

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-08-043-08-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE
) OF INTENT TO ENTER ORDER TO CEASE
) AND DESIST AND TO CHARGE COSTS
New Wave Marine Propulsion, Inc. and)
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

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, New Wave Marine Propulsion, Inc. and Joseph Mueller d/b/a New Wave Propulsion, have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations, and charging costs pursuant to RCW 21.20.390(5). The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. RESPONDENTS

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

1 II. NATURE OF THE OFFERING

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

5 3. The advertisement stated that Respondents were “in the process of closing a very
6 lucrative deal selling the rights to a High Tech product that we have developed.” Respondents
7 had purportedly “developed a Marine Hybrid system that would increase the range/gas mileage
8 to 8 times the current vessel capabilities (in vessels from 30’ to 70’). The people we are dealing
9 with want to sell the system in the UK and eastern USA. We will retain the Western US market
10 and have the Asian Market up for sell [sic] a few months after we get things up and running.”
11 The advertisement further stated that Respondents were looking for \$80,000 to \$120,000 with a
12 rate of return of 100%; that Respondent, Mueller, and his brother would secure the investment
13 with their respective homes on “a quick funding deal”; that Respondents didn’t have a lot of time
14 and they needed liquidity for travel and legal expenses to close the deal; and that repayment
15 terms would be in the form of a balloon payment within 12 months.

16 4. At least one potential Washington investor responded to the advertisement via
17 email. Mueller told the potential Washington investor that the deal they were working on was “a
18 very lucrative proposition and I have several companies waiting to see an operational model
19 including the US Navy.” Mueller also told the potential Washington investor that there was an
20 option of changing the investment “to an equity position and end up with 25% of the stock if you
21 wish.” Lastly, Mueller told the potential Washington investor that “[t]his isn’t a scam deal or
22 other BS, I am sitting on a massive venture and need the initial investment to get it off the
23 ground and that is why I am willing to deal!”
24
25

1 III. MISREPRESENTATIONS AND OMISSIONS

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

6 IV. REGISTRATION STATUS

7
8 6. New Wave Marine Propulsion, Inc. is currently not registered to offer or sell its
9 securities in the State of Washington and has not previously been so registered.

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

12 8. Joseph Mueller is not currently registered as a securities salesperson or
13 broker-dealer in the State of Washington and has not previously been so registered.

14
15 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

16 **CONCLUSIONS OF LAW**

17 1. The offer and/or sale of the investments described above constitute the offer
18 and/or sale of a security as defined in RCW 21.20.005(10) and (12).

19 2. Joseph Mueller violated RCW 21.20.040 by offering and/or selling said securities
20 while not registered as a securities salesperson or broker-dealer in the State of Washington.

21 3. New Wave Marine Propulsion, Inc. violated RCW 21.20.140 by offering and/or
22 selling unregistered securities.

23 4. New Wave Propulsion violated RCW 21.20.140 by offering and/or selling
24 unregistered securities.

1 5. In connection with the offer and/or sale of said securities, Respondents, New
2 Wave Marine Propulsion, Inc. and Joseph Mueller d/b/a New Wave Propulsion have each
3 violated RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, Respondents
4 made misstatements of material facts and/or omitted to state material facts necessary in order to
5 make the statements made, in light of circumstances under which they were made, not
6 misleading and/or engaged in acts and practices that operated as fraud or deceit.
7

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9 **NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

10 Pursuant to RCW 21.20.390(1), and based on the above Tentative Findings of Fact and
11 Conclusions of Law, the Securities Administrator intends to order that Respondents, New Wave
12 Marine Propulsion, Inc. and Joseph Mueller d/b/a New Wave Propulsion, and their agents and
13 employees each cease and desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW
14 21.20.140.
15

16 **NOTICE OF INTENT TO CHARGE COSTS**

17 Pursuant to RCW 21.20.390(5), and based upon the Tentative Findings of Fact and
18 Conclusions of Law, the Securities Administrator intends to order that the Respondents, New
19 Wave Marine Propulsion, Inc. and Joseph Mueller d/b/a New Wave Propulsion, each shall be
20 liable for and pay the Securities Division the costs, fees and other expenses incurred in the
21 conduct of the administrative investigation and hearing of this matter, in an amount not less than
22 \$1,500.
23

24 **AUTHORITY AND PROCEDURE**
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1 This STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN
2 ORDER TO CEASE AND DESIST AND TO CHARGE COSTS is entered pursuant to the
3 provisions of RCW 21.20.390 and is subject to the provisions of Chapters 21.20 and 34.05 RCW.
4 The Respondents, New Wave Marine Propulsion, Inc. and Joseph Mueller d/b/a New Wave
5 Propulsion, may each make a written request for a hearing as set forth in the NOTICE OF
6 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
7 Order.
8


9 If a respondent does not request a hearing, the Securities Administrator intends to adopt
10 the above Tentative Findings of Fact and Conclusions of Law as final, enter a permanent order
11 against that respondent to cease and desist from violations of the Securities Act, and enter an
12 order charging costs, as described above.
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14 Dated and Entered this 4th day of March, 2008
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18 MICHAEL E. STEVENSON
19 Securities Administrator

20 Approved by:

21 
22 Martin Cordell
23 Chief of Enforcement
24
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Presented by:


Patrick Kim
Enforcement Attorney