UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 68258 / November 19, 2012

INVESTMENT COMPANY ACT OF 1940
Release No. 30269 / November 19, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14961

In the Matter of	:	ORDER MAKING FINDINGS
	:	AND IMPOSING REMEDIAL
WILFRED R. BLUM and	:	SANCTIONS BY DEFAULT
ALEXANDER LINDALE, LLC	:	

The Securities and Exchange Commission (Commission) instituted this proceeding on July 24, 2012, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act) and Section 9(b) of the Investment Company Act of 1940 (Investment Company Act). The Corrected Order Instituting Proceedings (OIP) alleges that on June 28, 2012, the United States District Court for the District of Utah entered a Final Judgment against Wilfred R. Blum (Blum) and Alexander Lindale, LLC (Alexander Lindale), permanently enjoining them from violating Sections 5(a) and 5(c) of the Securities Act of 1933 (Securities Act) and Section 15(a) of the Exchange Act in SEC v. Copper King Mining Corp., No. 2:11-CV-00526.[1] OIP at 2. The OIP further alleges that the District Court ordered Respondents to disgorge $3,291,352 in profits gained as a result of the conduct alleged in the Complaint, ordered them to pay $557,218.33 in prejudgment interest, and barred them from participating in an offering of penny stock under Section 20(g) of the Securities Act and Section 21(d)(6) of the Exchange Act. Id.

At a prehearing conference on September 24, 2012, I found that Respondents were served with the OIP on August 23, 2012, based on a United States Postal Service Domestic Return Receipt which shows the OIP was delivered to Blum, the manager of Alexander Lindale, on that date. See Preh'g Conf. Tr. 3, 4; 17 C.F.R. § 201.141(a)(2)(i), (ii); Office of the Minnesota Secretary of State Business & Lien System at http://mblsportal.sos.state.mn.us. Respondents were required to file an Answer within twenty days after service of the OIP. OIP at 3; 17 C.F.R. § 201.220(b).

[1] Respondents consented to entry of the Final Judgment without admitting or denying the allegations of the Complaint. Final Judgment at 1-2. I take official notice of the underlying civil action, including the Complaint, Final Judgment, and Consent of Defendants Blum and Alexander Lindale (Consent). See 17 C.F.R. § 201.323.

Ruling

Respondents are in default because they did not file an Answer, did not appear at the prehearing conference, and did not otherwise defend the proceeding.[2] See 17 C.F.R. §§ 201.155(a), .220(f), .221(f). This proceeding will be determined upon consideration of the record including the OIP, the allegations of which are deemed to be true. See 17 C.F.R. § 201.155(a). In their Consent, Respondents acknowledged that "entry of a permanent injunction may have collateral consequences" and accepted that "in any disciplinary proceeding before the Commission based on the entry of the injunction in [the underlying] action, . . . they shall not be permitted to contest the factual allegations of the [C]omplaint." Consent at 4. Respondents also agreed "not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any allegation in the [C]omplaint or creating the impression that the [C]omplaint is without factual basis." Id.

Findings of Fact

Blum is a fifty-eight-year-old resident of Salt Lake City, Utah.[3] OIP at 1; Complaint at 5. He is the general manager of Alexander Lindale, a Minnesota limited liability company with a principal place of business in Midvale, Utah. OIP at 1-2; Complaint at 5. Alexander Lindale provides financing and public relations services for small start-up companies. OIP at 2; Complaint at 5. During the relevant period, Blum and Alexander Lindale were not registered with the Commission in accordance with Section 15(b) of the Exchange Act and they were not associated with a registered broker or dealer. OIP at 1; Complaint at 12.

In January 2008, Copper King Mining Corp. (Copper King) retained Blum and Alexander Lindale to obtain financing and to conduct public relations services for Copper King. OIP at 2; Complaint at 6. These services included issuing press releases designed to create a demand for investors to buy Copper King stock. OIP at 2; Complaint at 6. In an effort to obtain financing for Copper King, Blum decided to offer and sell Copper King stock pursuant to Rule 504 of Regulation D under the Securities Act. OIP at 2; Complaint at 8. However, Blum did not comply with the requirements and limitations imposed by the Rule. OIP at 2; Complaint at 8-10.

From January 2008 through January 2010, Blum, on behalf of himself and acting through Alexander Lindale, conducted numerous unregistered offerings and distributions of Copper King stock, including selling stock in excess of the $1 million per twelve months limitation imposed by Rule 504. OIP at 2; Complaint at 9-10. In addition, in subscription agreements distributed to investors, Blum represented that Alexander Lindale was buying Copper King stock with investment intent and not with a view to distribute the stock to the public, as required under Rule 504. OIP at 2; Complaint at 10. However, these claims were false. OIP at 2; Complaint at 10.

[2] Respondents have indicated to the Division of Enforcement (Division) that they will not contest this proceeding and will instead take a default. Preh'g Conf. Tr. 3-4.

[3] In the Complaint, Blum's given name is listed as "Wilford," which appears to be a typographical error.

Within hours of the issuance of Copper King stock to Alexander Lindale, Blum began to distribute or resell the stock to individual investors and entities. OIP at 2; Complaint at 10.

Conclusions of Law

Section 15(b)(6)(A) of the Exchange Act states that the Commission shall sanction any person who, at the time of the misconduct, was associated, or acting as if associated, with a broker or dealer, if the sanction is in the public interest and the person is enjoined from engaging in conduct in connection with the purchase or sale of securities. See 15 U.S.C. § 78o(b)(4)(C), (6)(A)(iii); Vladislav Steven Zubkis, Exchange Act Release No. 52876 (Dec. 2, 2005), 86 SEC Docket 2618, 2627, request for clarification denied, Exchange Act Release No. 53651 (Apr. 13, 2006), 87 SEC Docket 2584 (barring an unregistered, associated person of an unregistered broker-dealer from association with a broker or dealer).

Section 9(b) of the Investment Company Act states that the Commission may sanction any person who has willfully violated any provision of the Securities Act or Exchange Act. "Willfully" means no more than intentionally committing the act that constitutes the violation; the actor need not be aware that he is violating a statute or regulation. See Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000). The allegations in the Complaint, including the nature of Respondents' business and the numerous unregistered offerings and distributions of stock, describe willful conduct by Respondents. Since Respondents consented to the injunction, the Commission "will construe the 'neither admit nor deny' language as precluding [them] . . . from denying the factual allegations of the injunctive complaint in [this] proceeding." Marshall E. Melton, Advisers Act Release No. 2151 (July 25, 2003), 56 S.E.C. 695, 712.

Sanctions

The Division seeks all of the bars listed in Section 15(b)(6) of the Exchange Act and Section 9(b) of the Investment Company Act. Preh'g Conf. Tr. 5. Respondents have chosen not to contest this proceeding. When an injunction is entered by consent, the Commission "will rely on the factual allegations of the injunctive complaint in determining the appropriate remedial action in the public interest, taking into account what those allegations reflect about the seriousness of the underlying misconduct and the relative culpability of the respondent." Melton, 56 S.E.C. at 711.

The Commission considers the following factors in determining the public interest: (1) the egregiousness of the respondent's actions; (2) whether the violations were isolated or recurrent; (3) the degree of scienter involved; (4) the sincerity of the respondent's assurances against future violations; (5) the respondent's recognition of the wrongful nature of his or her conduct; and (6) the likelihood that the respondent's occupation will present opportunities for future violations. See Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981).

Respondents consented to an injunction based on allegations that during a two-year period, they conducted numerous unregistered offerings and distributions of stock in violation of the federal securities laws. This conduct was egregious and recurrent, resulting in more than

$3.2 million in illegally-obtained profits. Final Judgment at 4. Additionally, the District Court ordered Blum to pay a civil penalty, in an amount to be determined. Id. at 5. See Don Warner Reinhard, Exchange Act Release No. 63720 (Jan. 14, 2011), 100 SEC Docket 36940, 36947 & n.21 (citing Robert Bruce Lohmann, Exchange Act Release No. 48092 (June 26, 2003), 56 S.E.C. 573, 583 n.20 (finding that matters "not charged in the OIP" may nevertheless be considered "in assessing sanctions")). Respondents have not recognized the wrongful nature of their conduct, and they have provided no assurances against future violations.

For all the reasons stated, it is in the public interest to bar Respondents from participating in the securities industry as allowed by Section 15(b)(6)(A) of the Exchange Act and Section 9(b) of the Investment Company Act, except for bars from association with a municipal advisor or nationally recognized statistical rating organization. These two collateral bars, added by the Dodd-Frank Wall Street Reform and Consumer Protection Act signed into law on July 21, 2010, are impermissible in this proceeding because they would retroactively attach new consequences to conduct that occurred prior to the statute's enactment. See, e.g., Tom Hirsch, Initial Decision Release No. 431, 101 SEC Docket 45893, 45896-97 (Sept. 15, 2011).

Order

I ORDER that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, Wilfred R. Blum and Alexander Lindale, LLC, are barred from association with a broker, dealer, investment adviser, municipal securities dealer, or transfer agent, or from participating in an offering of penny stock.

I FURTHER ORDER that, pursuant to Section 9(b) of the Investment Company Act of 1940, Wilfred R. Blum and Alexander Lindale, LLC, are unconditionally and permanently prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter.

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Brenda P. Murray
Chief Administrative Law Judge