

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ADMINISTRATIVE PROCEEDINGS RULINGS  
Release No. 2370/March 2, 2015

ADMINISTRATIVE PROCEEDING  
File No. 3-16358

In the Matter of

SPECTRUM CONCEPTS, LLC,  
DONALD JAMES WORSWICK,  
MICHAEL NICHOLAS GROSSO, AND  
MICHAEL PATRICK BROWN

ORDER ON MOTION

The Securities and Exchange Commission (Commission) issued an Order Instituting Cease-and-Desist Proceedings (OIP) on January 23, 2015, pursuant to Section 8A of the Securities Act of 1933 (Securities Act) and Section 21C of the Securities Exchange Act of 1934. Respondents are required to file an Answer within twenty days after service of the OIP. OIP at 7; 17 C.F.R. § 201.220. The Division of Enforcement (Division) has made four filings on the status of service.

Spectrum Concepts, LLC (Spectrum), and Donald James Worswick (Worswick) were served with the OIP on January 29, 2015, and filed an Answer and Affirmative Defenses and Motion for More Definitive Statement (Answer and Motion) on February 18, 2015. *Spectrum Concepts, LLC*, Admin. Proc. Rulings Release No. 2291, 2015 SEC LEXIS 450 (Feb. 6, 2015). Michael Patrick Brown (Brown) was served in accordance with Commission Rule of Practice 141(a)(2)(i) on February 10, 2015. 17 C.F.R. § 201.141(a)(2)(i); *Spectrum Concepts, LLC*, Admin. Proc. Rulings Release No. 2329, 2015 SEC LEXIS 623 (Feb. 20, 2015). Based on the Division's Fourth Status Report on Service of Process on Respondent Michael Nicholas Grosso (Grosso), filed on February 25, 2015, I find that Grosso was personally served with the OIP on February 23, 2015, in accordance with Commission Rule of Practice 141(a)(2)(i). 17 C.F.R. § 201.141(a)(2)(i).

Spectrum and Worswick's Answer and Motion sets out the following as affirmative defenses: they did not act with scienter; Worswick did not solicit investors and he was not a seller; and the securities offered and sold were exempt pursuant to Securities Act Section 4(2). Answer and Motion at 5. Spectrum and Worswick argue that the Division should be ordered to disclose what subsections of Securities Act Section 17(a) Spectrum and Worswick allegedly violated, and what conduct caused the alleged violations. *Id.* at 5-6.

The Division maintains in its Response in Opposition to the Answer and Motion (Opposition) filed February 20, 2015, that the OIP recounts the allegations in blow-by-blow fashion and Spectrum and Worswick were able to understand it because their Answer is a detailed denial of almost everything alleged. Opposition at 2-3. The Division refers to Commission Rule of Practice 200(b) and case law going back to 1953 for the proposition that the OIP need state the nature of the hearing, the legal authority for it, and the factual and legal basis sufficient in such detail as to permit a specific response, but respondents are not entitled in advance of the hearing to evidence on which the Division expects to rely. *Id.* at 3-4. The Division's Opposition informs respondents that it is pursuing charges under all three subsections of Securities Act Section 17(a), and that it intends to show deceptive conduct extending beyond pure misstatements with respect to Section 17(a)(3). *Id.* at 5. Finally, the Division notes that on February 5, 2015, it served Spectrum and Worswick with a copy of its investigative file. *Id.* at Exs. A and B.

In its Reply to the Opposition filed February 26, 2015, Spectrum and Worswick insist that the Division's representations are not a substitute for the OIP and that it should be amended to identify which subsection of Section 17(a) is at issue as to each allegation.

### **Ruling**

I DENY the request for a more definite statement because Spectrum and Worswick have what they are entitled to under the Commission Rules and the governing case law. 17 C.F.R. § 200(b); *see Charles M. Weber*, Exchange Act Release No. 4830, 1953 SEC. LEXIS 299 (Apr. 16, 1953); *J. Logan & Co.*, Exchange Act Release No. 5867, 1959 SEC LEXIS 412 (Feb. 3, 1959); *Morris J. Reiter*, Exchange Act Release No. 6108, 1959 SEC LEXIS 588 (Nov. 2, 1959).

I will default Grosso and Brown if they do not file answers, and will default any party that fails to participate in the telephonic prehearing conference scheduled for March 5, 2015, at 10:00 a.m. EST.

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Brenda P. Murray  
Chief Administrative Law Judge