BEFORE THE IOWA INSURANCE COMMISSIONER

| IN THE MATTER OF |) | CONSENT ORDER |
|------------------|----------|--------------------------|
| THERESA MULHERN | <u> </u> | |
| |) | DIVISION FILE NO.: 73013 |

Now comes the Iowa Insurance Division ('Division''), pursuant to the provisions of the Iowa Uniform Securities Act, Iowa Code Chapter 502. Theresa Mulhern, ("Mulhern") hereby agrees and consents to the entry of this Consent Order.

Legal Authority and Jurisdiction

- 1. Theresa Mulhern ("Mulhern") is an individual with last known residential mailing address of 812 Valley WG Or. DOM, 74 Mulhern is not and has not been licensed to offer or sell securities in the state of Iowa. The Commissioner of Insurance, Susan Voss, administers the Iowa Uniform Securities Act pursuant to Iowa Code §§ 502.601 (2011).
- 2. Mulhern has engaged in acts or practices within the state of Iowa constituting violations of Iowa Code Chapters 502. The Insurance Commissioner is authorized to issue an order directed to any person requiring the person to cease and desist from engaging in such acts or practices or take other affirmative action as in her judgment is necessary to comply with the requirements of Iowa Code Chapter 502 pursuant to Iowa Code § 502.604 (2011). Mulhern admits that the Division has jurisdiction in this matter pursuant to Iowa Code Chapter 502.

Factual Background

- 3. Between March 2010 and September 2011, Mulhern opened and operated two daycare centers in Iowa. The first center, Imagination and Education Station LLC, was located in Urbandale, Iowa, and the second, Imagination Early Learning Center, in West Des Moines, Iowa.
- 4. Between March 2010 and September 2011, Mulhern sold multiple shares of stock in both of her daycare centers ranging from \$3500 to \$5000 per share and entitled equity ownership of 1% in the center.

Individual shareholder agreements varied, but most allowed the purchaser to have twenty six (26) weeks free child care with a lower rate for care after twenty six (26) weeks. Investors without children receiving care were to receive a monthly return of a certain dollar amount based upon the number of shares purchased.

- 5. Some investors received the free and discounted child care services pursuant to their individual shareholders agreement. However, to date, there is no evidence that investors have received the purported return on their investment or have received back their initial payment.
- 6. Mulhern made misrepresentations and omissions of material fact to investor(s) including, but not limited to, the following:
- a. misrepresented the investment risk(s) being taken by investors in Imagination and Education Station LLC and Imagination Early Learning Center;
- b. misrepresented the returns being earned by investors on their investment in Imagination and Education Station LLC and Imagination Early Learning Center;
- c. failed to disclose to investors the scope of the investor's risk;
- d. failed to disclose to investors an adequate accounting of how investor funds were expended;
- e. failed to adequately disclose to investors the investment experience and qualifications of Mulhern.

Violations of Securities Act

Count 1

Unregistered Securities

- 7. Paragraphs 1 6 are incorporated herein by reference.
- 8. Mulhern has offered or sold, or has participated in the offer or sale of unregistered shares of stock.
- 9. These shares of stock are securities within the meaning of Iowa Code § 502.102(28) (2011).

- 10. The securities promoted Mulhern were not registered with the Iowa Securities Bureau pursuant to Iowa Code §§ 502.303, 502.304 or 502.304A (2011), nor were they federally covered securities.
- 11. Therefore, Mulhern has violated Iowa Code § 502.301 (2011), by offering and/or selling unregistered and non-federal covered securities in Iowa and should be ordered to cease and desist.

Count II

Unregistered Securities Agent

- 12. Paragraphs 1 11 are incorporated herein by reference.
- 13. Mulhern is not and has not been been registered as a securities agent with the Iowa Securities Bureau.
- 14. Mulhern acted as unregistered agents in violation of Iowa Code § 502.402 (2011).
- 15. Therefore, Mulhern, has violated Iowa Code § 502.402 (2011) and should be ordered to cease and desist.

Count III

Misrepresentations

- 16. Paragraphs 1 15 are incorporated herein by reference.
- 17. Mulhern has made untrue statements of material fact in the sale of securities.
- 18. Therefore, Mulhern has violated Iowa Code § 502.501 (2011) by making untrue statements of material facts and should be ordered to cease and desist.

Count IV

Omissions

- 19. Paragraphs 1 18 are incorporated herein by reference.
- 20. Mulhern has made omissions of material fact in the sale of securities.
- 21. The omission of these material facts, in light of the circumstances surrounding the sale of securities, is misleading.

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WHEREFORE, IT IS HEREBY ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code §§ 502.604 (2011) as follows:

- A. Mulhern shall Cease and Desist the offer or sale of, aiding and abetting the offer or sale of, and participating in the offer or sale of the securities described above or any other securities in the State of Iowa while those securities are unregistered, non-exempt and not federal covered securities, in violation of Iowa Code § 502.301 (2011).
- B. Mulhern shall Cease and Desist acting as an unregistered agent in violation of Iowa Code § 502.402 (2011).
- C. Mulhern shall Cease and Desist making untrue statements of material facts, and failing to state material facts, in violation of Iowa Code § 502.501 (2011).

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Dated this 17 day of January, 2012.

Iowa Insurance Division

by ROBERT KOPPIN

Enforcement Bureau Chief

CONSENT TO ORDER

- I, Theresa Mulhern, have read, understood, and do knowingly consent to the entry of this Consent Order in its entirety. I acknowledge and understand the following:
- 1) By entering into this Consent Order, I voluntarily wave any rights to a contested case hearing on the allegations contained herein and all attendant rights, including the right to seek judicial review.
- 2) This Consent Order is a public record pursuant to Iowa Code Chapter 22 (2011), and a copy will be posted to the Division's web site.
- 3) A certified copy of this Consent Order may be filed with the clerk of court of competent jurisdiction. The Consent Order so filed has the same effect as a judgment of the court and may be recorded, enforced, or satisfied in the same manner as a judgment of the court pursuant to Iowa Code §502.604(6) (2011).
- Any person who willfully violates this order may be deemed in contempt of the order pursuant to Iowa Code § 502.604(7). The administrator may petition the district court to hold a hearing to enforce the order as certified by the administrator. The district court may assess a civil penalty against the person in an amount not less than three thousand dollars but not greater than ten thousand dollars per violation and may issue further orders as it deems appropriate.

Dated this 2 day of <u>February</u>, 2012 Sherefa Mulhern

Theresa Mulhern

Subscribed and sworn before me on this 2 day of February, 2012.

Notary Public for the state of Iowa

ERIN CARR
Notarial Seal - Iowa
Commission # 760346
My Commission Expires

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Copies to:

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