

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-08-043-08-FO01
Whether there has been a violation of the)
Securities Act of Washington by:) ENTRY OF FINDINGS OF FACT AND
) CONCLUSIONS OF LAW AND FINAL
) ORDER TO CEASE AND DESIST AND TO
New Wave Marine Propulsion, Inc. and) IMPOSE FINES
Joseph Mueller d/b/a New Wave Propulsion)
)
Respondents)

THE STATE OF WASHINGTON TO: New Wave Propulsion, Inc.
Joseph Mueller d/b/a New Wave
Propulsion

On March 4, 2008, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist and to Charge Costs S-08-043-08-SC01, hereinafter referred to as "Statement of Charges", against New Wave Marine Propulsion, Inc. and Joseph Mueller d/b/a New Wave Propulsion.

The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as "Notice of Opportunity for Hearing," and an Application for Adjudicative Hearing, hereinafter referred to as "Application for Hearing," were served on New Wave Marine Propulsion, Inc. and Joseph Mueller d/b/a New Wave Propulsion on March 7, 2008 via certified mail.

The Notice of Opportunity for Hearing advised New Wave Marine Propulsion, Inc. and Joseph Mueller d/b/a New Wave Propulsion that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. New Wave Marine Propulsion, Inc. and Joseph Mueller d/b/a New Wave

1 Propulsion each returned the Application for Hearing and indicated that each waived the right to
2 a hearing.

3 The Securities Administrator will therefore adopt as final the findings of fact and
4 conclusions of law as set forth in the Statement of Charges.

5 **FINDINGS OF FACT**

6 **I. RESPONDENTS**

7 1. Joseph Mueller d/b/a New Wave Propulsion (“Mueller”), a Washington
8 registered sole proprietorship, purports to be the President of New Wave Marine Propulsion, Inc.
9 (New Wave Propulsion), with its principal place of business in Poulsbo, Washington. The
10 Washington Secretary of State does not have any record for New Wave Marine Propulsion, Inc.
11

12 **II. NATURE OF THE OFFERING**

13 2. As late as January, 2008, Respondents caused to be placed on the internet through
14 the Seattle, Washington Financial Services section of www.craigslist.org, an advertisement
15 offering a “[l]arge return on your short term investment.”
16

17 3. The advertisement stated that Respondents were “in the process of closing a very
18 lucrative deal selling the rights to a High Tech product that we have developed.” Respondents
19 had purportedly “developed a Marine Hybrid system that would increase the range/gas mileage
20 to 8 times the current vessel capabilities (in vessels from 30’ to 70’). The people we are dealing
21 with want to sell the system in the UK and eastern USA. We will retain the Western US market
22 and have the Asian Market up for sell [sic] a few months after we get things up and running.”
23 The advertisement further stated that Respondents were looking for \$80,000 to \$120,000 with a
24 rate of return of 100%; that Respondent, Mueller, and his brother would secure the investment
25

1 with their respective homes on “a quick funding deal”; that Respondents didn’t have a lot of time
2 and they needed liquidity for travel and legal expenses to close the deal; and that repayment
3 terms would be in the form of a balloon payment within 12 months.

4 4. At least one potential Washington investor responded to the advertisement via
5 email. Mueller told the potential Washington investor that the deal they were working on was “a
6 very lucrative proposition and I have several companies waiting to see an operational model
7 including the US Navy.” Mueller also told the potential Washington investor that there was an
8 option of changing the investment “to an equity position and end up with 25% of the stock if you
9 wish.” Lastly, Mueller told the potential Washington investor that “[t]his isn’t a scam deal or
10 other BS, I am sitting on a massive venture and need the initial investment to get it off the
11 ground and that is why I am willing to deal!”
12

13 14 III. MISREPRESENTATIONS AND OMISSIONS

15 5. Mueller failed to provide material information regarding the New Wave Marine
16 Propulsion, Inc. investment, including, but not limited to, prospectus information such as
17 financial statements, use of proceeds, and general and specific risk factors involved in the
18 investment.
19

20 21 IV. REGISTRATION STATUS

22 6. New Wave Marine Propulsion, Inc. is currently not registered to offer or sell its
23 securities in the State of Washington and has not previously been so registered.

24 7. New Wave Propulsion is currently not registered to offer or sell its securities in
25 the State of Washington and has not previously been so registered.

1 cease and desist from offering or selling securities in violation of RCW 21.20.140, the
2 securities registration section of the Securities Act of Washington.

3 IT IS FURTHER ORDERED that the Respondents, New Wave Marine Propulsion, Inc.
4 and Joseph Mueller d/b/a New Wave Propulsion, and their agents and employees each shall
5 cease and desist from acting as unregistered securities broker-dealers or salespersons in
6 violation of RCW 21.20.040, the broker-dealer and securities salesperson registration section
7 of the Securities Act of Washington.
8

9 IT IS FURTHER ORDERED that the Respondents, New Wave Marine Propulsion, Inc.
10 and Joseph Mueller d/b/a New Wave Propulsion, and their agents and employees each shall
11 cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of
12 Washington.

13 IT IS FURTHER ORDERED that the Respondents, New Wave Marine Propulsion,
14 Inc. and Joseph Mueller d/b/a New Wave Propulsion, shall be liable for and pay the Securities
15 Division the costs and other expenses incurred in the investigation and prosecution of this matter
16 in the amount of \$1500.
17

18 **AUTHORITY AND PROCEDURE**

19 This Final Order is entered pursuant to the provisions of RCW 21.20.390 and is
20 subject to the provisions of Chapter 34.05 RCW. The Respondent has the right to petition the
21 superior court for judicial review of this agency action under the provisions of chapter 34.05
22 RCW. For the requirements for filing a Petition for Judicial Review, see RCW 34.05.510 and
23 sections following. Pursuant to 21.20.395, a certified copy of this order may be filed in Superior
24
25

1 Court. If so filed, the clerk shall treat the order in the same manner as a Superior Court judgment
2 as to the fine and the fine may be recorded, enforced, or satisfied in like manner.
3

4 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

5
6 DATED AND ENTERED this 20th day of June, 2008


7 


8
9

MICHAEL E. STEVENSON
Securities Administrator

10 Approved by:

Presented by:

11 
12 Martin Cordell
13 Chief of Enforcement


Patrick Kim
Enforcement Attorney