Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
Fax: (801) 530-6980

**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.**	**STIPULATION AND CONSENT ORDER** **Docket No. SD -13-0005** **Docket No. SD-13-0006**

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Dave Hermansen, and GreenFolders, Inc. (GreenFolders) and Michael Shaun Kirby (Kirby) hereby stipulate and agree as follows:

1. Respondents were the subject of an investigation conducted by the Division into allegations that they violated certain provisions of the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, *et seq.*, as amended (the Act).

2. In connection with that investigation, the Division issued an Order to Show Cause against Respondents on January 3, 2013, alleging securities fraud. The Division filed an Amended Order to Show Cause on March 27, 2013, which supersedes the Order to Show Cause filed on January 3, 2013.

3. Respondents filed a response to the Division's January 3, 2013 Order to Show Cause on or about February 15, 2013, which denies the Division's claims and sets forth Respondents' defenses, which response by agreement of the parties applies to the Division's Amended Order to Show Cause filed on March 27, 2013.

4. No hearing has been held in this matter. A hearing has been scheduled before the Securities Commission for August 14 – 15, 2013 for the purpose of adjudicating the Division's claims and the Respondent's defenses.

5. Respondents hereby agree to settle this matter with the Division by way of this Stipulation and Consent Order (Order). If entered, the Order will fully resolve all claims the Division has against Respondents pertaining to the January 3, 2013 Order to Show Cause and the March 27, 2013 Amended Order to Show Cause.

6. Respondents admit that the Division has jurisdiction over them and the subject matter of this action.

7. Respondents hereby waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf.

8. Respondents have read this Order, understand its contents, and voluntarily agree to the entry of the Order. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce Respondents to enter into this Order, other than as described in this Order.

9. Respondents are represented by Steven G. Loosle and Paula W. Faerber of Kruse Landa Maycock & Ricks, LLC and are satisfied with their advice and representation in this matter.

I. THE DIVISION'S FINDINGS OF FACTS

THE RESPONDENTS

10. 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.

11. 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 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

12. 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.

13. Stock is a security under the Act.

14. Respondents made material omissions in connection with the offer and sale of securities to the investor identified below.

15. The investor lost $375,000 of his investment funds.

INVESTOR H.P.

FIRST INVESTMENT

16. 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).

17. 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.

18. Kirby told H.P. that GreenFolders needed to raise money to complete the software and was selling GreenFolders stock in four traunches 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.

19. 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, LLC[1] received a stock certificate for 100,000 shares of Emageo, Inc., dated February 11, 2009.

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

SECOND INVESTMENT

21. 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.

22. 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

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

$125,000, HDP Properties, LLC received a stock certificate for 50,000 shares of Emageo, Inc., dated September 9, 2009.

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

24. 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.

25. H.P. has not been repaid any of his $375,000 investment principal.

CAUSES OF ACTION

SECURITIES FRAUD UNDER § 61-1-1 OF THE ACT

26. The Division incorporates and re-alleges paragraphs 1 through 25.

27. The stock offered and sold by Respondents is a security under § 61-1-13 of the Act.

28. 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.

II. THE DIVISION'S CONCLUSIONS OF LAW

29. Based on the Division's investigation, the Division concludes that:

a. The stock offered and sold by Respondents is a security under § 61-1-13 of the Act.

b. Respondents violated § 61-1-1(2) of the Act by omitting to state material facts in

connection with the offer and sale of securities, disclosure of which were necessary in order to make representations made not misleading.

III. REMEDIAL ACTIONS/SANCTIONS

30. In connection with this settlement, Respondents neither admit nor deny the Division's findings of facts and conclusions of law but consent to the sanctions below being imposed by the Division.

31. Respondents agree to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.

32. Respondents agree not to seek licensure, or engage in any activities that would require licensure, in the securities industry in the state of Utah.

33. Pursuant to § 61-1-20(1)(f) of the Act and in consideration of the guidelines set forth in Utah Administrative Code Rule R164-31-1, the Division imposes a fine of $17,500 against Respondents, with at least $8,750 due and payable within ten days of entry of the Order and the remainder to be paid in equal monthly payments over a two-year period, with the first monthly payment to be due one month from the entry of the Order, and the remaining monthly payments due on the same day of the following months until payment in full. If the Division finds that either Kirby or GreenFolders materially violates any term of this Order, thirty days after notice and an opportunity to be heard before an

administrative officer solely as to the issue of a material violation, Respondents consent to a judgment ordering the entire fine immediately due and payable.

34. Respondents agree to cooperate in any future investigations and/or prosecutions related to this matter; however, such agreement does not constitute a waiver of any Fifth Amendment right against self-incrimination.

IV. FINAL RESOLUTION

35. Respondents acknowledge that this Order, upon approval by the Securities Commission, shall be the final compromise and settlement of this matter.

36. Respondents further acknowledge that if the Securities Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.

37. Respondents and the Division acknowledge that the Order does not affect any civil or arbitration causes of action that third parties may have against them rising in whole or in part from Respondents' actions, and that the Order does not affect any criminal causes of action that may arise as a result of the conduct referenced herein.

38. Respondents acknowledge that a violation of this Order is a third degree felony pursuant to § 61-1-21(1)(b) of the Act.

39. The Order constitutes the entire agreement and settlement between the parties herein and

supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Order in any way. Upon entry of the Order, any further scheduled hearings are canceled.

Utah Division of Securities:

Date: 5-22-13

By: _____
Dave R. Hermansen
Director of Enforcement

Approved:

_____
Paul Amann
Assistant Attorney General
N.M.

Respondent:

Date: 5-20-2013

By: _____
Michael Kirby,
on behalf of himself and
GreenFolders, Inc.

_____
Steven G. Loosle,
Attorney for Michael Kirby
and GreenFolders, Inc.

_____
Paula W. Faerber,
Attorney for Michael Kirby
and GreenFolders, Inc.

Utah Division of Securities:

Date: _____

By: _____
Dave R. Hermansen
Director of Enforcement

Approved:

_____
Paul Amann
Assistant Attorney General
N.M.

Respondent:

Date: 5-20-2013

By: _____
Michael Kirby,
on behalf of himself and
GreenFolders, Inc.

_____
Steven G. Loosle,
Attorney for Michael Kirby
and GreenFolders, Inc.

_____
Paula W. Faerber,
Attorney for Michael Kirby
and GreenFolders, Inc.

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division's Findings of Facts and Conclusions of Law form a basis for this settlement;
2. Respondents cease and desist from violating the Act;
3. Respondents not seek licensure, or engage in any activities requiring licensure, in the securities industry in the state of Utah;
4. The Division impose a fine of $17,500 against Respondents;
5. At least $8,750 of the fine is due and payable within ten days of entry of this Order, with the remainder to be paid in equal monthly payments over a two-year period, with the first monthly payment to be due one month from the entry of this Order, and the remaining monthly payments due on the same day of the following months until payment in full;
6. If Respondents materially violate any of the terms of this Order, the full fine amount shall be imposed and become due immediately; and
7. Respondents cooperate in any future investigations and/or prosecutions related to this matter, so long as such cooperate does not constitute a waiver of any Fifth Amendment

right against self-incrimination.

DATED this 30 day of May, 2013.

BY THE UTAH SECURITIES COMMISSION:

Brent Baker

Tim Bangerter

Jane Cameron

GARY CORNIA

Erik Christiansen

Laura Polacheck

DAVID A RUSSON

Certificate of Mailing

I certify that on the 30th day of May, 2013, I mailed a true and correct copy of the fully executed Stipulation and Consent Order to:

Michael Shaun Kirby
GreenFolders, Inc.
c/o Steven G. Loosle
Kruse Landa Maycock & Ricks, LLC
136 East South Temple, Suite 2100
P.O. Box 45561
Salt Lake City, Utah 84145-0561

Certified Mailing # 7007 0220 0001 0064 7260

Maria Skedros
Executive Secretary

7007 0220 0001 0064 7260

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To Kruse Landa Maycock & Ricks, LLC
c/o Steven G. Loosle
Michael Shaun Kirby
136 East South Temple, Suite 2100
P.O. Box 45561
Salt Lake City, UT 84145-0561

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or P
City,

PS Form 3800, August 2006 See Reverse for Instructions