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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING ) Order No.: S-12-1037-14-CO01  
whether there has been a violation of the )  
Securities Act of Washington by: ) CONSENT ORDER AS TO MONDAYS OFF MUSIC,  
 ) INC.; CITY STREAM, INC.; AND MICHAEL RALEY  
Mondays off Music, Inc.; City Stream, Inc.; )  
Michael Raley; and Andrea Braeutigam, )  
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Respondents. )

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**INTRODUCTION**

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On January 2, 2014 the Securities Administrator of the Securities Division of the Department of Financial Institutions (Securities Division) issued a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Impose Fines, and to Charge Costs, Order Number S-12-1037-13-SC01, against Respondents Mondays off Music, Inc.; City Stream, Inc.; Michael Raley, and Andrea Braeutigam. Pursuant to the Securities Act of Washington, Chapter 21.20 RCW, The Securities Division and Respondents, Mondays off Music, Inc.; City Stream, Inc.; and Michael Raley, do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondents, Mondays off Music, Inc.; City Stream, Inc.; and Michael Raley, neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

**FINDINGS OF FACT**

Respondents

1. Mondays off Music, Inc. (Mondays off Music) was formed by Michael Raley in or around January 2011. Despite the "Inc." in its name, Mondays off Music was never incorporated in Washington State or any other jurisdiction. Mondays off Music was an Internet radio start-up company that planned to stream local music in various U.S. cities.

1 2. City Stream, Inc. (City Stream) is a Washington corporation formed on March 16, 2012. City Stream  
2 is an Internet radio start-up company that plans to stream local music in various U.S. cities.

3 3. Michael Raley (Raley) resides in Edmonds, Washington. From about January 2011 to March 2012,  
4 Raley was the founder, President and Chief Executive Officer of Mondays off Music. Raley is the founder,  
5 CEO, and Chairman of the Board of Directors for City Stream. Raley sold Mondays off Music securities  
6 and City Stream common stock to investors.

7 4. Andrea Braeutigam (Braeutigam) resided in Oklahoma City, Oklahoma at all times applicable  
8 herein. Braeutigam was the Director of Operations for City Stream. Braeutigam sold Mondays off Music  
9 securities and City Stream common stock to investors.

10 Nature of the Offerings

11 *Mondays off Music Securities Offering*

12 5. In or about January 2011, Raley founded Mondays off Music, an Internet radio start-up company  
13 specializing in bringing local music to local markets. Mondays off Music planned to open twenty-five local  
14 Internet radio stations in the twenty-five biggest U.S. markets over a three-year period. Mondays off Music  
15 was designed to earn revenue by selling advertisements and sponsorships.  
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17 6. From January 2011 through April 2012, Mondays off Music raised \$266,000 from twenty-four  
18 investors, fourteen of whom were Washington State residents. Mondays off Music raised these funds by  
19 offering investors common stock in Mondays off Music, a Washington corporation. However, Mondays off  
20 Music was never incorporated in Washington State or elsewhere.

21 7. Raley and Braeutigam sold Mondays off Music securities. From January 2011 through April 2012,  
22 Raley raised at least \$192,000 from 13 Washington investors. Three of these investors were referred to  
23 Raley. From February through April 2012, Braeutigam raised at least \$54,000 from nine Oklahoma  
24 investors and one Hawaii investor. Raley and Braeutigam told investors that the money raised for Mondays  
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1 off Music would be used to build the company, hire the staff, and build the website. Raley gave a  
2 presentation of the Mondays off Music business plan to nearly every investor. Raley and Braeutigam did not  
3 ask investors about their net worth. Raley did not ask investors about their investment experience.

4 8. Prior to the sale of the Mondays off Music securities, Raley and Braeutigam provided investors with  
5 a document titled Mondays off Music Detailed Financial Statement (Financial Statement). In the Financial  
6 Statement, Mondays off Music provided investors with projections regarding their return on investment over  
7 the course of three years. By the end of year three, Mondays off Music projected that a person who invested  
8 \$50,000 would earn \$214,092, a return on investment of 428%. Mondays off Music, Raley, and Braeutigam  
9 failed to provide investors with a reasonable basis for these projections.

10 9. In the Financial Statement, Mondays off Music provided investors with exit strategies for Mondays  
11 off Music. These exit strategies included being acquired by a major media network, merging with a known  
12 brand, selling the company, and taking the company public. Mondays off Music also predicted that  
13 Mondays off Music would be acquired within three years. Mondays off Music, Raley, and Braeutigam  
14 failed to provide investors with a reasonable basis for this prediction or provide the assumptions on which  
15 this prediction was based.  
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17 10. Prior to the sale of Mondays off Music securities, Raley and Braeutigam provided investors with  
18 subscription agreements. Investors signed the subscription agreement and wrote a check or money order  
19 payable to Mondays off Music. Raley and Braeutigam collected the subscription agreements and checks  
20 from investors. Mondays off Music deposited investor funds in a Washington State bank account.

21 *Misrepresentations and Omissions in Mondays off Music Securities Offering*

22 11. Mondays off Music, Raley, and Braeutigam misrepresented to investors that Mondays off Music was  
23 a Washington State corporation. Mondays off Music was never incorporated in Washington State.  
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1 12. Mondays off Music, Raley, and Braeutigam failed to disclose to investors material information  
2 regarding the company, including but not limited to financial statements, operational history, and financial  
3 condition.

4 *City Stream Rescission Offer*

5 13. In or about March 2012, Mondays off Music brought on a new president to the company. The  
6 president noticed that Mondays off Music had issued common stock prior to its incorporation. Upon this  
7 discovery, on March 16, 2012, Raley incorporated City Stream.

8 14. After its incorporation, City Stream held itself out as a corporation formerly known as Mondays off  
9 Music. City Stream took control all of Mondays off Music's assets and liabilities. City Stream converted all  
10 of the Mondays off Music investors' securities into City Stream common stock. City Stream did not explain  
11 to Mondays off Music how their Mondays off Music securities came to be City Stream common stock. City  
12 Stream told Mondays off Music investors that Mondays off Music had changed its name to City Stream.

13 15. On April 15, 2012, the City Stream Board of Directors (Board) approved a City Stream subscription  
14 agreement, prepared by its counsel, for a private placement of common stock at \$10 per share. The Board  
15 further resolved to offer all current City Stream stock subscribers, which were the investors who had  
16 originally purchased Mondays off Music securities, a rescission and refund of their investment.

17 16. City Stream offered Mondays off Music investors rescission and refund through the use of a form  
18 letter addressed to investors (Rescission Offer). The first sentence of the Rescission Offer stated that the  
19 investor had previously subscribed to purchase shares of common stock of City Stream prior to its  
20 incorporation. The investors never subscribed to purchase shares of City Stream common stock prior to its  
21 incorporation; investors had subscribed to purchase shares of Mondays off Music common stock, a  
22 company that was not incorporated.  
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1 17. In the Rescission Offer, City Stream explained to investors that City Stream had made material  
2 modifications to the terms of the private placement and that all documents received in connection with the  
3 private placement are null and void. The Rescission Offer attached a new subscription agreement for City  
4 Stream stock. An investor could choose to decline the rescission and refund by affirmatively checking a box  
5 on the Rescission Offer declining the offer and executing the City Stream subscription agreement.

6 18. In April 2012, City Stream began distributing the Rescission Offers and City Stream subscription  
7 agreements to at least twenty-four Mondays off Music investors. By May 25, 2012, all the investors  
8 declined the Rescission Offer and signed the City Stream subscription agreement.

9 19. On or about June 1, 2012, Raley reviewed the Rescission Offers and accepted the investors' new  
10 subscription agreements on behalf of City Stream by signing his name to the signature page of each  
11 subscription agreement.

12 *Misrepresentations and Omissions in Rescission Offer*

13 20. In the Rescission Offer, City Stream offered to refund investors the full amount of their investment.  
14 City Stream failed to disclose to investors that City Stream did not have the funds to refund every investor.

15 21. In the Rescission Offer, City Stream failed to disclose to investors how their Mondays off Music  
16 investment came to be City Stream common stock.

17 22. In the Rescission Offer, City Stream failed to disclose to investors that the Mondays off Music  
18 securities that were originally sold to them were not registered with the Securities Division as required by  
19 law. City Stream failed to disclose to investors that the Securities Division did not pass on the Rescission  
20 Offer; therefore, the Rescission Offer does not preclude investors from remedies under the Securities Act of  
21 Washington.  
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*City Stream Common Stock Offering*

23. At or about the same time City Stream began offering rescission to Mondays off Music investors, City Stream also sold City Stream common stock to new investors. From about April 2012 through December 2012, City Stream raised at least \$202,000 by selling its common stock to at least eleven investors. From about April 2012 to June 2012, City Stream sold its common stock to investors for \$10 per share. From October through December 2012, City Stream sold its common stock to investors for \$1 per share.

24. Raley and Braeutigam sold a majority of the City Stream common stock. Raley and Braeutigam told investors that the money raised for City Stream would be used to build the company, hire the staff, and build the website. Raley gave a presentation of the City Stream business plan to nearly every investor. Raley and Braeutigam did not ask investors about their net worth. Raley did not ask investors about their investment experience.

25. Prior to the sale of City Stream common stock, Raley and Braeutigam provided investors with subscription agreements. Investors signed the subscription agreement and wrote a check or money order payable to City Stream. Raley and Braeutigam collected the subscription agreements and checks from investors. City Stream deposited investor funds in a Washington State bank account.

*Misrepresentations and Omissions in City Stream Common Stock Offering*

26. City Stream, Raley, and Braeutigam failed to disclose to investors material information regarding the company, including but not limited to financial statements, operational history, and financial condition.

Failure to Comply with Regulation D Rule 506

27. City Stream claimed an exemption from registration of the City Stream offering under Regulation D Rule 506 with a notice filing submitted to the Securities Administrator on September 6, 2012.

1 28. Regulation D Rule 506 requires the issuer to provide specific information regarding the issuer, its  
2 business, and the securities being offered to unaccredited investors. City Stream did not provide this specific  
3 information to at least seven of its unaccredited investors.

4 29. Regulation D Rule 506 requires the issuer to provide specific financial statement information  
5 including an audited balance sheet of the issuer dated within 120 days of the start of the offering to  
6 unaccredited investors. City Stream did not provide the required financial statement information to at least  
7 seven of its unaccredited investors.

8 False Filings with the Securities Administrator

9 30. On October 8, 2012, City Stream delivered falsified documents to the Securities Division in response  
10 to subpoena S-12-1037-SB01 (subpoena) issued by the Securities Administrator on August 14, 2012. These  
11 falsified documents indicated that unaccredited investors were actually accredited investors (hereinafter,  
12 Investors A and B). Pursuant to the subpoena, City Stream provided the Securities Division with  
13 subscription agreements signed by Investors A and B. In these subscription agreements, under the section  
14 heading "Suitability," a box had been checked indicating that Investors A and B qualified as accredited  
15 investors; however, Investors A and B did not check this box. Investors A and B informed City Stream that  
16 they could not check the box because they are not accredited investors. City Stream submitted false and/or  
17 misleading documents to the Securities Administrator when it provided the Division with altered versions of  
18 Investors A and B's subscription agreements which indicated that they were accredited investors.  
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20 31. On September 6, 2012, City Stream filed a Form D notice of exempt offering of securities (Form D)  
21 with the Securities Division. Michael Raley signed the Form D on behalf of City Stream. In the Form D,  
22 under the heading "Investors," City Stream failed to check a box indicating that City Stream had sold  
23 securities to unaccredited investors. City Stream indicated on the Form D that all the City Stream investors  
24 were accredited investors. At the time of this Form D filing, at least seven City Stream investors were  
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1 unaccredited. City Stream and Michael Raley submitted a false and/or misleading document to the  
2 Securities Administrator when they caused the Form D to be filed with the Division.

3 Registration Status

4 32. Mondays off Music, Inc. is not currently registered to sell its securities in the state of Washington  
5 and has not previously been so registered.

6 33. City Stream, Inc. did not register its offer of rescission in the state of Washington.

7 34. City Stream, Inc. is not currently registered to sell its common stock in the state of Washington and  
8 has not previously been so registered.

9 35. Michael Raley is not currently registered as a securities broker-dealer or salesperson in the state of  
10 Washington and has not previously been so registered.

11 36. Andrea Braeutigam is not currently registered as a securities broker-dealer or salesperson in the state  
12 of Washington and has not previously been so registered.

13 **CONCLUSIONS OF LAW**

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

15 1. The offer and sale of Mondays off Music, Inc. securities, City Stream, Inc. common stock, and City  
16 Stream, Inc. offer of rescission as described above constitutes the offer and sale of securities as defined in  
17 RCW 21.20.005(14) and (17).

18 2. The offer and sale of Mondays off Music, Inc. securities, City Stream, Inc. common stock, and City  
19 Stream, Inc. offer of rescission violated RCW 21.20.140 because the securities were not registered in the  
20 state of Washington and did not qualify for an exemption.

21 3. Respondent, Michael Raley, violated RCW 21.20.040 by offering and selling said securities while  
22 not registered as a securities salesperson or broker-dealer in the state of Washington.  
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1 4. The offer and sale of said securities were in violation of RCW 21.20.010 because Respondents,  
2 Mondays off Music, Inc.; City Stream, Inc.; and Michael Raley, made misstatements of material fact or  
3 omitted to state material facts necessary in order to make the statements made, in light of the circumstances  
4 under which they were made, not misleading.

5 5. City Steam, Inc. violated RCW 21.20.350 when it provided the Division with altered versions of at  
6 least two investor subscription agreements.

7 6. City Stream, Inc. and Michael Raley violated RCW 21.20.350 when they caused the Form D notice  
8 of exempt offering of securities containing false information to be filed with the Division.

9 **CONSENT ORDER**

10 Based upon the foregoing and finding it in the public interest:

11 IT IS AGREED AND ORDERED that Respondents, Mondays off Music, Inc.; City Stream, Inc.; and  
12 Michael Raley, their agents and employees, each shall cease and desist from violating RCW 21.20.140, the  
13 provision of the Securities Act of Washington making it unlawful to sell unregistered securities.

14 IT IS FURTHER AGREED AND ORDERED that Respondents, Mondays off Music, Inc.; City  
15 Stream, Inc.; and Michael Raley, their agents and employees each shall cease and desist from violating RCW  
16 21.20.010, the anti-fraud section of the Securities Act of Washington.

17 IT IS FURTHER AGREED AND ORDERED that Respondent, Michael Raley, his agents and  
18 employees, each shall cease and desist from violating RCW 21.20.040, the provision of the Securities Act of  
19 Washington requiring registration of securities salespersons and broker-dealers.

20 IT IS FURTHER AGREED AND ORDERED that Respondents, City Stream, Inc. and Michael  
21 Raley, their agents and employees each shall cease and desist from violating RCW 21.20.350, the provision  
22 of the Securities Act of Washington making it unlawful to file false or misleading documents with the  
23 Securities Division.  
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1 IT IS FURTHER AGREED AND ORDERED that Respondent, Michael Raley, shall be liable for  
2 and shall pay a fine in the amount of \$5,000.

3 IT IS FURTHER AGREED AND ORDERED that Respondent, Michael Raley, shall be liable for  
4 and shall pay investigative costs of \$2,000.

5 IT IS FURTHER AGREED AND ORDERED that the payment of the fine and costs described above  
6 shall be made as follows: Respondent, Michael Raley, shall pay \$500 towards the investigative costs on or  
7 before the entry of this Consent Order. Respondent, Michael Raley, shall then pay the remaining  
8 investigative costs and fine in monthly payments for the following twenty-six consecutive months, with each  
9 monthly payment in the amount of \$250. The first \$1,500 in payments will pay the investigative costs  
10 balance and the remaining \$5,500 in payments will pay the fine. Each payment shall be due on the first  
11 business day following the first day of the month.

12 IT IS FURTHER AGREED AND ORDERED that if Michael Raley fails to make any monthly  
13 payment, the \$5,000 fine and \$2,000 investigative costs imposed in this Consent Order shall become  
14 immediately due and payable, and the Securities Division may seek enforcement of the Consent Order  
15 pursuant to RCW 21.20.395.  
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17 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

18 IT IS FURTHER AGREED that Respondents, Mondays off Music, Inc.; City Stream, Inc.; and  
19 Michael Raley, enter into this Consent Order freely and voluntarily and with a full understanding of its terms  
20 and significance.

21 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents, Mondays off Music,  
22 Inc.; City Stream, Inc.; and Michael Raley, each waive their rights to a hearing and judicial review of this  
23 matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.  
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WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

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Signed this 19<sup>th</sup> day of June, 2014.

Signed by:  
Mondays off Music, Inc.

\_\_\_\_\_/s/\_\_\_\_\_  
Michael Raley  
CEO

Signed by:  
City Stream, Inc.

\_\_\_\_\_/s/\_\_\_\_\_  
Michael Raley  
CEO

Signed by:

\_\_\_\_\_/s/\_\_\_\_\_  
Michael Raley, Individually

SIGNED and ENTERED this 9th day of July 2014.



William M. Beatty  
Securities Administrator

Approved by:

Presented by:



Suzanne Sarason  
Chief of Enforcement

Brian J. Guerard  
Financial Legal Examiner

Reviewed by:



Jack McClellan  
Financial Legal Examiner Supervisor