Companies' customers' securities.

21                  **4. Lack of Registration and Violations of the 2016 SEC Order**

22       79. As alleged above, from November 2015 to the present, Muehler and the  
23 AltaVista Companies have engaged in the business of a broker-dealer by acting, and  
24 continue to act and hold themselves out as broker-dealers, in exchange for  
25 transaction-based compensation, including a percentage of funds raised. They have  
26 also offered to act as a securities exchange and an alternative trading system.

27       80. They have done so with regularity by soliciting hundreds of potential  
28 customers and investors, signing more than twenty customers to offer securities,

1 proposing to sell securities on their proprietary Nanocap Market, and soliciting and  
2 screening potential investors.

3       81. Muehler personally offered to provide, provided, and endeavored to  
4 provide those services, including by soliciting issuer customers, structuring the  
5 proposed offerings, screening investors, holding himself out as the person who would  
6 make issuer offerings successful, and seeking to qualify and sell customer securities  
7 to investors.

8       82. Rahimi also engaged in the business of a broker-dealer by soliciting  
9 potential customers for the AltaVista Companies' broker-dealer services; soliciting  
10 dozens of potential investors in the AV Investment Funds, through which AltaVista  
11 committed to investing in its issuer customers; and expected to receive transaction-  
12 based compensation.

13       83. Muehler and the AltaVista Companies have engaged in these broker-  
14 dealer activities using the instrumentalities of interstate commerce, including emails  
15 and telephone calls, and for the accounts of their customers.

16       84. Each of the AltaVista Companies has never registered as a broker-dealer,  
17 securities exchange, alternative trading system, or otherwise with the SEC.

18       85. Muehler never registered with the SEC as a broker-dealer and was never  
19 associated with a registered broker-dealer during his time running the AltaVista  
20 Companies.

21       86. By virtue of the 2016 SEC Order, Muehler is, in fact, barred from  
22 associating with any broker-dealer.

23       87. As alleged above, Muehler and his AltaVista Companies have offered  
24 and attempted to sell, and have otherwise participated in the offer and attempted sale  
25 of, the Customer Preferred Stock. For all or almost all of their 20 customers, the  
26 Customer Preferred Stock that Muehler and the AltaVista Companies agreed to help  
27 offer and sell were penny stocks, since these were equity securities that did not trade  
28 for five dollars or more and do not meet any of the exceptions from the definition of a

1 penny stock found in the Exchange Act. 15 U.S.C. § 78c(5)(A).

2       88. By associating himself with the Alta Vista Companies that were acting  
3 as broker-dealers, and by participating in the offer and sale of penny stock, Muehler  
4 has violated and is continuing to violate the terms of the 2016 SEC Order.

5       **D. The Alta Vista Scheme: The Fraud**

6       89. Muehler and the AltaVista Companies have repeatedly misled customers  
7 about their capabilities to provide the services they promise.

8       90. Muehler and the AltaVista Companies are not sophisticated, well-  
9 financed players in the securities industry. On the contrary, the AltaVista Companies  
10 are run out of Muehler's condominium, and neither Muehler nor the AltaVista  
11 Companies has any meaningful experience with lawful securities offerings.

12       91. Given their lack of abilities, experience, and status in the securities  
13 industry, Muehler and the AltaVista Companies rely on fraud and deception to  
14 persuade small businesses to sign up for their services, and to obtain fees and other  
15 compensation from those customers, including the right to an equity stake in each  
16 customer.

17       92. Muehler and the AltaVista Companies make false claims that they have  
18 helped customers raise millions of dollars from investors, even though neither  
19 Muehler nor the AltaVista Companies ever helped a small business raise millions of  
20 dollars – or any substantial amount of money – from investors.

21       93. Muehler and the AltaVista Companies sign the Minimum Investment  
22 Commitments without disclosing that Muehler, the AltaVista Companies, and the  
23 Alta Vista Investment Funds have minimal assets and no reasonable expectation of  
24 meeting those commitments.

25       94. Muehler and the AltaVista Companies make false claims that they have  
26 millions of dollars on hand to meet the Minimum Investment Commitments, even  
27 though the AltaVista Companies have minimal assets, nearly all of which derive from  
28 customer fees that are spent or distributed to Muehler and Claudia Muehler shortly

1 after receipt from the customer.

2       95. Muehler and the AltaVista Companies make false claims, and otherwise  
3 falsely represent, that they are established players in the securities industry with  
4 connections to thousands of investors, without disclosing that neither Muehler nor the  
5 AltaVista Companies have the claimed experience or connections.

6       96. Muehler and the AltaVista Companies make false claims that AV  
7 Securities is a registered broker-dealer, and that the Nanocap Market is a registered  
8 ATS, even though neither entity ever registered with the Commission in any capacity.

9       97. Muehler and the AltaVista Companies also deceive potential issuer  
10 customers by emphasizing their ability to raise money, and touting their expertise and  
11 experience in exempt securities offerings, without disclosing the 2016 SEC Order, the  
12 2009 Minnesota order, or the 2010 California order, each of which concerns  
13 Muehler's unlawful, securities-related misconduct in similar schemes.

14       98. When confronted with the 2016 SEC Order, which some of the  
15 AltaVista Companies' customers have found on the Internet or learned about from  
16 third-parties, Muehler provides false and misleading explanations of the order,  
17 including, for example: (i) claiming that he has fully paid the monetary sanctions  
18 imposed by that order even though he has not, and (ii) claiming that the 2016 SEC  
19 Order was a mere "slap on the wrist" that does not limit his ability to provide the  
20 promised services, even though it prohibits him from providing the very services he  
21 offers to his customers.

22       99. Muehler also deceives prospective customers by using false names,  
23 signing other peoples' signatures on documents and, on at least one occasion,  
24 impersonating Rahimi in a telephone call with a prospective customer.

25       100. Muehler uses false names and impersonates others when dealing with  
26 prospective customers so those customers are less likely to find negative information  
27 about him that is available to the public on the Internet, such as the 2016 SEC Order,  
28 and associate it with the AltaVista Companies.

1       101. Muehler and the AltaVista Companies know the fraudulent nature of  
2 these misrepresentations, omissions, and deceptive acts when engaging in them, and  
3 have known their fraudulent nature when engaging in them in the past. Their fraud is  
4 intentional and designed to defraud their customers out of fees and securities.

5       102. Muehler's and the AltaVista Companies' fraud was in connection with  
6 the purchase or sale of securities, namely, the AltaVista Companies' acquisition of  
7 the right to common stock in their customers' businesses, and the proposed sale of  
8 customers' preferred stock to investors.

9           **E. Examples of Muehler's and The AltaVista Companies' Fraud**

10       103. The following are examples of Muehler's and the AltaVista Companies'  
11 fraudulent activities directed toward their customers.

12           **1. Company A**

13       104. Company A is a data protection and equipment security firm that paid  
14 Muehler and the AltaVista Companies for services.

15       105. Company A is incorporated in Florida and located in Honolulu, Hawaii

16       106. Muehler and the AltaVista Companies made false and misleading  
17 statements and omissions, and relied on deceptive conduct, to persuade Company A  
18 in 2016 to sign an agreement with the AltaVista Companies for broker-dealer and  
19 ATS services.

20       107. Specifically, over the course of two days in late August 2016, Muehler  
21 held in-person meetings with the president and a vice president of Company A near  
22 Los Angeles International Airport in Los Angeles, California.

23       108. Muehler represented the AltaVista Companies and spoke on their behalf  
24 throughout the meetings with the Company A officials.

25       109. During the course of those Company A meetings, based on  
26 representations made by Muehler in those meetings and in documents provided by  
27 Muehler, including in email communications before those meetings, Company A  
28 signed an Issuer Agreement with the AltaVista Companies.

1       110. In the Company A agreement, the AltaVista Companies agreed to  
2 provide broker-dealer services to Company A, including by facilitating an offering of  
3 between \$3 million and \$10 million of Company A preferred stock to investors on the  
4 Nanocap Market.

5       111. In return, Company A agreed to pay the AltaVista Companies a \$20,000  
6 “Underwriter Retainer” fee, a “Broker Dealer Fee” equal to 7.0% of investor funds  
7 raised in the proposed offering, and additional fees upon certain milestones in the  
8 proposed offering.

9       112. Company A paid the initial \$20,000 fee to the AltaVista Companies via  
10 check on or about August 26, 2016.

11       113. Muehler persuaded the president of Company A to make the \$20,000  
12 check out to Claudia Muehler so that Claudia Muehler could deposit the check into  
13 her personal bank account.

14       114. The president of Company A made the check out to Claudia Muehler as  
15 instructed by Muehler.

16       115. Claudia Muehler deposited the check into her personal bank account.

17       116. Through the Company A agreement the AltaVista Companies also  
18 acquired the right to an equity stake in Company A. Specifically, Company A agreed  
19 to convey up to 2.5% of Company A’s outstanding common stock to the AltaVista  
20 Companies upon certain milestones in the proposed offering.

21       117. To induce Company A to sign the Company A agreement and agree to  
22 compensate the AltaVista Companies (including the right to an equity stake in  
23 Company A), Muehler, on behalf of the AltaVista Companies and himself, made  
24 untrue statements of material fact, and omitted to state material facts, to the president  
25 and vice president of Company A during the meetings with them in August 2016.

26       118. Muehler represented that he and the AltaVista Companies have helped  
27 small businesses like Company A raise millions of dollars from investors.

28       119. This was false because, as Muehler knew at the time, or was reckless in

1 not knowing, he and the AltaVista Companies have never helped a small business  
2 raise millions of dollars – or any significant amount of money – from investors.

3       120. Muehler falsely represented that he and the AltaVista Companies had  
4 just closed a multi-million-dollar deal that gave the AltaVista Companies access to \$3  
5 million to invest in Company A.

6       121. Muehler knew at the time, or was reckless in not knowing, that the  
7 AltaVista Companies never closed a multi-million-dollar deal and never had any  
8 reasonable expectation of investing \$3 million in Company A.

9       122. Muehler falsely represented, including in documents he drafted and  
10 provided to the president of Company A on the AltaVista Companies’ behalf, that the  
11 AltaVista Companies are a large broker-dealer successfully engaged in funding small  
12 businesses.

13       123. Muehler knew at the time, or was reckless in not knowing, that the  
14 AltaVista Companies operated out of the Muehlers’ condominium, never successfully  
15 funded a small business, and were not engaged in successfully funding small  
16 businesses.

17       124. In the Company A agreement, which Muehler drafted and approved for  
18 the AltaVista Companies, over which Muehler had ultimate authority, and which  
19 Muehler personally provided or caused to be provided to the President of Company A  
20 for review during the Company A meetings, Muehler and the AltaVista Companies  
21 committed to a Minimum Investment Commitment in Company A of \$3 million.

22       125. Muehler knew at the time, or was reckless in not knowing, that he and  
23 the AltaVista Companies had no reasonable expectation of meeting that commitment.

24       126. The Company A agreement further represented that the Nanocap Market  
25 “*is an Alternative Trading System Registered with the United States Securities and*  
26 *Exchange Commission.*” (Emphasis in original.)

27       127. Muehler knew at the time, or was reckless in not knowing, that the  
28 Nanocap Market never registered with the SEC in any capacity.

1       128. Muehler represented that he has experience raising money for small  
2 businesses in offerings similar to the offering he and the AltaVista Companies  
3 proposed to facilitate for Company A, but did not disclose the 2016 SEC Order, the  
4 2010 California order, or the 2009 Minnesota order to Company A, even though  
5 Muehler was aware of all three orders at the time.

6       129. Muehler made these false and misleading statements and omissions, and  
7 employed the deceptive conduct stated above, in order to persuade Company A to  
8 sign the Company A agreement.

9       130. Muehler knew, or was reckless in not knowing, that each of those  
10 statements and omissions were false and misleading.

11       131. The material misrepresentations and omissions stated above, including  
12 Muehler's omissions concerning the 2016 SEC Order, the 2010 California order, and  
13 the 2009 Minnesota order, were important to Company A's decision to sign the  
14 Company A agreement, by which it agreed to convey a portion of Company A's  
15 outstanding common stock to the AltaVista Companies.

16       132. Muehler and the AltaVista Companies made these misstatements and  
17 omissions in connection with the purchase of securities, that is, to convince Company  
18 A to sign an Issuer Agreement, through which the AltaVista Companies acquired the  
19 right to Company A common stock and agreed to purchase Company A preferred  
20 stock.

21              **2. Company B**

22       133. Company B, a clean coal technology company incorporated in Delaware  
23 and located in Tennessee, signed an Issuer Agreement with the AltaVista Companies  
24 on or about July 13, 2016. In the Company B agreement, the AltaVista Companies  
25 agreed to provide broker-dealer services, including facilitating a \$50 million offering  
26 of Company B preferred stock to investors. In return, Company B agreed to pay fees,  
27 and the AltaVista Companies acquired the right to a percentage of Company B's  
28 outstanding common stock.

1       134. Muehler and the AltaVista Companies relied on false and misleading  
2 statements and omissions, and deceptive conduct, to persuade Company B to sign the  
3 Company B agreement.

4       135. On or about May 17, 2016, Muehler sent the President of Company B a  
5 proposed agreement between the AltaVista Companies and Company B. Muehler  
6 drafted and personally sent the proposed agreement, or caused it to be sent, to  
7 Company B, and Muehler had ultimate authority over the statements made in that  
8 agreement.

9       136. The proposed agreement represented that the AltaVista Companies are  
10 experienced with corporate securities compliance and fraud and risk management for  
11 U.S. and international companies.

12       137. These representations were important to Company B's decision to do  
13 business with the AltaVista Companies.

14       138. Muehler made the representations to Company B even though he knew,  
15 or was reckless in not knowing, they were false and misleading, given that the  
16 AltaVista Companies had no meaningful experience with corporate securities  
17 compliance or with fraud and risk management for issuers, and given that Muehler's  
18 true experience includes his numerous securities-law violations and the sanctions  
19 imposed against him by the Commission and state securities regulators.

20       139. On or about July 1, 2016, before Company B signed the Company B  
21 agreement, Muehler sent an email to the president of Company B in which Muehler  
22 represented that the AltaVista Companies were successfully issuing fixed-income  
23 securities and moving into an office in the U.S. Bank Tower in Los Angeles,  
24 California.

25       140. Muehler made these representations even though he knew, or was  
26 reckless in not knowing, that the AltaVista companies were not successfully issuing  
27 fixed-income securities and were not moving into an office in the U.S. Bank Tower.

28       141. On or about July 12, 2016, before Company B signed the Company B

1 agreement, Muehler met with the president of Company B in person in Marina Del  
2 Rey, California. At the time of that meeting, Company B was considering working  
3 with the AltaVista Companies in an effort to raise capital from investors.

4       142. At the Company B meeting, Muehler represented to the president of  
5 Company B that the AltaVista Companies had \$50 million available to invest in  
6 Company B.

7       143. Muehler made this representation even though he knew, or was reckless  
8 in not knowing, that the AltaVista Companies had minimal assets, did not have \$50  
9 million available to invest in Company B, and had no reasonable expectation of  
10 obtaining \$50 million or even a small fraction of that amount to invest in Company B.

11       144. At the Company B meeting, Muehler sought to prevent the recently-  
12 issued 2016 SEC Order from hindering his efforts to solicit Company B by  
13 representing that, although he had recently been “fined” by the SEC, he was in good  
14 standing with the SEC and that the 2016 SEC Order was a mere slap on the wrist.

15       145. The representations were false and misleading, among other reasons,  
16 because Muehler was not in good standing with the SEC and because the 2016 SEC  
17 Order found Muehler to have committed securities fraud and bars him from providing  
18 the services he offered to Company B.

19       146. Muehler knew, or was reckless in not knowing, the misrepresentations  
20 were false and misleading and made them in order to persuade Company B to do  
21 business with the AltaVista Companies.

22       147. At the Company B meeting, Muehler further represented to the president  
23 of Company B that Muehler had paid everything he owed to the SEC under the 2016  
24 SEC Order.

25       148. The representation was false because, as Muehler knew at the time, or  
26 was reckless in not knowing, he had not paid any of the amounts due under the 2016  
27 SEC Order.

28       149. At the Company B meeting and during subsequent, interstate telephone

1 calls during approximately June 2016, before Company B signed the Company B  
2 agreement, Muehler represented to the president of Company B that Muehler has  
3 successfully raised investor funds for customers in the past and could do the same for  
4 Company B.

5       150. Muehler made these representations even though he knew, or was  
6 reckless in not knowing, they were false and misleading, given that Muehler has  
7 never facilitated a successful investor offering for a customer and is subject to the  
8 2016 SEC Order, which bars him from operating the AltaVista Scheme.

9       151. When soliciting Company B to sign the Company B agreement, Muehler  
10 also failed to disclose the California and Minnesota orders, and failed to give  
11 Company B a full and accurate explanation of the 2016 SEC Order, with the intent of  
12 persuading Company B to sign the agreement.

13       152. After signing the Company B agreement, per Muehler's instructions,  
14 Company B sent \$5,000 via wire transfer to Claudia Muehler as an initial payment of  
15 fees to the AltaVista Companies.

16       153. All of the misrepresentations and omissions stated above were important  
17 to Company B's decision to sign the Company B agreement, by which it agreed to  
18 convey a portion of Company B's outstanding common stock to the AltaVista  
19 Companies.

20       154. Muehler and the AltaVista Companies made these misstatements and  
21 omissions in connection with the purchase of securities, that is, to convince Company  
22 B to sign an Issuer Agreement, through which the AltaVista Companies acquired the  
23 right to Company B common stock and agreed to purchase Company B preferred  
24 stock.

25                   **3. Company C**

26       155. Company C, an organic food delivery service and Delaware corporation  
27 based in Brazil, signed an agreement with the AltaVista Companies on or about  
28 November 16, 2016.

1       156. The Company C agreement became effective upon the AltaVista  
2 Companies' execution of that agreement in Marina Del Rey, California.

3       157. After signing the Company C agreement with the AltaVista Companies,  
4 Company C paid the AltaVista Companies approximately \$20,000 in fees.

5       158. In the Company C Agreement, the AltaVista Companies agreed to  
6 provide broker-dealer services to Company C, including facilitating a \$6 million  
7 offering of Company C preferred stock to investors on the Nanocap Market. In  
8 return, Company C agreed to pay tens of thousands of dollars in fees, including an  
9 initial \$10,000 fee, and the AltaVista Companies acquired the right to receive up to  
10 5.0% of Company C's common stock upon the occurrence of certain milestones in  
11 the proposed offering.

12       159. Muehler and the AltaVista Companies made untrue statements of  
13 material fact, and omitted to state material facts, and engaged in deceptive conduct, to  
14 persuade Company C to sign the Company C agreement.

15       160. On or about October 6, 2016, before Company C signed the Company C  
16 agreement, Muehler sent the CEO of Company C an email solicitation on behalf of  
17 the AltaVista Companies.

18       161. The Company C solicitation email described the AltaVista Companies as  
19 an "Investment Banking firm" that invests directly in startup companies from its  
20 "Fixed Income Fund."

21       162. The representation was false and misleading because, as Muehler knew  
22 at the time, or was reckless in not knowing, the AltaVista Companies had never  
23 invested in a startup company through a Fixed Income Fund or otherwise acted as an  
24 investment banker for a successful offering, and none of the putative investment  
25 funds associated with the AltaVista Companies had investors or money to invest.

26       163. The Company C solicitation further represented that the AltaVista  
27 Companies have relationships with numerous potential investors, including registered  
28 broker-dealers, registered investment advisory firms, family offices, venture capital

1 firms, investment bankers, and underwriters.

2       164. The representation was false and misleading because, as Muehler knew,  
3 or was reckless in not knowing, the AltaVista Companies did not have the claimed  
4 relationships.

5       165. On or about October 6, 2016, before Company C signed the Company C  
6 agreement, Muehler sent marketing materials about the AltaVista Companies to the  
7 CEO of Company C.

8       166. Muehler created these marketing materials based, in part, on marketing  
9 materials he used during the ASMG Scheme. He had ultimate control over the  
10 marketing materials, including who received them.

11       167. The Company C marketing materials described AV Private Client as a  
12 FINRA-registered investment adviser.

13       168. The representation was false and misleading because AV Private Client  
14 was never registered with FINRA.

15       169. Muehler knew, or was reckless in not knowing, the representation was  
16 false and misleading when he sent these marketing materials to the CEO of Company  
17 C.

18       170. The marketing materials further described the AltaVista Companies as  
19 having seventeen “Private Equity Investment Funds” and one “Federal Fixed Income  
20 Mortgage Fund” through which the AltaVista Companies could make investments in  
21 their customers.

22       171. As Muehler knew, or was reckless in not knowing, that representation  
23 was false and misleading because none of the funds had any assets, investors, or  
24 funds to invest.

25       172. The marketing materials further described the Nanocap Market as an  
26 ATS registered with the SEC.

27       173. As Muehler knew, or was reckless in not knowing, that representation  
28 was false and misleading because the Nanocap Market never registered with the SEC

1 in any capacity.

2       174. The marketing materials further described the Nanocap Market as  
3 standing for “Integrity and Ethical practices in order to enhance investor confidence  
4 in Alternative Securities and Alternative Investments.”

5       175. As Muehler knew, or was reckless in not knowing, that representation  
6 was false and misleading because the AltaVista Companies were controlled by  
7 Muehler, who admitted that he had committed securities fraud and broker-dealer  
8 violations in his previous scheme, and who was operating the AltaVista scheme in  
9 violation of the 2016 SEC Order.

10       176. Following the Company C solicitation and the marketing materials,  
11 Muehler provided the CEO of Company C with the Company C agreement, which  
12 Muehler personally created, and which Company C and the AltaVista Companies  
13 subsequently signed.

14       177. The Company C agreement stated that the Nanocap market is an ATS  
15 registered with the SEC.

16       178. As Muehler knew, or was reckless in not knowing, that representation  
17 was false because the Nanocap Market never registered with the SEC in any capacity.

18       179. In the Company C agreement, in addition to providing broker-dealer  
19 services, the AltaVista Companies committed to providing at least \$2 million in  
20 capital to Company C.

21       180. As Muehler knew, or was reckless in not knowing, that commitment was  
22 false and misleading because the AltaVista Companies had minimal assets, no  
23 investors, and no reasonable expectation of fulfilling that commitment.

24       181. On or about November 16, 2016, Muehler caused the AltaVista  
25 Companies to enter into the Company C agreement by using another person’s name  
26 for the signature page. Muehler did not sign the Company C agreement under his real  
27 name in order to hide his personal involvement with the AltaVista Companies from  
28 the CEO of Company C, and with the purpose of preventing the CEO of Company C

1 from finding negative information about Muehler that is publicly available on the  
2 Internet, including the 2016 SEC Order, and associating that information with the  
3 AltaVista Companies.

4       182. Prior to the Company C agreement, Muehler marketed the AltaVista  
5 Companies to the CEO of Company C without ever disclosing the 2016 SEC Order,  
6 or the California and Minnesota cease-and-desist orders.

7       183. After the AltaVista Companies and Company C entered into the  
8 Company C agreement, Muehler continued to hide his identity from the CEO of  
9 Company C by identifying himself as “Steven Leite” and using that name, instead of  
10 his real name, in correspondence with the CEO of Company C. Muehler used a false  
11 name in order to hide his personal involvement with the AltaVista Companies – and  
12 negative information about him that is publicly available on the Internet, including  
13 the 2016 SEC Order – from the CEO of Company C.

14       184. After the AltaVista Companies and Company C entered into the  
15 Company C agreement, Muehler intentionally misled the CEO of Company C about  
16 Company C’s chances of raising money through a lawful offering, including by  
17 representing that Muehler has a good relationship with the SEC.

18       185. As Muehler knew, or was reckless in not knowing, that representation  
19 was false and misleading because Muehler was not in good standing with the SEC.

20       186. On or about December 26, 2016, Muehler emailed the CEO of Company  
21 C with false and misleading accusations that a document provided to the AltaVista  
22 Companies by Company C had caused a fraudulent filing with the SEC, that the filing  
23 could result in an investigation of Company C by the U.S. Department of Justice, and  
24 that failing to fix the filing would cause the Company C offering to fail.

25       187. After making these false and misleading accusations, by which Muehler  
26 intended to scare and threaten the CEO of Company C, Muehler demanded \$5,000  
27 from Company C to fix the putative problem.

28       188. Company C paid the \$5,000 to the AltaVista Companies based on

1 Muehler's representations and in hopes of lawfully pursuing the agreed-upon  
2 securities offering.

3       189. Muehler knew, or was reckless in not knowing, the representations were  
4 false and misleading when he made them. He made the representations to persuade  
5 Company C to continue doing business with the AltaVista Companies, to create the  
6 false impression that the AltaVista Companies were highly concerned with legal  
7 compliance, to create the false impression that Company C or its CEO could face  
8 criminal liability in the United States if the problem were not fixed, and to obtain  
9 \$5,000 from Company C.

10      190. In early January 2017, Muehler and the AltaVista Companies sought to  
11 replace the Company C agreement with a new agreement between the AltaVista  
12 Companies and Company C.

13      191. Claudia Muehler assisted Muehler in soliciting Company C for this new  
14 agreement, including by speaking with the CEO of Company C in Portuguese during  
15 at least one telephone call in which she described Muehler as experienced with the  
16 SEC and able to facilitate a proposed securities offering for Company C.

17      192. In early January 2017, the CEO of Company C learned of the 2016 SEC  
18 Order from a third-party. He was not aware of the 2016 SEC Order before that time  
19 and asked Claudia Muehler about it during a telephone call in early January 2017.

20      193. Although Claudia Muehler knew about the 2016 SEC Order and its  
21 terms, she referred the CEO of Company C to Muehler for an explanation.

22      194. In early January 2017, over the telephone, Muehler represented to the  
23 CEO of Company C that he had paid what he owed to the SEC under the 2016 SEC  
24 Order, that the 2016 SEC Order was merely a misunderstanding that he had fixed  
25 with the SEC, and that he was again in good standing with the SEC. Muehler further  
26 represented that the AltaVista Companies could lawfully facilitate the proposed  
27 securities offering for Company C.

28      195. As Muehler knew, or was reckless in not knowing, these representations

1 were false and misleading because Muehler had not paid any of the amounts due  
2 under the 2016 SEC Order, was not in good standing with the SEC, and was violating  
3 the 2016 SEC Order through the AltaVista Scheme.

4       196. In early January 2017, Muehler provided new marketing materials  
5 about the AltaVista Companies to the CEO of Company C.

6       197. Muehler created the new marketing materials and sent, or approved them  
7 to be sent, to the CEO of Company C.

8       198. The new marketing materials included false and misleading  
9 representations, including that the Nanocap Market was an SEC-registered ATS.

10      199. Muehler knew, or was reckless in not knowing, that representation was  
11 false, and that the Nanocap Market has never been registered with the SEC.

12      200. On or about January 9, 2017, after the CEO of Company C reviewed the  
13 new marketing materials, Company C and the AltaVista Companies entered into a  
14 second agreement.

15      201. Muehler created the second agreement, and Claudia Muehler either  
16 signed it or permitted Muehler to sign her name on behalf of the AltaVista  
17 Companies.

18      202. In the second agreement, the AltaVista companies agreed to provide  
19 broker-dealer services to Company C, including facilitating a \$6 million securities  
20 offering. In return, Company C agreed to convey up to 4.0% of its common stock to  
21 the AltaVista Companies based on certain milestones in the proposed offering.

22      203. The second agreement, which the CEO of Company C received and  
23 reviewed before he signed it, contained false and misleading statements, including  
24 that the Nanocap Market is an ATS registered with the SEC, and a false and  
25 misleading commitment that the AltaVista Companies would provide at least  
26 \$3 million in funding to Company C if that amount were not raised from investors.

27      204. These representations were false and misleading because, as Muehler  
28 knew, or was reckless in not knowing, the Nanocap Market was not registered with

1 the SEC in any capacity and the AltaVista Companies had no reasonable expectation  
2 of fulfilling the \$3 million commitment.

3       205. Muehler marketed the AltaVista Companies to the CEO of Company C  
4 without ever disclosing the 2010 California order or the 2009 Minnesota order, even  
5 though Muehler knew about both orders throughout the time he operated the  
6 AltaVista Companies.

7       206. The misrepresentations and omissions stated above were important to  
8 Company C's decision to sign the agreement, by which it agreed to convey a portion  
9 of Company C's outstanding common stock to the AltaVista Companies.

10      207. Muehler and the AltaVista Companies made these misstatements and  
11 omissions in connection with the purchase of securities, that is, to convince Company  
12 C to sign an Issuer Agreement, through which the AltaVista Companies acquired the  
13 right to Company C common stock and agreed to purchase Company C preferred  
14 stock.

15                  **4. Company D**

16      208. Company D, an aquaculture company incorporated in Oregon and  
17 located in Neskowin, Oregon, signed an agreement with the AltaVista Companies on  
18 or about July 27, 2016.

19      209. In the Company D agreement, the AltaVista Companies agreed to  
20 provide broker-dealer services to Company D, including by facilitating a \$1.2 million  
21 offering of Company D preferred stock to investors on the Nanocap Market. In  
22 return, Company D agreed to pay fees, including a "BROKER DEALER FEE" equal  
23 to 7.0% of the funds raised in the offering, and the AltaVista Companies acquired the  
24 right to receive up to 2.5% of Company D's common stock.

25      210. Claudia Muehler signed the Company D agreement on behalf of the  
26 AltaVista Companies, or permitted Muehler to sign her name on that agreement.

27      211. Company D paid the AltaVista Companies approximately \$10,000 in  
28 fees.

1           212. Muehler and the AltaVista Companies made false and misleading  
2 statements and omissions, and engaged in deceptive conduct, to persuade Company D  
3 to sign the agreement.

4           213. On or about July 26, 2016, before the Company D agreement, Muehler  
5 and the AltaVista Companies sent the CEO of Company D an email solicitation in  
6 which the AltaVista Companies offered to assist Company D in raising money from  
7 investors.

8           214. Muehler personally prepared the solicitation materials and either  
9 personally sent, or caused them to be sent, to the CEO of Company D.

10          215. The Company D solicitation materials represented that the Nanocap  
11 Market is an SEC-registered ATS used by registered broker-dealers, registered  
12 investment advisors, high net-worth investors, venture capital firms, family offices,  
13 and other potential investors.

14          216. As Muehler knew, or was reckless in not knowing, those representations  
15 were false and misleading because the Nanocap Market never registered with the  
16 SEC in any capacity and was never used by any of the claimed firms or individuals.

17          217. On or about July 26, 2016, Muehler and the AltaVista Companies  
18 emailed the CEO of Company D an unsigned copy of the Company D agreement as  
19 an attachment to the solicitation materials.

20          218. Muehler personally prepared the Company D agreement and personally  
21 sent, or authorized it to be sent, to the CEO of Company D.

22          219. The Company D agreement represented that the Nanocap Market is an  
23 ATS registered with the SEC.

24          220. As Muehler knew, or was reckless in not knowing, that representation  
25 was false and misleading because the Nanocap Market never registered with the SEC  
26 in any capacity.

27          221. In the Company D agreement, the AltaVista Companies committed to  
28 providing at least \$200,000 in funding to Company D.

1       222. As Muehler knew, or was reckless in not knowing, that commitment was  
2 false and misleading because the AltaVista Companies had minimal assets to invest  
3 in Company D and had no reasonable expectation of meeting the commitment.

4       223. In early December 2016, a third-party whom the CEO of Company D  
5 believed he had reason to distrust, sent the CEO of Company D a link to the 2016  
6 SEC Order via email. The CEO of Company D forwarded that email to Muehler and  
7 asked for an explanation.

8       224. Muehler responded to the CEO of Company D's email, on or about  
9 December 10, 2016, with an email signed "Mr. Koorosh 'Danny' Rahimi." Although  
10 it was purportedly signed by Defendant Rahimi, Muehler personally prepared and  
11 sent that email. He put Rahimi's name at the bottom of the email in order to mislead  
12 the CEO of Company D about its sender.

13       225. That email represented that Muehler was never a part of the AltaVista  
14 Companies. It represented that, instead, Muehler was an independent contractor who  
15 only provided services that the SEC permitted him to provide.

16       226. Based on the representations in that email and his distrust of the third-  
17 party who had sent him a link to the 2016 SEC Order, the CEO of Company D came  
18 to believe the third-party had sent him bad information about the AltaVista  
19 Companies.

20       227. The representations in that email, however, were false and misleading  
21 because, as Muehler knew upon drafting and sending the email, or was reckless in not  
22 knowing, he was a co-founder of the AltaVista Companies, he controlled the  
23 AltaVista Companies, and he was conducting the AltaVista Companies in violation of  
24 the 2016 SEC Order.

25       228. Muehler personally drafted and sent that email in order to mislead the  
26 CEO of Company D so that Company D would continue to do business with the  
27 AltaVista Companies.

28       229. On or around the time of that email, Muehler and the AltaVista

1 Companies proposed a second agreement between Company D and the AltaVista  
2 Companies and sent the CEO of Company D a copy of that proposed agreement.  
3 Muehler personally prepared the second agreement and caused it to be sent to the  
4 CEO of Company D.

5       230. In the second agreement, the AltaVista Companies offered to provide  
6 broker-dealer services to Company D, including facilitating an offering of up to \$12  
7 million of Company D stock to investors. In return, upon executing the agreement,  
8 Company D would agree to pay fees, including a percentage of funds raised from  
9 investors on the Nanocap Market, and the AltaVista Companies would acquire the  
10 right to common stock in Company D.

11       231. In the second agreement, the AltaVista Companies also committed to  
12 raising at least \$250,000 for Company D.

13       232. As Muehler knew, or was reckless in not knowing, the representation  
14 was false and misleading because the AltaVista Companies had minimal assets and  
15 no reasonable expectation of meeting the commitment.

16       233. In order to persuade the CEO of Company D to sign the second  
17 agreement, Muehler participated in a telephone call on behalf of the AltaVista  
18 Companies with the CEO of Company D and other representatives of Company D.

19       234. At the start of that call, which occurred shortly before Company D  
20 signed the second agreement, Muehler introduced himself as Danny Rahimi and  
21 proceeded to impersonate Rahimi throughout the call.

22       235. Muehler impersonated Rahimi during the call in order to hide his own  
23 involvement with the AltaVista Companies from the CEO of Company D, so the  
24 CEO of Company D would not associate negative information about Muehler that is  
25 publicly available on the Internet, including the 2016 SEC Order, with the AltaVista  
26 Companies, and so the CEO of Company D would believe he was speaking with a  
27 representative of the AltaVista Companies with experience in the securities industry.

28       236. During that call, Muehler guaranteed to the CEO of Company D that the

1 AltaVista Companies would meet the minimum investment commitment stated in the  
2 proposed agreement with Company D.

3       237. The guarantee was false and misleading because, as Muehler knew, or  
4 was reckless in not knowing, the AltaVista Companies had no reasonable expectation  
5 of meeting it.

6       238. During the call, Muehler represented to the CEO of Company D that the  
7 AltaVista Companies had business relationships with numerous investors, including  
8 investors who were ready to invest in Company D.

9       239. Muehler further represented that the AltaVista Companies had  
10 connections with accredited investors who would invest in Company D if necessary  
11 to meet the AltaVista Companies' minimum investment guarantee.

12       240. As Muehler knew, or was reckless in not knowing, these representations  
13 were false and misleading because the AltaVista Companies did not have business  
14 relationships with any investors, had not identified investors who were prepared to  
15 invest in Company D, and did not have business relationships with accredited  
16 investors who were interested in Company D's securities.

17       241. During the call, Muehler represented to the CEO of Company D that the  
18 AltaVista Companies were experienced and able to facilitate the proposed securities  
19 offering and had raised millions of dollars for customers in the past.

20       242. As Muehler knew, or was reckless in not knowing, neither he nor the  
21 AltaVista Companies had ever facilitated any successful offerings or raised millions  
22 of dollars – or anything approaching that amount – for any of their customers.

23       243. Shortly after the call, Muehler sent the CEO of Company D an email  
24 using the false name "Steven Leite" and urged Company D to sign the second  
25 agreement.

26       244. Muehler used the false name to confuse the CEO of Company D about  
27 Muehler's involvement with the AltaVista Companies and, relatedly, so that  
28 Company D would sign the second agreement despite having received a link to the

1 2016 SEC Order.

2 245. Company D signed the second agreement on or about December 27,  
3 2016.

4 246. Claudia Muehler signed the agreement, or permitted Muehler to sign her  
5 name on the agreement, for the AltaVista Companies.

6 247. When soliciting Company D, Muehler and the AltaVista Companies  
7 never disclosed the 2010 California order or the 2009 Minnesota order, and never  
8 gave Company D a full and accurate explanation of the 2016 SEC Order.

9 248. Muehler and the AltaVista Companies intentionally chose not to disclose  
10 those orders because they believed Company D would not do business with them if  
11 Muehler's true experience in the securities industry were disclosed.

12 249. All of the misrepresentations and omissions stated above were important  
13 to Company D's decision to sign the agreement, by which it agreed to convey a  
14 portion of Company D's outstanding common stock to the AltaVista Companies.

15 250. Muehler and the AltaVista Companies made these misstatements and  
16 omissions in connection with the purchase of securities, that is, to convince Company  
17 D to sign an Issuer Agreement, through which the Alta Vista Companies acquired the  
18 right to Company D common stock and agreed to purchase Company D preferred  
19 stock.

20 **F. The Unregistered AltaVista Bond Offering**

21 251. In 2016, in an effort to raise money for themselves and their issuer  
22 customers, Muehler and the AltaVista Companies solicited investors to purchase  
23 bonds to be issued by one or more of the AltaVista Investment Funds (the "AltaVista  
24 Bonds").

25 252. The offer and sale of the AltaVista Bonds was not registered with the  
26 SEC or exempt from registration.

27 253. The bonds were offered in interstate commerce, including through the  
28 use of interstate telephone calls.

1        254. Specifically, Muehler and the AltaVista Companies planned for one or  
2 more of the Alta Vista Investment Funds to issue the AltaVista Bonds to raise money  
3 so that they could meet the Minimum Investment Commitments made to their issuer  
4 customers.

5        255. Muehler also expected to take a portion of the funds raised for himself,  
6 either directly or through Claudia Muehler.

7        256. Muehler was a necessary participant and substantial factor in the  
8 offering of the AltaVista Bonds. Among other things, he was the one who formulated  
9 the plan for the offering, created the sales scripts to be used with potential investors,  
10 and located and provided leads, including names and telephone numbers of potential  
11 investors, to Rahimi for purposes of selling the AltaVista Bonds.

12        257. Rahimi was also a necessary participant and substantial factor in the  
13 offering of the AltaVista Bonds. Among other things, he acted as the primary  
14 salesman in connection with that offering, and used Muehler's solicitation materials,  
15 scripts and list of potential investors in offering the bonds to potential investors.

16            **G. Claudia Muehler's Role in the Fraud**

17        258. Claudia Muehler lived with Muehler during both the ASMG Scheme and  
18 the AltaVista scheme that is the subject of this Complaint.

19        259. She discussed the SEC enforcement proceedings regarding the ASMG  
20 Scheme with him during the course of those proceedings, and learned that Muehler  
21 agreed to settle those proceedings shortly after he agreed to do so.

22        260. Claudia Muehler reviewed a copy of the 2016 SEC Order shortly after  
23 the SEC served it on Muehler, on or about June 21, 2016, at the condominium she  
24 shares with Muehler in Marina Del Rey, California.

25        261. Claudia Muehler discussed the 2016 SEC Order with Muehler upon  
26 reviewing it and knew, or was reckless in not knowing, its contents, including that it:  
27 (i) found Muehler to have committed securities fraud and acted as an unregistered  
28 broker-dealer in connection with his operation of the ASMG Companies; (ii) ordered

1 Muehler to pay over \$410,000 in disgorgement and penalties; and (iii) imposed the  
2 cease and desist requirements, the associational bar, the penny stock bar, and the  
3 officer and director bar against Muehler.

4       262. Despite her knowledge, or reckless disregard, of the 2016 SEC Order  
5 and its provisions, Claudia Muehler substantially assisted and continues to assist  
6 Muehler in violating its terms, and in committing new securities-law violations,  
7 including by co-founding and funding the AltaVista Companies and signing  
8 agreements for the AltaVista Companies with their small business customers.

9       263. Claudia Muehler provided substantial assistance to Muehler in founding  
10 and operating the AltaVista Scheme, because, for example:

11                 (a) she helped Muehler start the AltaVista Companies by formally  
12 organizing AV Private Client and AV Securities in late 2015;

13                 (b) she agreed to serve as agent for service of process for each of the  
14 three companies, including for AV Capital Markets;

15                 (c) she provided funding for the AltaVista Companies' expenses,  
16 including by using her credit card, or permitting Muehler to use her credit card, to  
17 pay such expenses, from late 2015 to the present;

18                 (d) she paid for the AltaVista Companies' email services and  
19 websites, and for investor leads;

20                 (e) she has helped to identify potential customers for the AltaVista  
21 Companies using the Internet;

22                 (f) she has collected and deposited customer fees, signed Customer  
23 Agreements, and allowed Muehler to sign Customer Agreements using her name on  
24 behalf of the AltaVista Companies; and

25                 (g) she has used her ability to speak Portuguese to persuade a  
26 potential customer to sign with the AltaVista Companies.

27       264. Claudia Muehler considers herself a co-owner and operator of the  
28 AltaVista Companies, along with Muehler.

1       265. Claudia Muehler substantially assisted Muehler in operating the  
2 AltaVista Scheme even though she knew, or was reckless in not knowing, that the  
3 scheme was substantially similar to Muehler's ASMG Scheme, which she knew, or  
4 was reckless in not knowing, resulted in the 2016 SEC Order and its prohibitions.

5       266. Claudia Muehler substantially assisted Muehler in violating the 2016  
6 SEC Order, even though she knew about that order and its prohibitions, and knew, or  
7 was reckless in not knowing, that Muehler's conduct in the AltaVista Scheme  
8 violated that order.

9       267. Claudia Muehler has provided substantial assistance to Muehler, and  
10 continues to help Muehler run the AltaVista Companies today, in order to personally  
11 profit from the AltaVista Companies' customers, including by personally taking fees  
12 paid by those customers as personal remuneration.

13           **H. Rahimi's Role in the Illegal Conduct**

14       268. Rahimi worked with the AltaVista Companies from approximately  
15 March 2016 until approximately February 2017, during which time Rahimi was  
16 located in Los Angeles, California.

17       269. Rahimi previously held Series 6, 7, 31, 63, and 66 securities licenses.

18       270. Those licenses expired two years after the termination of Rahimi's last  
19 association with an entity registered with the SEC, in approximately September 2016.

20       271. Muehler brought Rahimi into the AltaVista Companies so Muehler could  
21 advertise Rahimi's securities-related experience to potential customers and use  
22 Rahimi's name when soliciting potential customers.

23       272. During his time with the AltaVista Companies, Rahimi helped the  
24 AltaVista Companies solicit potential small business customers through interstate  
25 telephone calls.

26       273. During 2016, Rahimi also helped solicit investors for the unregistered  
27 AltaVista Bond offering.

28       274. Rahimi personally called investors, and did so on behalf of the AltaVista

1 Companies. He also personally solicited potential investors in the AltaVista Bonds  
2 and attempted to persuade those investors to purchase the AltaVista Bonds. He  
3 solicited the investors using marketing materials provided to him and prepared by  
4 Muehler for that purpose.

5 275. Rahimi cold-called as many as 100 people in interstate telephone calls to  
6 persuade them to buy the AltaVista Bonds. During those calls, he described the  
7 proposed investment to potential investors.

8 276. In soliciting investors for that unregistered bond offering, Rahimi used  
9 the leads purchased by Muehler and Claudia Muehler. He also used solicitation  
10 materials prepared and provided to him by Muehler for that purpose.

11 277. Rahimi expected to receive a portion of any funds raised through the sale  
12 of the unregistered bonds.

13 **FIRST CLAIM FOR RELIEF**

14 **Fraud In Connection With The Purchase Or Sale Of Securities:**  
15 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5**  
16 **(Against Muehler and the AltaVista Companies)**

17 278. The SEC realleges and incorporates by reference paragraphs 1 through  
18 277 above.

19 279. Muehler and the AltaVista Companies made material misrepresentations  
20 and omissions, and engaged in a scheme to defraud, in connection with the purchase  
21 and sale of securities. To persuade small businesses to sign-up for their broker-dealer  
22 services, Muehler and his AltaVista Companies make false and misleading  
23 statements, including false claims that they previously helped small businesses raise  
24 millions of dollars, that they have \$50 million on-hand to invest in their customers'  
25 securities, and that some AltaVista Companies are registered with the Commission.  
26 They also fail to disclose the 2016 SEC Order, the 2010 California order and the 2009  
27 Minnesota order. Muehler and his companies also engaged in deceptive conduct in  
28 carrying out this fraud, using false personas in emails, impersonating others on

telephone calls, and forging documents.

280. By engaging in the conduct described above, defendants Muehler and the Alta Vista Companies, and each of them, directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

281. Defendants Muehler and the Alta Vista Companies, and each of them, knew, or was reckless in not knowing, that he or they employed devices, schemes or artifices to defraud, made untrue statements of material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and engaged in acts, practices, or courses of business that operated as a fraud upon other persons by the conduct described in detail above.

282. By engaging in the conduct described above, defendants Muehler and the Alta Vista Companies, and each of them, violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rules 10b-5(a) and 10b-5(c) thereunder, 17 C.F.R. §§ 240.10b-5(a) & 240.10b-5(c).

## **SECOND CLAIM FOR RELIEF**

## **Failure To Register As A Broker-Dealer:**

## **Violations of Section 15(a) of the Exchange Act**

## (Against Muehler, the AltaVista Companies, and Rahimi)

283. The SEC realleges and incorporates by reference paragraphs 1 through  
277 above.

284. Muehler, the AltaVista Companies and Rahimi acted as unregistered brokers by offering and agreeing to provide broker-dealer services in exchange for transaction-based compensation, including a percentage of funds raised.

285. Muehler, the AltaVista Companies, and Rahimi, and each of them, by engaging in the conduct described above, directly or indirectly, made use of the mails or means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce, the purchase or sale of securities, without being registered as a broker or dealer in accordance with Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

286. By engaging in the conduct described above, Muehler, the AltaVista Companies, Rahimi, and each of them violated Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)] and, unless restrained and enjoined, Muehler, the AltaVista Companies, Rahimi, and each of them will continue to violate Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

### **THIRD CLAIM FOR RELIEF**

# **Violations of Exchange Act Section 15(b)(6)(B)(i)**

## **(Against Muehler)**

287. The SEC realleges and incorporates by reference paragraphs 1 through  
277 above.

288. As of June 21, 2016, an order under Section 15(b)(6)(A) of the Exchange Act was in effect with respect to Muehler (the 2016 SEC Order), and such order barred Muehler from associating with a broker or dealer and from participating in the offer of a penny stock.

289. At all relevant times, the AltaVista Companies met the definition of broker or dealer for purposes of the 2016 SEC Order.

290. At all relevant times, the securities that the AltaVista Companies and Muehler proposed to help sell for their issuer customers, and to acquire from their issuer customers, were penny stocks for purposes of the Exchange Act and the 2016

1 SEC Order.

2 291. By engaging in the conduct described above, Muehler willfully  
3 associated with a broker-dealer in contravention of such order and participated in  
4 penny stock offerings in contravention of such order without the consent of the  
5 Securities and Exchange Commission.

6 292. By engaging in the conduct described above, Muehler violated Section  
7 15(b)(6)(B)(i) of the Exchange Act [15 U.S.C. § 78o(b)(6)(B)(i)].

8 **FOURTH CLAIM FOR RELIEF**

9 **Offer Of Unregistered Securities:**

10 **Violations of Securities Act Section 5(c)**

11 **(Against Muehler, the AltaVista Companies, and Rahimi)**

12 293. The SEC realleges and incorporates by reference paragraphs 1 through  
13 277 above.

14 294. The 2016 offer and sale of the Alta Vista Bonds was not registered with  
15 the SEC, and no exemption from registration applies.

16 295. Muehler, the AltaVista Companies, and Rahimi, and each of them, by  
17 engaging in the conduct described above, directly or indirectly, made use of means or  
18 instruments of transportation or communication in interstate commerce or of the  
19 mails, to offer to sell securities.

20 296. By engaging in the conduct described above, Muehler, the AltaVista  
21 Companies, Rahimi, and each of them violated Section 5(c) of the Securities Act [15  
22 U.S.C. § 77e(c)] and, unless restrained and enjoined, Muehler, the AltaVista  
23 Companies, Rahimi, and each of them will continue to violate Section 5(c) of the  
24 Securities Act [15 U.S.C. § 77e(c)].

25 **FIFTH CLAIM FOR RELIEF**

26 **Aiding And Abetting Violations of Exchange Act Section 10(b) and Rule 10b-5**

27 **(Against Claudia Muehler)**

28 297. The SEC realleges and incorporates by reference paragraphs 1 through

1 277 above.

2 298. Defendants Muehler, the AltaVista Companies, and each of them  
3 violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder through the  
4 conduct described above and in the First Claim For Relief, above.

5 299. Claudia Muehler funded the AltaVista Companies, was a co-owner and  
6 operator of those companies, identified potential customers, deposited issuer  
7 payments, allowed Muehler to sign her name on Customer Agreements, and  
8 persuaded and attempted to persuade issuer customers to sign with Muehler and the  
9 AltaVista Companies.

10 300. Claudia Muehler was also aware of the 2016 SEC Order and knew or  
11 was reckless in not knowing the unlawful nature of the AltaVista Companies'  
12 business and its substantial similarity to the ASMG Scheme.

13 301. By engaging in the conduct described above, Claudia Muehler  
14 knowingly or recklessly provided substantial assistance to Muehler, the AltaVista  
15 Companies, and each of them in their violations of Section 10(b) of the Exchange Act  
16 and Rule 10b-5 thereunder, and unless restrained and enjoined will continue to aid  
17 and abet violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

#### SIXTH CLAIM FOR RELIEF

##### **Aiding And Abetting Violations of Exchange Act Section 15(a) (Against Claudia Muehler)**

21 302. The SEC realleges and incorporates by reference paragraphs 1 through  
22 277 above.

23 303. Defendants Muehler, the AltaVista Companies, and each of them,  
24 violated Section 15(a) of the Exchange Act through the conduct described above and  
25 in the Second Claim For Relief, above.

26 304. Claudia Muehler funded the AltaVista Companies, was a co-owner and  
27 operator of those companies, identified potential customers, deposited issuer  
28 payments, allowed Muehler to sign her name on Customer Agreements, and

1 persuaded and attempted to persuade issuer customers to sign with Muehler and the  
2 AltaVista Companies.

3 305. Claudia Muehler was also aware of the 2016 SEC Order and knew or  
4 was reckless in not knowing the unlawful nature of the AltaVista Companies'  
5 business and its substantial similarity to the ASMG Scheme.

6 306. By engaging in the conduct described above, Claudia Muehler  
7 knowingly or recklessly aided and abetted Muehler's and the AltaVista Companies'  
8 violations of Section 15(a) of the Exchange Act and, unless restrained and enjoined,  
9 will continue to aid and abet violations of Section 15(a) of the Exchange Act.

10 **SEVENTH CLAIM FOR RELIEF**

11 **Aiding And Abetting Violations of Exchange Act Section 15(b)(6)(B)(i)**  
12 **(Against Claudia Muehler)**

13 307. The SEC realleges and incorporates by reference paragraphs 1 through  
14 277 above.

15 308. Defendant Muehler violated Section 15(b)(6)(B)(i) of the Exchange Act  
16 through the conduct described above and in the Third Claim For Relief, above.

17 309. Claudia Muehler funded the AltaVista Companies, was a co-owner and  
18 operator of those companies, identified potential customers, deposited issuer  
19 payments, allowed Muehler to sign her name on Customer Agreements, and  
20 persuaded and attempted to persuade issuer customers to sign with Muehler and the  
21 AltaVista Companies.

22 310. Claudia Muehler also aware of the 2016 SEC Order and knew or was  
23 reckless in not knowing the unlawful nature of the AltaVista Companies' business  
24 and its substantial similarity to the ASMG Scheme.

25 311. Claudia Muehler knowingly or recklessly provided substantial assistance  
26 to Muehler in his violations of Section 15(b)(6)(B)(i) of the Exchange Act.

27 312. By engaging in the conduct described above, Claudia Muehler aided and  
28 abetted Muehler's violations of Section 15(b)(6)(B)(i) of the Exchange Act and,

1 unless restrained and enjoined, will continue to aid and abet violations of Section  
2 15(b)(6)(B)(i) of the Exchange Act.

3 **PRAYER FOR RELIEF**

4 WHEREFORE, the SEC respectfully requests that the Court:

5 **I.**

6 Issue findings of fact and conclusions of law that the Defendants committed the  
7 alleged violations.

8 **II.**

9 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of  
10 Civil Procedure:

11 (1) preliminarily and permanently enjoining Muehler, and his agents,  
12 servants, employees, and attorneys, and those persons in active concert or  
13 participation with him, who receive actual notice of the judgment by personal service  
14 or otherwise, and each of them, from violating Section 5(c) of the Securities Act [15  
15 U.S.C. § 77e(c)], Sections 10(b), 15(a), and 15(b)(6)(B)(i) of the Exchange Act [15  
16 U.S.C. §§ 78j(b), 78o(a), 78o(b)(6)(B)(i)], and Rule 10b-5 thereunder [17 C.F.R. §  
17 240.10b-5];

18 (2) preliminarily and permanently enjoining each of the AltaVista  
19 Companies, and each of their officers, agents, servants, employees, and attorneys, and  
20 those persons in active concert or participation with any of them, who receive actual  
21 notice of the judgment by personal service or otherwise, and each of them, from  
22 violating Section 5(c) of the Securities Act [15 U.S.C. § 77e(c)], Sections 10(b) and  
23 15(a) of the Exchange Act [15 U.S.C. §§ 78j(b), 78o(a)], and Rule 10b-5 thereunder  
24 [17 C.F.R. § 240.10b-5];

25 (3) preliminarily and permanently enjoining Claudia Muehler, and her  
26 agents, servants, employees, and attorneys, and those persons in active concert or  
27 participation with her, who receive actual notice of the judgment by personal service  
28 or otherwise, and each of them, from violating Sections 10(b), 15(a), and

1 15(b)(6)(B)(i) of the Exchange Act [15 U.S.C. §§ 78j(b), 78o(a), 78o(b)(6)(B)(i)],  
2 and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]; and

3 (4) permanently enjoining Rahimi, and his agents, servants, employees, and  
4 attorneys, and those persons in active concert or participation with him, who receive  
5 actual notice of the judgment by personal service or otherwise, and each of them,  
6 from violating Section 5(c) of the Securities Act [15 U.S.C. § 77e(c)] and Section  
7 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

8 **III.**

9 Issue an order:

10 (1) requiring Muehler, the AltaVista Companies, and Claudia Muehler to  
11 disgorge all funds received from their illegal conduct, together with prejudgment  
12 interest thereon, on a joint-and-several basis with one another; and

13 (2) requiring Rahimi to disgorge all funds received from his illegal conduct,  
14 together with prejudgment interest thereon.

15 **IV.**

16 Order Muehler, the AltaVista Companies, Rahimi, and Claudia Muehler to pay  
17 civil penalties under Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and  
18 Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

19 **V.**

20 Order Muehler to pay an additional civil penalty under Section 21(d)(3) of the  
21 Exchange Act, 15 U.S.C. § 78u(d)(3), for violations of the cease and desist order  
22 entered against him by the Commission on June 21, 2016.

23 **VI.**

24 Issue a judgment, consistent with Rule 65(d) of the Federal Rules of Civil  
25 Procedure, permanently enjoining Muehler from directly or indirectly, including, but  
26 not limited to, through any entity owned or controlled by Muehler, participating in  
27 the issuance, purchase, offer, or sale of any securities, provided, however, that such  
28 injunction shall not prevent Muehler from purchasing or selling securities listed on a

1 national securities exchange for his own personal account.

2 **VII.**

3 Issue an order barring the AltaVista Companies, Claudia Muehler, and Rahimi  
4 from participating in an offering of penny stock under Section 21(d)(6) of the  
5 Exchange Act, 15 U.S.C. § 78u(d)(6).

6 **IX.**

7 Retain jurisdiction of this action in accordance with the principles of equity and  
8 the Federal Rules of Civil Procedure in order to implement and carry out the terms of  
9 all orders and decrees that may be entered, or to entertain any suitable application or  
10 motion for additional relief within the jurisdiction of this Court.

11 **X.**

12 Grant such other and further relief as this Court may determine to be just and  
13 necessary.

14

15 Dated: February 28, 2018

16 */s/ Donald W. Searles*

17 Donald W. Searles  
18 M. Lance Jasper  
19 Attorneys for Plaintiff  
Securities and Exchange Commission

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# **EXHIBIT A**

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING  
File No. 3-16836

In the Matter of

STEVEN J. MUEHLER, ALTERNATIVE  
SECURITIES MARKETS GROUP  
CORP., AND BLUE COAST  
SECURITIES CORP., dba  
GLOBALCROWDTV, INC., AND BLUE  
COAST BANC,

Respondents.

OFFER OF SETTLEMENT OF  
STEVEN J. MUEHLER

I.

Steven J. Muehler (“Muehler” or “Respondent”), pursuant to Rule 240(a) of the Rules of Practice of the Securities and Exchange Commission (“Commission”) [17 C.F.R. § 201.240(a)] submits this Offer of Settlement (“Offer”) in the above-captioned public administrative and cease-and-desist proceeding instituted against him by the Commission on September 28, 2015, pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”).

II.

This Offer is submitted solely for the purpose of settling these proceedings, with the express understanding that it will not be used in any way in these or any other proceedings, unless the Offer is accepted by the Commission. If the Offer is not accepted by the Commission, the Offer is withdrawn without prejudice to Respondent and shall not become a part of the record in these or any other proceedings, except that rejection of the Offer does not affect the continued validity of the waivers pursuant to Rule 240(c)(5) of the Commission’s Rules of Practice [17 C.F.R. § 201.240(c)(5)] with respect to any discussions concerning the rejection of the Offer.

III.

On the basis of the foregoing, the Respondent hereby:

Admits the facts set forth in paragraphs 1 through 17 below, acknowledges that his conduct violated the federal securities laws, admits the Commission's jurisdiction over him and over the matters set forth in the Order Instituting Administrative and Cease-And-Desist Proceedings Pursuant to Sections 15(B) and 21C of the Securities Exchange Act of 1934 ("Order"), and consents to the entry of an Order by the Commission containing the following findings<sup>1</sup> set forth below:

**Summary**

1. This proceeding arises out of scheme to defraud. Since at least August 2013, Respondent Steven J. Muehler and his companies, Blue Coast Securities Corp. and Alternative Securities Markets Group Corp., have offered to help small businesses raise money from investors. Respondents offer to structure and prepare securities offerings, shepherd the offerings through the Commission review process, and then market the securities to the investing public. Although none of them was registered as a broker-dealer, and Respondent Muehler was not associated with a registered broker-dealer, during this time, Respondents have offered and agreed to effect securities transactions for customers over the Internet, primarily under Regulation A, in connection with proposed securities offerings.

2. To persuade small businesses to sign up for their services, Respondents rely on material misrepresentations, including false claims that they have helped other small businesses raise millions of dollars from investors, and false claims that they work with securities counsel to ensure the offerings are lawful. Respondents have also failed to disclose sanctions imposed against Respondent Muehler by state securities regulators for acting as an unregistered broker-dealer and defrauding small business customers. Through their scheme, Respondents have signed more than fifty small businesses as customers, collected more than \$250,000 in fees, and acquired common stock from their customers as part of payment for their services.

**Respondents**

3. Steven J. Muehler ("Muehler"), age 40, resides in Marina Del Rey, California. He is not registered with the Commission in any capacity and is not associated with a registered broker-dealer. He founded ASMG and Blue Coast and was fully responsible for their operations at all relevant times. In April 2009, the Minnesota Department of Commerce issued a cease and desist order against Muehler and a Muehler-controlled company, ordering them to cease and desist from fraudulent conduct in the offer of unregistered securities and from acting as an unregistered broker-dealer in Minnesota. In August 2010, the California Department of Corporations found that Muehler and a Muehler-controlled entity had offered unregistered securities to at least one investor in California and ordered them to desist and refrain from doing so.

4. Alternative Securities Markets Group Corporation ("ASMG"), also known as Alternative Securities Markets Group, is a California corporation located in Marina Del Rey, California. It is not registered with the Commission in any capacity and was owned, operated, and controlled by Muehler at all relevant times. Although ASMG was incorporated in October 2014, Muehler used the name to do business as early as April 2014.

5. Blue Coast Securities Corp. ("Blue Coast"), dba Global CrowdTV, Inc. and Blue Coast Banc, is a California corporation located in Marina Del Rey, California. It is not registered with the Commission in any capacity and was owned, operated, and controlled by Muehler at all relevant times.

IDENTIFICATION AND SOLICITATION OF ISSUER CUSTOMERS

6. Since at least August 2013, Muehler has been in the business of offering to help small business customers raise money from investors through Blue Coast and ASMG. Prior to April 2014, Muehler marketed his services using Blue Coast, which, at times, he operated using the names "Global CrowdTV, Inc." and "Blue Coast Banc." Muehler began marketing his services under the name of ASMG in approximately April 2014. Blue Coast and ASMG, however, are merely the most recent iterations of Muehler's unregistered broker-dealer business, which he has operated using various entity names since at least 2008.

7. Muehler identifies potential customers on crowdfunding websites and sends unsolicited emails offering to help them raise money from investors. Small business owners who express interest receive marketing materials and follow-up calls from Muehler. Respondents also market themselves to prospective customers through Internet posts, web-based press releases, and sophisticated-looking websites they control, such as [www.alternativesecuritiesmarket.com](http://www.alternativesecuritiesmarket.com) (the "Website"). The Website describes the "Alternative Securities Market" as the "First Primary and Secondary Market for Regulation A, Regulation S and Regulation D Securities," and Muehler has used the Website to advertise the "financial services" that ASMG offers to issuers and investors, including "Initial Public Offerings" and "ASM Listing Broker" services.

BROKER-DEALER SERVICES OFFERED TO SMALL BUSINESSES

8. Although none of the Respondents was registered as a broker-dealer, and Muehler was not associated with a registered broker-dealer, during the relevant period of misconduct, Respondents have held themselves out as broker-dealers that provide broker-dealer services and other "issuer services." For the stated purpose of helping customers raise capital from investors, Respondents have offered to:

- list securities for sale on the "Alternative Securities Market" and "BlueCoastBanc.com";
- structure the terms of proposed offerings;
- prepare offering memoranda and registration statements;
- help customers qualify to sell securities under Regulation A;
- ensure proposed offerings comply with all applicable laws;

- market the offered securities to potential investors, including registered investment advisers and venture capitalists;
- identify and screen potential investors;
- provide an online portal for investors to purchase customers' securities;
- handle investor payments online;
- transfer and hold digital stock certificates;
- purchase customers' securities not sold to investors; and
- provide a secondary market for customers' securities.

#### ADDITIONAL BROKER-DEALER ACTIVITY

9. In addition to offering broker-dealer services to prospective customers, Respondents have undertaken significant efforts to effect securities transactions between their issuer customers and investors, including helping issuers structure the terms of proposed offerings.

10. Respondents have advertised the proposed offerings as well, including on the Website and through Internet-based press releases. A press release that Muehler circulated on the Internet in July 2014, for instance, lists twenty-seven "IPOs" scheduled for the Alternative Securities Market in August and September 2014, and states that ASMG "expects the securities of Companies listed on the Alternative Securities Market to become quoted on the OTCQB, OTCQX or the NASDAQ Capital Markets within approximately one to four years of IPO or Listing on the Alternative Securities Market." The version of the Website that was available to the public in July 2014, and which Muehler marketed to investors over the Internet, provided a webpage for each customer that listed the terms of the proposed offering, included a link to the customer's offering statement, and included an "INVEST" button that led to an investor login page. As of at least June 2015, the Website listed eighteen companies as purportedly available for "trading" on the Alternative Securities Market.

11. Respondents have also marketed their customers' securities in promotional videos made available to the public on the Website and YouTube, in which Muehler recommended specific offerings to potential investors and directed them to the Website to invest. In a video for at least one customer, Muehler stated that the customer's securities were already available for sale on the Alternative Securities Market to accredited investors and would be available to all investors upon qualification under Regulation A.

12. Respondents also solicit potential investors to participate on the Alternative Securities Market and have taken steps to register and screen investors for appropriate investments. For example, in one promotional video for the Alternative Securities Market, Muehler explained to potential investors that they can trade securities through ASMG as they could on "e\*trade." As of August 2014, Muehler estimated that a hundred potential investors had expressed interest in

participating on the Alternative Securities Market, including by signing up on the Website and contacting ASMG via email. Respondents also received accreditation information from investors they solicited.

CUSTOMER AGREEMENTS AND TRANSACTION-BASED COMPENSATION

13. Through “Listing & Direct Public Offering And Marketing Agreements” with customers (the “Customer Agreements”), Respondents offer their broker-dealer services in return for up-front fees, monthly fees, a percentage of the funds raised, and an equity stake in each issuer, the size of which depends on the offering’s success. In some instances, Respondents have received a vested right to common stock from a customer upon signing a Customer Agreement, along with the right to receive more common stock if the offering is successful. In some instances, Respondents have taken an additional stake in an offering’s success by agreeing to purchase any of the customer’s newly issued securities not sold to investors.

RESPONDENTS’ FALSE AND FRAUDULENT STATEMENTS,  
OMISSIONS AND DECEITFUL CONDUCT

14. To encourage small business owners to sign with them and, thus, to obtain fees, common stock, and other compensation, Respondents have made false and misleading statements and omissions, and engaged in other deceptive practices, including misrepresentations that Muehler made personally in telephone conversations and emails. Examples include:

- falsely stating that Respondents have helped customers raise millions of dollars from investors;
- falsely stating that ASMG is a registered broker-dealer firm;
- falsely stating that Respondents were working with securities counsel to ensure the lawfulness of the proposed offerings;
- using “Legal@asmmarketsgroup.com” and references to ASMG’s “Legal Dept.” to create the false impression that ASMG has in-house counsel;
- falsely describing ASMG as an established financial services company with the ability to make multi-million-dollar loans;
- agreeing to use investment funds controlled by Muehler to purchase securities not sold to investors without disclosing that the funds had neither assets nor a reasonable expectation of having assets to satisfy the guarantees;
- falsely stating that customer fees are used to pay SEC filing fees and that the SEC plans to dramatically increase its filing fees; and

- assuring issuer customers that Regulation A qualification for their offerings is forthcoming despite notice of significant deficiencies in the offering statements on file.

15. Respondents also misled prospective customers by emphasizing their experience raising millions of dollars for small businesses through exempt offerings, and promising to do the same for prospective customers, without disclosing that Muehler's experience includes being disciplined by state securities regulators for promoting unregistered securities and defrauding the issuers of those securities. In April 2009, the Minnesota Department of Commerce ordered Muehler and a Muehler-controlled company to cease and desist from engaging in fraudulent conduct in offering securities and from acting as an unregistered broker-dealer in Minnesota. The order states that Muehler offered to solicit investors for customers who were attempting to start new businesses; offered unregistered securities to investors; acted as an unregistered broker-dealer; and "engaged in fraudulent and deceptive practices by failing to return advance fees that were obtained from customers under the premise that the fees were refundable." In August 2010, the California Department of Corporations concluded that Muehler and another Muehler-controlled entity had offered unregistered securities to at least one investor in California and ordered them to desist and refrain from doing so.

#### VIOLATIONS

16. As a result of the conduct described above, Respondents willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which make it unlawful to employ any manipulative or deceptive devices in connection with the purchase or sale of securities.

17. As a result of the conduct described above, Respondents willfully violated Section 15(a)(1) of the Exchange Act, which makes it unlawful for any broker or dealer to use the mails or any other means of interstate commerce to "effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security" unless that broker or dealer is registered with the Commission in accordance with Section 15(b) of the Exchange Act.

#### Disgorgement and Civil Penalties

18. Respondent agrees to pay, on a joint and several basis, disgorgement of \$252,031.39, plus pre-judgment interest of \$2551.02.

19. Respondent agrees to pay a civil penalty of \$160,000.00.

#### Undertakings

20. Respondent undertakes to legally dissolve ASMG and Blue Coast by no later than March 30, 2016.

21. Respondent agrees to certify, in writing, compliance with the undertaking set forth above. The certification shall identify the undertaking, 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 Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to Spencer E. Bendell, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

IV.

On the basis of the foregoing, Respondent hereby consents to the entry of an Order by the Commission imposing the following sanctions pursuant to Sections 15(b) and 21C of the Exchange Act:

A. Respondent Muehler shall cease and desist from committing or causing any violations and any future violations Sections 15(a) and 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Muehler be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, or that is required to file reports pursuant to Section 15(d) of the Exchange Act; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

C. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent Muehler shall, within 30 days of the entry of this Order, pay, jointly and severally with Respondents disgorgement of \$252,031.39 and prejudgment interest of \$2551.02 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). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

E. Respondent Muehler shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of \$160,000 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). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at ; or
- (3) Respondent 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 Steven J. Muehler as a Respondent 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 Spencer E. Bendell, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, 444 S. Flower Street, 9<sup>th</sup> floor, Los Angeles, CA 90071.

F. 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, Respondent agrees 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 Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he 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 Respondent 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.

G. Respondent shall comply with the undertakings enumerated in paragraph 23 above.

H. In addition, Respondent shall pay \$5,000 towards his civil monetary penalty within 10 calendar days to the Securities and Exchange Commission, in the manner described in section IV.E above.

V.

By submitting this Offer, Respondent hereby waives, subject to the acceptance of the offer, the rights specified in Rule 240(c)(4) [17 C.F.R. §201.240(c)(4)] of the Commission's Rules of Practice. Specifically, Respondent waives:

- (1) All hearings pursuant to the statutory provisions under which the proceeding is to be or has been instituted;
- (2) The filing of proposed findings of fact and conclusions of law;
- (3) Proceedings before, and an initial decision by, a hearing officer;
- (4) All post-hearing procedures; and
- (5) Judicial Review by any court.

In addition, by submitting this offer, Respondent waives the rights specified in Rule 240(c)(5) [17 C.F.R. § 201.240(c)(5)] of the Commission's Rules of Practice. Specifically, Respondent waives:

- (1) Any and all provisions of the Commission's Rules of Practice or other requirements of law that may be construed to prevent or disqualify any member of the Commission's staff from participating in the preparation of, or advising the Commission as to, any order, opinion, finding of fact, or conclusion of law that may be entered pursuant to this Offer; and
- (2) Any right to claim bias or pre-judgment by the Commission based on the consideration of or discussions concerning settlement of all or any part of this proceeding.

Respondent also hereby waives service of the Order.

VI.

Respondent understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings." As part of Respondent's agreement to comply with the terms of Section 202.5(e), Respondent: (i) will not take any action or make or permit to be made any

public statement denying, directly or indirectly, any finding in the Order or creating the impression that the Order is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Respondent does not admit the findings of the Order, or that the Offer of Settlement contains no admission of the findings; and (iii) upon the filing of this Offer, Respondent hereby withdraws any papers previously filed in this proceeding to the extent that they deny, directly or indirectly, any finding in the Order. If Respondent breaches this agreement, the Division of Enforcement may petition the Commission to vacate the Order and restore this proceeding to its active docket. Nothing in this provision affects Respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

VII.

Consistent with the provisions of 17 C.F.R. § 202.5(f), Respondent waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein.

VIII.

Respondent hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Respondent to defend against this action. For these purposes, Respondent agrees that Respondent is not the prevailing party in this action since the parties have reached a good faith settlement.

IX.

Respondent agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source including, but not limited to, payment made pursuant to any insurance policy, with regard to any penalty amounts that Respondent shall pay pursuant to this Order, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Respondent further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state or local tax for any penalty amounts that Respondent shall pay pursuant to this Order, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

X.

Respondent stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the findings in the Order are true, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under the 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 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).

XI.

Respondent states that he has read and understands the foregoing Offer, that this Offer is made voluntarily, and that no promises, offers, threats, or inducements of any kind or nature whatsoever have been made by the Commission or any member, officer, employee, agent, or representative of the Commission in consideration of this Offer or otherwise to induce him to submit to this Offer.

March 13, 2016

April 13, 2016



Steven J. Muehler

STATE OF CALIFORNIA                                    }  
   }  
    SS:  
COUNTY OF LOS ANGELES                            }

The foregoing instrument was acknowledged before me this \_\_\_ day of March, 2016 by Steven J. Muehler, who \_\_\_ is personally known to me or \_\_\_ who has produced a California driver's license as identification and who did take an oath.

---

Notary Public  
State of Florida  
Commission Number :  
Commission Expiration :

## ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of Los Angeles

On APRIL/13/2016 before me, Ndenyi Egbunike, Notary Public

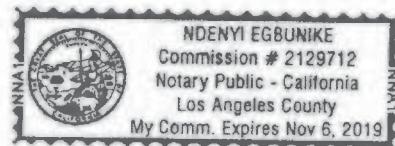
Personally appeared STEVEN JOSEPH MUEHLER

Who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity , and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct

WITNESS my hand and official seal

Signature



Attached Document Bears Embossment

# **EXHIBIT B**

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 78118 / June 21, 2016

ADMINISTRATIVE PROCEEDING  
File No. 3-16836

In the Matter of

STEVEN J. MUEHLER,  
ALTERNATIVE  
SECURITIES MARKETS  
GROUP CORP., AND BLUE  
COAST SECURITIES CORP.,  
dba GLOBALCROWDTV,  
INC. AND BLUE COAST  
BANC,

Respondents.

ORDER MAKING FINDINGS AND  
IMPOSING REMEDIAL SANCTIONS AND A  
CEASE-AND-DESIST ORDER, PURSUANT  
TO SECTIONS 15(b) AND 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934, AS  
TO RESPONDENTS STEVEN J. MUEHLER,  
ALTERNATIVE SECURITIES MARKETS  
GROUP CORP., AND BLUE COAST  
SECURITIES CORP, dba  
GLOBALCROWDTV, INC. AND BLUE  
COAST BANC

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest to enter this Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order, Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), as to Respondents Steven J. Muehler, Alternative Securities Markets Group Corp., and Blue Coast Securities Corp., dba Global CrowdTV, Inc. and Blue Coast Banc (“Order”).

II.

Respondents have submitted Offers of Settlement (the “Offers”), which the Commission has determined to accept. Respondents admit the facts set forth in Section III below, acknowledge that their conduct violated the federal securities laws, admit the Commission’s jurisdiction over them, and the subject matter of these proceedings, and consent to the entry of this Order, as set forth below.



### III.

On the basis of the Order and Respondents' Offers, the Commission finds that:

#### Summary

1. This proceeding arises out of scheme to defraud. Since at least August 2013, Respondent Steven J. Muehler and his companies, Blue Coast Securities Corp. and Alternative Securities Markets Group Corp., have offered to help small businesses raise money from investors. Respondents offer to structure and prepare securities offerings, shepherd the offerings through the Commission review process, and then market the securities to the investing public. Although none of them was registered as a broker-dealer, and Respondent Muehler was not associated with a registered broker-dealer, during this time, Respondents have offered and agreed to effect securities transactions for customers over the Internet, primarily under Regulation A, in connection with proposed securities offerings.

2. To persuade small businesses to sign up for their services, Respondents rely on material misrepresentations, including false claims that they have helped other small businesses raise millions of dollars from investors, and false claims that they work with securities counsel to ensure the offerings are lawful. Respondents have also failed to disclose sanctions imposed against Respondent Muehler by state securities regulators for acting as an unregistered broker-dealer and defrauding small business customers. Through their scheme, Respondents have signed more than fifty small businesses as customers, collected more than \$250,000 in fees, and acquired common stock from their customers as part of payment for their services.

#### Respondents

3. Steven J. Muehler ("Muehler"), age 40, resides in Marina Del Rey, California. He is not registered with the Commission in any capacity and is not associated with a registered broker-dealer. He founded ASMG and Blue Coast and was fully responsible for their operations at all relevant times. In April 2009, the Minnesota Department of Commerce issued a cease and desist order against Muehler and a Muehler-controlled company, ordering them to cease and desist from fraudulent conduct in the offer of unregistered securities and from acting as an unregistered broker-dealer in Minnesota. In August 2010, the California Department of Corporations found that Muehler and a Muehler-controlled entity had offered unregistered securities to at least one investor in California and ordered them to desist and refrain from doing so.

4. Alternative Securities Markets Group Corporation ("ASMG"), also known as Alternative Securities Markets Group, is a California corporation located in Marina Del Rey, California. It is not registered with the Commission in any capacity and was owned, operated, and controlled by Muehler at all relevant times. Although ASMG was incorporated in October 2014, Muehler used the name to do business as early as April 2014.

5. Blue Coast Securities Corp. ("Blue Coast"), dba GlobalCrowdTV, Inc. and Blue Coast Banc, is a California corporation located in Marina Del Rey, California. It is not registered

with the Commission in any capacity and was owned, operated, and controlled by Muehler at all relevant times.

IDENTIFICATION AND SOLICITATION OF ISSUER CUSTOMERS

6. Since at least August 2013, Muehler has been in the business of offering to help small business customers raise money from investors through Blue Coast and ASMG. Prior to April 2014, Muehler marketed his services using Blue Coast, which, at times, he operated using the names “Global CrowdTV, Inc.” and “Blue Coast Banc.” Muehler began marketing his services under the name of ASMG in approximately April 2014. Blue Coast and ASMG, however, are merely the most recent iterations of Muehler’s unregistered broker-dealer business, which he has operated using various entity names since at least 2008.

7. Muehler identifies potential customers on crowdfunding websites and sends unsolicited emails offering to help them raise money from investors. Small business owners who express interest receive marketing materials and follow-up calls from Muehler. Respondents also market themselves to prospective customers through Internet posts, web-based press releases, and sophisticated-looking websites they control, such as [www.alternativesecuritiesmarket.com](http://www.alternativesecuritiesmarket.com) (the “Website”). The Website describes the “Alternative Securities Market” as the “First Primary and Secondary Market for Regulation A, Regulation S and Regulation D Securities,” and Muehler has used the Website to advertise the “financial services” that ASMG offers to issuers and investors, including “Initial Public Offerings” and “ASM Listing Broker” services.

BROKER-DEALER SERVICES OFFERED TO SMALL BUSINESSES

8. Although none of the Respondents was registered as a broker-dealer, and Muehler was not associated with a registered broker-dealer, during the relevant period of misconduct, Respondents have held themselves out as broker-dealers that provide broker-dealer services and other “issuer services.” For the stated purpose of helping customers raise capital from investors, Respondents have offered to:

- list securities for sale on the “Alternative Securities Market” and “BlueCoastBanc.com”;
- structure the terms of proposed offerings;
- prepare offering memoranda and registration statements;
- help customers qualify to sell securities under Regulation A;
- ensure proposed offerings comply with all applicable laws;
- market the offered securities to potential investors, including registered investment advisers and venture capitalists;
- identify and screen potential investors;

- provide an online portal for investors to purchase customers' securities;
- handle investor payments online;
- transfer and hold digital stock certificates;
- purchase customers' securities not sold to investors; and
- provide a secondary market for customers' securities.

#### ADDITIONAL BROKER-DEALER ACTIVITY

9. In addition to offering broker-dealer services to prospective customers, Respondents have undertaken significant efforts to effect securities transactions between their issuer customers and investors, including helping issuers structure the terms of proposed offerings.

10. Respondents have advertised the proposed offerings as well, including on the Website and through Internet-based press releases. A press release that Muehler circulated on the Internet in July 2014, for instance, lists twenty-seven "IPOs" scheduled for the Alternative Securities Market in August and September 2014, and states that ASMG "expects the securities of Companies listed on the Alternative Securities Market to become quoted on the OTCQB, OTCQX or the NASDAQ Capital Markets within approximately one to four years of IPO or Listing on the Alternative Securities Market." The version of the Website that was available to the public in July 2014, and which Muehler marketed to investors over the Internet, provided a webpage for each customer that listed the terms of the proposed offering, included a link to the customer's offering statement, and included an "INVEST" button that led to an investor login page. As of at least June 2015, the Website listed eighteen companies as purportedly available for "trading" on the Alternative Securities Market.

11. Respondents have also marketed their customers' securities in promotional videos made available to the public on the Website and YouTube, in which Muehler recommended specific offerings to potential investors and directed them to the Website to invest. In a video for at least one customer, Muehler stated that the customer's securities were already available for sale on the Alternative Securities Market to accredited investors and would be available to all investors upon qualification under Regulation A.

12. Respondents also solicit potential investors to participate on the Alternative Securities Market and have taken steps to register and screen investors for appropriate investments. For example, in one promotional video for the Alternative Securities Market, Muehler explained to potential investors that they can trade securities through ASMG as they could on "e\*trade." As of August 2014, Muehler estimated that a hundred potential investors had expressed interest in participating on the Alternative Securities Market, including by signing up on the Website and contacting ASMG via email. Respondents also received accreditation information from investors they solicited.

**CUSTOMER AGREEMENTS AND TRANSACTION-BASED COMPENSATION**

13. Through “Listing & Direct Public Offering And Marketing Agreements” with customers (the “Customer Agreements”), Respondents offer their broker-dealer services in return for up-front fees, monthly fees, a percentage of the funds raised, and an equity stake in each issuer, the size of which depends on the offering’s success. In some instances, Respondents have received a vested right to common stock from a customer upon signing a Customer Agreement, along with the right to receive more common stock if the offering is successful. In some instances, Respondents have taken an additional stake in an offering’s success by agreeing to purchase any of the customer’s newly issued securities not sold to investors.

**RESPONDENTS’ FALSE AND FRAUDULENT STATEMENTS,  
OMISSIONS AND DECEITFUL CONDUCT**

14. To encourage small business owners to sign with them and, thus, to obtain fees, common stock, and other compensation, Respondents have made false and misleading statements and omissions, and engaged in other deceptive practices, including misrepresentations that Muehler made personally in telephone conversations and emails. Examples include:

- falsely stating that Respondents have helped customers raise millions of dollars from investors;
- falsely stating that ASMG is a registered broker-dealer firm;
- falsely stating that Respondents were working with securities counsel to ensure the lawfulness of the proposed offerings;
- using “Legal@asmmarketsgroup.com” and references to ASMG’s “Legal Dept.” to create the false impression that ASMG has in-house counsel;
- falsely describing ASMG as an established financial services company with the ability to make multi-million-dollar loans;
- agreeing to use investment funds controlled by Muehler to purchase securities not sold to investors without disclosing that the funds had neither assets nor a reasonable expectation of having assets to satisfy the guarantees;
- falsely stating that customer fees are used to pay SEC filing fees and that the SEC plans to dramatically increase its filing fees; and
- assuring issuer customers that Regulation A qualification for their offerings is forthcoming despite notice of significant deficiencies in the offering statements on file.

15. Respondents also misled prospective customers by emphasizing their experience raising millions of dollars for small businesses through exempt offerings, and promising to do the same for prospective customers, without disclosing that Muehler's experience includes being disciplined by state securities regulators for promoting unregistered securities and defrauding the issuers of those securities. In April 2009, the Minnesota Department of Commerce ordered Muehler and a Muehler-controlled company to cease and desist from engaging in fraudulent conduct in offering securities and from acting as an unregistered broker-dealer in Minnesota. The order states that Muehler offered to solicit investors for customers who were attempting to start new businesses; offered unregistered securities to investors; acted as an unregistered broker-dealer; and "engaged in fraudulent and deceptive practices by failing to return advance fees that were obtained from customers under the premise that the fees were refundable." In August 2010, the California Department of Corporations concluded that Muehler and another Muehler-controlled entity had offered unregistered securities to at least one investor in California and ordered them to desist and refrain from doing so.

#### VIOLATIONS

16. As a result of the conduct described above, Respondents willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which make it unlawful to employ any manipulative or deceptive devices in connection with the purchase or sale of securities.

17. As a result of the conduct described above, Respondents willfully violated Section 15(a)(1) of the Exchange Act, which makes it unlawful for any broker or dealer to use the mails or any other means of interstate commerce to "effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security" unless that broker or dealer is registered with the Commission in accordance with Section 15(b) of the Exchange Act.

#### **IV.**

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

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

A. Respondents cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 15(a) of the Exchange Act.

B. Pursuant to Section 15(b)(6) of the Exchange Act, Respondent Muehler is hereby: barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

C. Pursuant to Section 21C(f) of the Exchange Act, Respondent Muehler is hereby:

prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

D. Pursuant to Section 15(b)(6) of the Exchange Act, each of the Respondents is hereby:

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.

E. Any reapplication for association by Respondent Muehler will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondents, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

F. Respondents shall, within 30 days of the entry of this Order, pay, jointly and severally, disgorgement of \$252,031.39 and prejudgment interest of \$2,551.02 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). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

G. Respondent Muehler shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of \$160,000.00 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). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

H. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent 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) Respondent 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

I. Payments by check or money order must be accompanied by a cover letter identifying Muehler, ASMG, and Blue Coast 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 Alka Patel, Division of Enforcement, Securities and Exchange Commission, 444 S. Flower Street, Suite 900, Los Angeles, CA 90071.

J. 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, they 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, 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, or any of them, 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, 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, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent 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 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

*Jill M. Peterson*  
By Jill M. Peterson  
Assistant Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order") on the Respondents. ("Order"). .

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray  
Chief Administrative Law Judge  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-2557

Donald W. Searles, Esq.  
Los Angeles Regional Office  
Securities and Exchange Commission  
444 S. Flower Street, Suite 900  
Los Angeles, CA 90071

Mr. Steven J. Muehler  
4050 Glencoe Avenue, Unit 210  
Marina Del Rey, CA 90262

Blue Coast Securities Corp.  
c/o Mr. Steven J. Muehler  
4050 Glencoe Avenue, Unit 210  
Marina Del Rey, CA 90262

Alternative Securities Markets Group Corp.  
c/o Mr. Steven J. Muehler  
4050 Glencoe Avenue, Unit 210  
Marina Del Rey, CA 90262

# **EXHIBIT C**

31616  
APRIL '09

SE2802257/DK

STATE OF MINNESOTA  
DEPARTMENT OF COMMERCE

In the Matter of SJM Investments  
& Capital and Steven Muehler

**CEASE AND DESIST ORDER AND  
NOTICE OF RIGHT TO HEARING**

TO: Steven Muehler  
SJM Investments & Capital  
201 Evergreen Street  
Belle Plaine, MN 56011

Steven Muehler  
SJM Investments & Capital, Inc.  
76 - 7th Ave S  
Wahpeton, ND 58075

SJM Investments & Capital  
P.O. Box 4158  
Los Angeles, CA 91308

**CEASE AND DESIST ORDER**

**REGULATORY BACKGROUND**

No person shall offer or sell unregistered securities in the State of Minnesota, unless the securities are exempt from registration. Minn. Stat. §§ 80A.45, and 80A.49 (2008). Minnesota law defines "security" as follows:

"Security" means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security"; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

Minn. Stat. § 80A.41(30) (2008). Minnesota law prohibits any fraud or misrepresentation in connection with the offer, sale, or purchase of securities. Minn. Stat. § 80A.68 (2008).



It is unlawful for any person to transact business in Minnesota as a “broker-dealer” unless the person is registered under Minn. Stat. ch. 80A as a “broker-dealer,” or that person is otherwise exempt from the registration requirement. Minn. Stat. § 80A.56 (2008). Subject to certain exclusions, Minnesota law defines “broker-dealer” as “a person engaged in the business of effecting transactions in securities for the account of others or for the person’s own account.” Minn. Stat. § 80A.41(5) (2008).

Pursuant to the above-referenced statutes, Commissioner of Commerce Glenn Wilson has determined as follows:

#### **ALLEGATIONS**

1. SJM Investments & Capital and Steven Muehler (“Respondents”) are not licensed or registered in any capacity by the Department of Commerce (“Department”).
2. At all times relevant to this Cease and Desist Order, Respondents maintained a business address at 201 Evergreen Street, Belle Plaine, MN 56011.
3. The Department received several complaints against Respondents concerning their offer of unregistered securities. Specifically, for a fee, Respondents offered to prepare and solicit documents, including private placement memorandums, to investors for the purpose of raising capital on behalf of Respondents’ clients, who were attempting to start new businesses. For instance, in an email to a start-up business owner, Respondents stated, “[w]e market your securities to our private clients,” and that “[y]our proposed security has been initially marketed, and given the response we have gotten, we are prepared to move forward with your equity offering.”

4. Respondents claimed that they would package and submit the investment opportunities to "accredited investors"; however, in another email to one of their clients, Respondents admit that they offer the securities to any investor, regardless of accreditation:

In the first few weeks of this, we attempted to get institutional and people of high net worth and liquidity to invest in your project. Effectively giving you either on [sic] large institutional partner or a very small number of high net worth people funding all or a vast majority of your business. *We are at the point now, where we are going to open this offering up fully to anyone who would like to fully invest in the company* (emphasis added).

5. The investment opportunities offered by Respondents constitute a security under Minn. Stat. § 80A.41(30) (2008).

6. Respondents typically charge an upfront "refundable retainer" fee of \$2,750 for purposes of incurred expenses. In yet another email to one of their clients, Respondents stated "if you are not fully funded, and no monies have been raised, then the company full [sic] reimburses you the full retainer."

7. On at least two instances, Respondents accepted an advance fee from their clients and failed to return the retainer in accordance with the parties' written contract or Respondents' representations. Moreover, in each instance, funding was not provided and the retainer was never returned.

8. On September 5, 2008, the Department served an Order for Written Statement, Production of Documents and Report of Sales ("ORS"), which required a response by September 15, 2008. To date, Respondent has failed to respond to the ORS.

9. The following order is in the public interest.

**VIOLATIONS**

**Count I**

Respondents offered and/or sold unregistered securities in the State of Minnesota without a license or registration. Minn. Stat. §§ 80A.49, and 80A.56 (2008).

**Count II**

Respondents engaged in fraudulent and deceptive practices by failing to return advance fees that were obtained from their clients under the premise that the fees were refundable. Minn. Stat. § 80A.68 (2008).

**Count III**

Respondent failed to respond to the ORS. Minn. Stat. § 45.027, subds. 1, 1a, and 7(a)(3) (2008).

**ORDER**

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to Minn. Stat. § 45.027, subd. 5a (2008), SJM Investments & Capital and Steven Muehler ("Respondents") shall cease and desist from offering or selling in the State of Minnesota the above-described or any other securities until Respondents comply with Minn. Stat. ch. 80A (2008) and until further order of the Commissioner.

**NOTICE OF RIGHT TO HEARING**

IT IS FURTHER ORDERED, pursuant to Minn. Stat. § 45.027, subd. 5a (2008), that Respondents may request a hearing in this matter. Such request shall be made in writing and served on the Commissioner, whereupon the Commissioner shall set a date for hearing within ten (10) days after receipt of the request unless Respondents and the Department agree to waive the 10-day time period. If no hearing is requested by Respondents within thirty (30) days of service

of this Order and none is ordered by the Commissioner, this Order will become permanent and will remain in effect until modified or vacated by the Commissioner.

IT IS FURTHER ORDERED, that if a hearing is requested, this Order will remain in effect until modified or vacated or made permanent by further order of the Commissioner under Minn. Stat. § 45.027, subd. 5a (2008). The administrative proceeding provided by Minn. Stat. § 45.027, subd. 5a (2008), and subsequent appellate judicial review of that administrative proceeding, constitutes the exclusive remedy for determining whether the Commissioner properly issued this Order and whether this Order should be made permanent.

IT IS FURTHER ORDERED, that, notwithstanding Minn. Stat. § 45.027, subds. 5 or 5a (2008), if Respondents request a hearing under Minn. Stat. § 45.027, subd. 5a (2008), Respondents may, within 15 days after service of this Order, bring an action in Ramsey County District Court for an injunction to suspend enforcement of this Order pending a final decision by the Commissioner under Minn. Stat. § 45.027, subd. 5a (2008) to vacate or make permanent this Order. The Court shall determine whether to issue such an injunction based on traditional principles of temporary relief.

IT IS FURTHER ORDERED, that in the event a hearing is requested in this matter, it will be held before an Administrative Law Judge to be appointed by the Chief Administrative Law Judge for the State of Minnesota, Office of Administrative Hearings, Harold E. Stassen Office Building, State Capitol Complex, 600 North Robert Street, St. Paul, Minnesota 55146, Telephone: (651) 361-7900. All parties have the right to represent themselves or be represented throughout the proceedings herein by legal counsel or a person of their choice if not otherwise prohibited as the unauthorized practice of law. The hearing will be conducted under the contested case procedures in Minn. Stat. §§ 14.57-14.69 (2008), and the Rules of the Office of

Administrative Hearings, Minn. R. 1400.5100-1400.8401 (2007). Failure to attend a hearing in this matter may result in the allegations of this Order being taken as true. Any questions concerning the issues which were raised in this Order, or if you wish to discuss an informal disposition of this proceeding, may be directed to Assistant Attorney General Christopher M. Kaisershot at (651) 282-9992. Mr. Kaisershot's address is the Minnesota Attorney General's Office, 1200 Bremer Tower, 445 Minnesota Street, St. Paul, Minnesota 55101-2130.

GLENN WILSON  
Commissioner

Dated: 4-14-09

  
EMMANUEL MUNSON-REGALA  
Deputy Commissioner  
Market Assurance Division

Minnesota Department of Commerce  
85 Seventh Place East, Suite 500  
St. Paul, MN 55101  
Telephone: (651) 296-2488

AG: #2381715-v1

# **EXHIBIT D**

1 STATE OF CALIFORNIA  
2 BUSINESS, TRANSPORTATION AND HOUSING AGENCY  
3 DEPARTMENT OF CORPORATIONS  
4

5 TO: **Steven J. Muchler**  
6 **LA Investment Capital, LLC**  
7 9107 Wilshire Blvd., Unit 450  
Beverly Hills, California 90210

8 4139 Via Marina, Suite 1208  
Marina Del Rey, California 90292

9 **LA Investment Capital Alternative Investment Fund I, LLC**  
10 9107 Wilshire Blvd., Unit 450  
Beverly Hills, California 90210

11 4050 Glencoe Ave., Suite 210  
12 Marina Del Rey, California 90292

13 **LA Investment Capital BioFuels Fund I, LLC**  
14 9107 Wilshire Blvd., Unit 450  
Beverly Hills, California 90292

15 4050 Glencoe Ave., Suite 210  
16 Marina Del Rey, California 90292

17 **LA Investment Capital Energy Fund I, LLC**  
18 9107 Wilshire Blvd., Unit 450  
Beverly Hills, California 90210

19 4050 Glencoe Ave., Suite 210  
Marina Del Rey, California 90292

20 **LA Investment Capital Entertainment & Media Fund, LLC**  
21 9107 Wilshire Blvd., Unit 450  
Beverly Hills, California 90210

22 **LA Investment Capital Oil & Natural Gas Fund I, LLC**  
23 9107 Wilshire Blvd., Unit 450  
Beverly Hills, California 90210

24 **LA Investment Capital Real Estate Fund I, LLC**  
25 9107 Wilshire Blvd., Unit 450  
Beverly Hills, California 90210

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**DESIST AND REFRAIN ORDER****(For violations of section 25110 of the Corporations Code)**

The California Corporations Commissioner finds that:

1. At all relevant times, LA Investment Capital, LLC ("LA Investment Capital"), a  
2 California limited liability company, conducted business at 9107 Wilshire Blvd., Unit 450, Beverly  
3 Hills, California and/or 4139 Via Marina, Suite 1208, Marina Del Rey, California. LA Investment  
4 Capital was a purported Los Angeles-based high-performance, commercial real estate, energy,  
5 biofuels, oil and natural gas investment banking firm. LA Investment Capital acted as the managing  
6 member of several private equity funds, named below.

7. Steven J. Muehler ("Muehler") was the founder of LA Investment Capital.

8. LA Investment Capital maintained a website at [www.lainvestmentbanc.com](http://www.lainvestmentbanc.com).

9. At all relevant times, LA Investment Capital Alternative Investment Fund I, LLC  
10 ("Alternative Investment Fund"), a California limited liability company, conducted business at 9107  
11 Wilshire Blvd., Unit 450, Beverly Hills, California and/or 4050 Glencoe Avenue, Suite 210, Marina  
12 Del Rey, California. Alternative Investment Fund was an investment fund formed for the purpose of  
13 operating as an early and growth stage worldwide mining and mineral rights investment. The  
14 Alternative Investment Fund was to act as a private equity provider to small and middle market  
15 worldwide mining and mineral rights companies throughout the United States. According to its  
16 offering materials, LA Investment Capital acted as Alternative Investment Fund's managing member.

17. At all relevant times, LA Investment Capital BioFuels Fund I, LLC ("BioFuels  
18 Fund"), a California limited liability company, conducted business at 9107 Wilshire Blvd., Unit 450,  
19 Beverly Hills, California and/or 4050 Glencoe Avenue, Suite 210, Marina Del Rey, California.

20. BioFuels Fund was an investment fund formed for the purpose of operating as an early and growth  
21 stage biofuels investment. The BioFuels Fund was to act as a private equity provider to small and  
22 middle market biofuels companies throughout the United States. According to its offering materials,  
23 LA Investment Capital acted as the BioFuels Fund's managing member.

24. At all relevant times, LA Investment Capital Energy Fund I, LLC ("Energy Fund"), a  
25 California limited liability company, conducted business at 9107 Wilshire Blvd., Unit 450, Beverly

1 Hills, California and/or 4050 Glencoe Avenue, Suite 210, Marina Del Rey, California. Energy Fund  
2 was an investment fund formed for the purpose of operating as an early and growth stage green  
3 energy investment. The Energy Fund was to act as a private equity provider to small and middle  
4 market green energy companies throughout the United States. According to its offering materials,  
5 LA Investment Capital acted as the Energy Fund's managing member.

6 7. At all relevant times, LA Investment Capital Entertainment & Media Fund, LLC  
7 ("Entertainment & Media Fund"), a purported California limited liability company, conducted  
8 business at 9107 Wilshire Blvd., Unit 450, Beverly Hills, California. Entertainment & Media Fund  
9 was an investment fund formed for the purpose of operating as an early and growth stage  
10 entertainment investment. The Entertainment & Media Fund was to act as a private equity provider  
11 to small and middle market entertainment companies throughout Los Angeles. According to its  
12 offering materials, LA Investment Capital acted as the Entertainment & Media Fund's managing  
13 member.

14 8. At all relevant times, LA Investment Capital Oil & Natural Gas Fund I, LLC ("Oil &  
15 Natural Gas Fund"), a purported California limited liability company, conducted business at 9107  
16 Wilshire Blvd., Unit 450, Beverly Hills, California. Oil & Natural Gas Fund was an investment fund  
17 formed for the purpose of operating as an early and growth stage oil and natural gas investment. The  
18 Oil & Natural Gas Fund was to act as a private equity provider to small and middle market oil and  
19 natural gas companies throughout the United States. According to its offering materials, LA  
20 Investment Capital acted as the Oil & Natural Gas Fund's managing member.

21 9. At all relevant times, LA Investment Capital Real Estate Fund I, LLC ("Real Estate  
22 Fund"), a purported Nevada limited liability company, conducted business at 9107 Wilshire Blvd.,  
23 Unit 450, Beverly Hills, California. Real Estate Fund was an investment fund formed for the purpose  
24 of operating as an early and growth stage real estate investment. The Real Estate Fund was to act as a  
25 private equity provider to small and middle market real estate companies throughout the United  
26 States. According to its offering materials, LA Investment Capital acted as the Real Estate Fund's  
27 managing member.

28 ///

1       10. Beginning in at least January 2010, Muehler and LA Investment Capital offered  
2 interests in limited liability companies and/or investment contracts to at least one California investor  
3 in the form of "membership units" in LA Investment Capital and the Alternative Investment Fund,  
4 BioFuels Fund, Energy Fund, Entertainment & Media Fund, Oil & Natural Gas Fund, and the Real  
5 Estate Fund.

6       11. Muehler and LA Investment Capital solicited the investor by means of the Internet.

7       12. These membership units were offered in this state in issuer transactions. The  
8 Department of Corporations has not issued a permit or other form of qualification authorizing any  
9 person to offer or sell these securities in this state.

10      Based upon the foregoing findings, the California Corporations Commissioner is of the  
11 opinion that these interests in limited liability companies, investment contracts and/or membership  
12 units are subject to qualification under the California Corporate Securities Law of 1968 and are being  
13 or have been offered without first being qualified. Pursuant to Section 25532 of the Corporate  
14 Securities Law of 1968, Steven J. Muehler; LA Investment Capital, LLC; LA Investment Capital  
15 Alternative Investment Fund I, LLC; LA Investment Capital BioFuels Fund I, LLC; LA Investment  
16 Capital Energy Fund I, LLC; LA Investment Capital Entertainment & Media Fund, LLC; LA  
17 Investment Capital Oil & Natural Gas Fund I, LLC; and LA Investment Capital Real Estate Fund I,  
18 LLC are hereby ordered to desist and refrain from the further offer or sale of securities, in the State of  
19 California, including but not limited to interests in limited liability companies, investment contracts,  
20 and/or membership units unless and until qualification has been made under said law or unless  
21 exempt.

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This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: August 25, 2010  
Los Angeles, California

**PRESTON DuFAUCHARD**  
California Corporations Commissioner

By Alan S. Weinger  
ALAN S. WEINGER  
Deputy Commissioner  
Enforcement Division

State of California - Department of Corporations

# Complaints and Other Initiating Documents

[2:18-cv-01677 Securities and Exchange Commission v. Muehler et al](#)

## UNITED STATES DISTRICT COURT

## CENTRAL DISTRICT OF CALIFORNIA

### Notice of Electronic Filing

The following transaction was entered by Searles, Donald on 2/28/2018 at 12:45 PM PST and filed on 2/28/2018

**Case Name:** Securities and Exchange Commission v. Muehler et al

**Case Number:** [2:18-cv-01677](#)

**Filer:** Securities and Exchange Commission

**Document Number:** [1](#)

#### Docket Text:

**COMPLAINT No Fee Required - US Government, filed by Plaintiff Securities and Exchange Commission. (Attachments: # (1) Exhibit A, # (2) Exhibit B, # (3) Exhibit C, # (4) Exhibit D) (Attorney Donald W Searles added to party Securities and Exchange Commission(pty:pla))(Searles, Donald)**

#### 2:18-cv-01677 Notice has been electronically mailed to:

Donald W Searles searlesd@sec.gov, irwinma@sec.gov, LAROFiling@sec.gov, longoa@sec.gov

#### 2:18-cv-01677 Notice has been delivered by First Class U. S. Mail or by other means BY THE FILER to :

The following document(s) are associated with this transaction:

#### Document description:Main Document

**Original filename:** J:\ENF\LA-04785\LITIGATION FILES\DRAFTS\PLEADINGS & SETTLEMENTS - DRAFTS\Complaint (FINAL).pdf

#### Electronic document Stamp:

[STAMP cacdStamp\_ID=1020290914 [Date=2/28/2018] [FileNumber=25097761-0] [277743aadf09429889b8a7526106acdbf3a3a00bdb8bb22d04e5572244d5594f1e651cd7ffc1140f21c104b26bffb7489c3d4b60f4868cb81a36e0e1a8603c23]]

#### Document description:Exhibit A

**Original filename:** J:\ENF\LA-04785\LITIGATION FILES\DRAFTS\PLEADINGS & SETTLEMENTS - DRAFTS\Ex A (Muehler Consent).pdf

#### Electronic document Stamp:

[STAMP cacdStamp\_ID=1020290914 [Date=2/28/2018] [FileNumber=25097761-1] [bf062736482b19b703aa1d8a26af804f37468c26ca0bdbf67e9e803a28c37721eff607d0093a354a3e13cb97c4f46ea000669911e0c47bfc7707c24bf576a74a]]

#### Document description:Exhibit B

**Original filename:** J:\ENF\LA-04785\LITIGATION FILES\DRAFTS\PLEADINGS &

SETTLEMENTS - DRAFTS\Ex B (Exhibit 26).pdf

**Electronic document Stamp:**

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**Document description:**Exhibit C

**Original filename:**J:\ENF\LA-04785\LITIGATION FILES\DRAFTS\PLEADINGS &  
SETTLEMENTS - DRAFTS\Ex C (Exhibit 28).pdf

**Electronic document Stamp:**

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**Document description:**Exhibit D

**Original filename:**J:\ENF\LA-04785\LITIGATION FILES\DRAFTS\PLEADINGS &  
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**Electronic document Stamp:**

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