

SEC Sues Alleged 'Three-Time Recidivist' In Broker-Dealer Scheme

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The Securities and Exchange Commission is trying to stop Steven J. Muehler from operating unregistered broker-dealers from his apartment—again.

Muehler, whom the SEC calls a “three-time recidivist,” is accused of operating a fraudulent broker-dealer scheme from his home in Marina Del Ray, Calif., in a civil complaint filed by the agency in the U.S. District Court, Central District of California

The SEC has filed for a preliminary injunction to stop Muehler’s alleged securities law violations.

In addition, the SEC also sued AltaVista Capital Markets, AltaVista Private Client and AltaVista Securities, three companies under Muehler’s control; his wife, Claudia M. Muehler; and an associate, Koorosh “Danny” Rahimi.

According to the SEC complaint, Muehler’s AltaVista firms are not registered as broker-dealers, but since 2015 have agreed to provide broker-dealer services to more than 20 small businesses.

Muehler’s companies helped businesses find investors and use a purportedly proprietary online securities exchange to help raise funds. In return, Muehler and his companies received fees, the right to a percentage of any investor funds raised and the right to an equity stake in each small business customer.

Muehler is also alleged to have made fraudulent claims to potential customers in telling them that his firms had \$50 million on hand to invest in customers’ securities, that they had previously helped customers raise millions of dollars and that their exchange was registered with the SEC.

According to the complaint, Muehler also failed to notify customers that he was subject to a 2016 cease-and-desist order and that he had been previously sanctioned by regulators in California and Minnesota.

Muehler and Rahimi are alleged to have assisted in Muehler’s scheme.

In 2016, Muehler settled SEC fraud charges in a similar broker-dealer scheme using three different firms he owned: Alternative Securities Markets Group, Blue Coast Securities and GlobalCrowdTV.