

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 9676 / November 4, 2014**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 73513 / November 4, 2014**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16246**

**In the Matter of**

**STEVEN DURRELLE  
WILLIAMS,**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-  
DESIST PROCEEDINGS PURSUANT  
TO SECTION 8A OF THE  
SECURITIES ACT OF 1933 AND  
SECTION 21C OF THE SECURITIES  
EXCHANGE ACT OF 1934, MAKING  
FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A  
CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that public cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Steven Durrelle Williams (“Respondent” or “Williams”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act and Section 21C of the Securities Exchange Act, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### A. SUMMARY

1. This matter involves insider trading in the securities of Intellicheck Mobilisa, Inc. ("Intellicheck"), a mobile device computing company, by its former CEO Steven D. Williams in advance of its announcement of disappointing third quarter 2012 results.

2. By at least early September 2012, there were indications that Intellicheck's third quarter financial performance was off track and, by mid-September, Williams, the board, and Intellicheck CFO openly discussed the company's anticipated poor quarterly performance. In e-mail discussions, Williams and the CFO responded to questions from directors about an internal report showing how far off the company's results were as of September 14, 2012.

3. During these discussions, the CFO confirmed that revenues would definitely be off and that the company had not realized the September bump in sales that normally came from its defense contracting business. The CFO further reported that, while there were potential deals in various stages in the sales cycle, they would not "hit in Q3." Williams was copied on these e-mails. On September 18, 2012, Williams acknowledged in an email to the chairman of the board and other board members that it was unlikely Intellicheck would make revenue of Q3 2011, and that the quarter most likely would be Intellicheck's worst for its government identification group.

4. Over the next two days, September 19 and 20, 2012, while aware of the material nonpublic information described above, and in violation of his fiduciary duty to Intellicheck and its shareholders, Williams sold 191,887 of his 420,395 shares of Intellicheck stock, for a total of \$353,165. Williams used \$110,827.80 of the proceeds to exercise options in Intellicheck stock that were set to expire on March 14, 2013. A large portion of these shares was purchased by an existing shareholder with whom Williams had discussed the company a few days earlier. In those discussions, Williams had spoken positively about the company's prospects, inducing that shareholder to purchase additional shares.

5. On November 8, 2012, the company announced its poor performance for the quarter, and the stock price fell to \$1.30, an 11% decline from the previous day's close, and a decline of 29% from the price Williams received for his shares in September. Williams avoided losses in excess of \$100,000 by selling in advance of the announcement.

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<sup>1</sup> The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

**B. RESPONDENT**

6. Steven Durrelle Williams, age 52, currently resides in Bryantown, Maryland. During the relevant time period, Williams was Chief Executive Officer of Intellicheck, and was based in Intellicheck's Alexandria, Virginia office.

**C. RELEVANT ENTITY**

7. Intellicheck Mobilisa, Inc. is a Delaware corporation based in Port Townsend, WA. Intellicheck's stock is registered pursuant to Section 12(b) of the Exchange Act and its shares trade on the New York Stock Exchange. Intellicheck provides identity systems products and wireless security applications for the government, military, and commercial markets.

**D. FACTS**

**Intellicheck Struggles in Third Quarter of 2012**

8. In August 2012, Williams filed an SEC Form 144, indicating his intent to sell some of his Intellicheck stock.

9. In the third quarter of 2012, Intellicheck's revenues slumped. In mid-September 2012, with just two weeks left in the quarter, an internal company report indicated that revenue was significantly below the previous third quarter's revenue. Williams, the Intellicheck board, and CFO discussed via e-mail the anticipated poor performance and how to handle the eventual public relations issues surrounding the disappointing numbers.

10. On September 14, 2012, the CFO sent an e-mail titled "Flash Report at September 14th" to Williams, the chairman of the board, and another director. The CFO reported that preliminary revenue, EBITDA, and net income were all significantly below the figures for the third quarter of 2011.

11. Two days later, on September 16, 2012, the CFO responded to an e-mail from another director who had expressed concern about the quarter-end results. In his e-mail, the CFO confirmed that revenues were down, stating the company had not realized the September bump as it had in prior years and that the company's revenues would definitely be off. The director responded by expressing concern about the quarter-end and how shareholders would react: "[t]his is going to be an ugly quarter, a difficult update call and shareholders [sic] meeting." Williams was copied on the director's reply e-mail.

12. In a September 18, 2012, e-mail to Williams (copied to the board), the chairman of the board questioned whether Williams had different information about the quarter-end results. The chairman of the board further instructed Williams to ask the company's investor relations firm for advice on addressing the poor quarter with shareholders. By reply email, Williams agreed to seek assistance from the IR firm and

added that, while he hoped to make breakeven EBITDA, it was unlikely that Intellicheck would achieve its revenues from the third quarter of 2011.

13. That same day, Williams spoke with the chairman of the board and acknowledged that it was going to be difficult quarter.

**Williams Talks Up the Company's Prospects to the Shareholder Who Buys the Bulk of Williams's Shares**

14. On September 14, 2012, days before placing his first sell order, Williams spoke positively about Intellicheck's business prospects to Investor, an Intellicheck shareholder interested in purchasing more shares. Williams told Investor that Intellicheck was working very closely with some large potential customers and expected them to place orders soon. Williams gave no indication that Intellicheck was struggling.

15. Based on his conversation with Williams, Investor purchased 175,000 Intellicheck shares on September 19 and 20, 2012, which represented approximately 80% of the stock's trading volume on those two days. Investor's purchases depreciated significantly when the information Williams possessed became public. As a result, Investor suffered at least \$98,514 in damages caused by Williams's conduct.

**Williams Sells Intellicheck Shares**

16. On September 18, 2012, just hours before responding to the board about the weak quarter, Williams entered a day order to sell 270,000 of his 420,395 shares at a limit price of \$1.90. The order went unfilled.

17. The following day, September 19, 2012, Williams again entered a day order to sell 200,000 shares, but lowered the limit price to \$1.83. He sold 98,700 shares for \$181,575.

18. Williams used \$110,827.80 of these proceeds to exercise Intellicheck options that he possessed, which would expire in March 2013.

19. The next day, September 20, 2012, Williams again called his broker and ordered the sale of the remaining 101,300 shares. Williams was able to sell 93,187 shares for \$171,590.

20. Williams's combined proceeds from the two days of sales were \$353,165. These trades were made while aware of material non-public information about the quarter-end results.

21. As a result of his improper use of material nonpublic information, Williams avoided losses of \$103,712.

### **Intellicheck's Third Quarter 2012 Results**

22. On November 8, 2012, before the market opened, Intellicheck released its results for the third quarter of 2012 and reported quarterly revenue of \$2.123 million (down \$1.472 million from the third quarter of 2011) and a net loss of \$381,000 (down \$687,000 from the net income in the third quarter of 2011). The stock ended the day down 11.6% from the previous day's close.

23. Over the next two trading days, the stock declined further, eventually closing at \$0.95 on November 12, 2012, representing a decline of 35.4% over three trading days, and a decline of 48.4% from the price Williams received for his shares in September 2012.

#### **E. VIOLATIONS**

24. As a result of the conduct described above, Williams violated Section 17(a) of the Securities Act, which prohibits fraudulent conduct in the offer or sale of securities, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

#### **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Williams's Offer.

Accordingly, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Williams shall cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act or Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Williams is prohibited, for two (2) years following the date of the entry of this Order, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

C. Respondent shall, within 30 calendar days of the entry of this Order, pay disgorgement of \$103,712 and a civil penalty of \$75,000, for a total payment of \$178,712 to the Securities and Exchange Commission, and the civil penalty shall be transferred to the U.S. Treasury. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and 31 U.S.C. 3717. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Williams as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Jeffrey B. Finnell, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5010.

D. After receipt of all payments of disgorgement, the Commission shall within 90 days pay \$98,514 of the disgorgement to the Investor. The Commission staff will seek appointment of a tax administrator for the payment to the Investor as the disgorgement funds constitute a qualified settlement fund under section 468B(g) of the Internal Revenue Code (IRC), 26 U.S.C. § 468B(g), and related regulation, 26 C.F.R. §§ 1.468B-1 through 1.458B-5. Taxes, if any, and related administrative expenses will be paid from the remaining disgorgement funds. After the distribution payment and all taxes and administrative expenses are paid, Commission staff will transfer the remaining funds to the U.S. Treasury.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields  
Secretary