

Division of Securities
Utah Department of Commerce
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Salt Lake City, UT 84114-6760
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**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

**MICHAEL SHAUN KIRBY,
GREENFOLDERS, INC.,**

Respondents.

**AMENDED ORDER TO
SHOW CAUSE**

**Docket No. SD-13-0005
Docket No. SD-13-0006**

NOTE: This Amended Order to Show Cause amends and supersedes the Order to Show Cause filed in this matter on or about January 3, 2013.

It appears to the Director of the Utah Division of Securities (Director) that Michael Shaun Kirby and GreenFolders, Inc. have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the Utah Division of Securities' (Division) investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

STATEMENT OF JURISDICTION

1. Jurisdiction over Respondents and the subject matter is appropriate because the Division

alleges that they violated § 61-1-1 (securities fraud) of the Act while engaged in the offer and sale of securities in or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. Michael Shaun Kirby (Kirby) was, at all relevant times, a resident of the state of Utah. Kirby has never been licensed in the securities industry in any capacity.
3. GreenFolders, Inc. (GreenFolders) is a Utah corporation that registered with the Division of Corporations on January 5, 2007 under the name Emageo Holding Company, Inc. (Emageo). The name was changed to GreenFolders, Inc. on March 15, 2009, then back to Emageo on September 1, 2011. The name GreenFolders was used by Kirby with investor H.P. Kirby currently serves as Emageo's Director. GreenFolders has never registered with the Division.

GENERAL ALLEGATIONS

4. From February 11, 2009 to July 22, 2009, Respondents offered and sold stock to an investor, in or from Utah, and collected a total of \$375,000.
5. Stock is a security under the Act.
6. Respondents made material omissions in connection with the offer and sale of securities to the investor identified below.
7. The investor lost \$375,000 of his investment funds.

INVESTOR H.P.

FIRST INVESTMENT

8. H.P. met Kirby when Kirby began dating H.P.'s daughter J.T. Kirby also helped H.P. sell some properties through Kirby's title company, Integrated Title Services, Inc. (ITS).
9. In February 2009, Kirby asked H.P. to stop by his office in Midvale, Utah to discuss a certain matter. Two of H.P.'s adult children went with H.P. At Kirby's office, H.P. was shown a video presentation on GreenFolders' paperless office software developed for title companies.
10. Kirby told H.P. that GreenFolders needed to raise money to complete the software and was selling GreenFolders stock in four tranches of 100,000 shares for \$250,000 each. With respect thereto, Kirby made the following statements:
 - a. The software was mostly finished, but was still undergoing minor tweaks and GreenFolders needed to raise an additional one million dollars;
 - b. People were lining up to invest in GreenFolders;
 - c. H.P. would have no problem doubling his investment, and likely could earn more; and
 - d. A company like Microsoft was going to buy GreenFolders.
11. On February 11, 2009, after H.P. decided to invest with Kirby, J.T. delivered to Kirby a \$250,000 check made payable to GreenFolders. In exchange for the \$250,000, HDP

Properties, LLC¹ received a stock certificate for 100,000 shares of Emageo, Inc., dated February 11, 2009.

12. H.P. did not receive any disclosure documentation or other memorialization prior to his investment.

SECOND INVESTMENT

13. In July 2009, Kirby asked H.P. if he was interested in investing another \$250,000 with Kirby. H.P. said he could invest half that amount, \$125,000.
14. On July 22, 2009, after H.P. decided to invest the additional sum with Kirby, J.T. delivered to Kirby a \$125,000 check made payable to GreenFolders. In exchange for the \$125,000, HDP Properties, LLC received a stock certificate for 50,000 shares of Emageo, Inc., dated September 9, 2009.
15. H.P. did not receive any disclosure documentation or other memorialization prior to his investment.
16. In August 2011, another company offered to buy GreenFolders. H.P. said he went to a shareholder meeting to discuss the sale. There, H.P. learned he was the only shareholder who paid \$2.50 per share; many other shareholders only paid \$0.40 per share.
17. H.P. has not been repaid any of his \$375,000 investment principal.

¹ H.P. and his wife, D.P., set up HDP Properties, LLC as an estate-planning limited liability company.

CAUSES OF ACTION

Securities Fraud under § 61-1-1 of the Act

18. The Division incorporates and re-alleges paragraphs 1 through 17.
19. The stock offered and sold by Respondents are securities under § 61-1-13 of the Act.
20. In connection with the offer and sale of a security to the investor, Kirby, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make statements made not misleading:
 - a. Why Kirby believed a company like Microsoft would be interested in purchasing GreenFolders;
 - b. How much GreenFolders had already raised, and what would happen if GreenFolders did not raise one million dollars;
 - c. No product sales of the GreenFolders software had taken place yet;
 - d. Previous shareholders had paid significantly less than \$2.50 per share to purchase stock in GreenFolders; and
 - e. Some or all of the information typically provided in an offering circular or prospectus regarding Kirby and GreenFolders, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Suitability factors for the investment;
 - iv. Business experience and operating history;

- v. Whether the investment is a registered security or exempt from registration; and
- vi. Whether Respondents were licensed to sell securities.

ORDER

The Director hereby adopts and incorporates by reference the Order set forth in the Order to Show Cause filed January 3, 2013. Because the Respondents have fully complied with the requirement to appear at a formal hearing on March 6, 2013, conducted in accordance with Utah Code Ann. §§ 63G-4-202, -204 through -208, and held before the Utah Division of Securities, as well as the requirement to file an answer to the original Order to Show Cause within thirty days of the mailing date of the Notice of Agency Action, issued January 3, 2013, the Respondents are not required to file an answer to the Amended Order to Show Cause. However, they may amend their answer, received February 19, 2013, to address the changes in the Amended Order to Show Cause, if desired.

Additionally, Respondents shall comply with the Scheduling Order issued by Administrative Law Judge Jennie Jonsson on or about March 6, 2013. According thereto, this matter is set for a hearing before the Utah Securities Commission on July 25, 2013, if not otherwise settled with the Division prior to that date.

DATED this 27th day of March, 2013.


KEITH WOODWELL
Director, Utah Division of Securities



Approved:


WADE FARRAWAY
Assistant Attorney General
N.B.


D.H.

I hereby certify that on the 27 day of March 2013. The undersigned served a true and correct copy of the foregoing document by first class mail, postage prepaid, to:

Michael Shaun Kirby
Greenfolders, Inc.
Druse Landa Maycock & Ricks, LLC
136 East South Temple, Suite 2100
P.O. Box 45561
Salt Lake City, UT 84145-0561

and caused a copy to be hand delivered to:

Wade Farroway, Assistant Attorney General
Division of Securities
Heber M. Wells Building, 5th Floor

Ann Skaggs
Division of Securities
Heber M. Wells Building, 2nd Floor



Executive Secretary