UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9121 / April 27, 2010

SECURITIES EXCHANGE ACT OF 1934
Release No. 61988 / April 27, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-13871

In the Matter of **RONALD S. BLOOMFIELD, ROBERT GORGIA, VICTOR LABI, JOHN EARL MARTIN, SR., and EUGENE MILLER,** **Respondents.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") and Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Ronald S. Bloomfield, Robert Gorgia, Victor Labi, John Earl Martin, Sr., and Eugene Miller ("Respondents").

II.

After an investigation, the Division of Enforcement alleges that:

A. <u>Respondents</u>

1. Ronald S. Bloomfield was a registered representative and the supervisor from July 2005 to May 2007 of an Office of Supervisory Jurisdiction ("OSJ") for Leeb Brokerage Services, Inc. ("Leeb"), a defunct brokerage firm that had been registered with the Commission. Bloomfield participated in offerings of penny stocks, including

Adrenaline Nation Entertainment, Inc., China Gold Corp., Equipment and Systems Engineering, Inc., Golden Apple Oil and Gas, Inc., Goldmark Industries, Inc., iPackets International, Inc., LOM Logistics, Inc., Nanoforce, Inc., Spooz, Inc., and Viyya Technologies, Inc. Bloomfield, 62 years old, is a resident of Westlake Village, California.

2. Robert Gorgia was the Chief Compliance Officer at Leeb from February 2005 to July 2006. Gorgia supervised Bloomfield and activity at Leeb that included participation in offerings of penny stocks, including Adrenaline Nation Entertainment, Inc., Aegis Assessments, Inc., CDI Developments, Inc., China Gold Corp., Deep Blue Marine, Inc., Equipment and Systems Engineering, Inc., Golden Apple Oil and Gas, Inc., iPackets International, Inc., Lifeline Biotechnologies, Inc., Nanoforce, Inc., Spooz, Inc., and Viyya Technologies, Inc. Gorgia, 60 years old, is a resident of Succasunna, New Jersey.

3. Victor Labi was a registered representative at Leeb from September 2002 to May 2007. Labi participated in offerings of penny stocks, including Aegis Assessments, Inc., CDI Developments, Inc., Deep Blue Marine, Inc., and Lifeline Biotechnologies, Inc. Labi, 42 years old, is a resident of Eastchester, New York.

4. John Earl Martin, Sr. was a registered representative at Leeb from November 2004 to May 2007. Martin participated in offerings of penny stocks, including Adrenaline Nation Entertainment, Inc., China Gold Corp., Equipment and Systems Engineering, Inc., Golden Apple Oil and Gas, Inc., Goldmark Industries, Inc., iPackets International, Inc., LOM Logistics, Inc., Nanoforce, Inc., Spooz, Inc., and Viyya Technologies, Inc. Martin, 67 years old, is a resident of South Pasadena, California.

5. Eugene Spencer Miller was the President of Leeb from April 2004 to April 2007. Miller supervised Labi and activity at Leeb that included participation in offerings of penny stocks, including Adrenaline Nation Entertainment, Inc., Aegis Assessments, Inc., CDI Developments, Inc., China Gold Corp., Deep Blue Marine, Inc., Equipment and Systems Engineering, Inc., Golden Apple Oil and Gas, Inc., Goldmark Industries, Inc., iPackets International, Inc., Lifeline Biotechnologies, Inc., LOM Logistics, Inc., Nanoforce, Inc., Spooz, Inc., and Viyya Technologies, Inc. Miller, 52 years old, resides in Park Ridge, New Jersey.

B. Other Relevant Entities

6. Leeb Brokerage Services, Inc., was a broker-dealer incorporated under New York law, with a main office in New York and an OSJ in California. Leeb was registered with the Commission from March 1999 to July 20, 2007, when the firm filed a Broker-Dealer Withdrawal form ("BDW"). Although Leeb has not been dissolved, it is not conducting business and is insolvent.

C. Background

7. From April 2005 through mid-2007 (the "Relevant Period"), customers of Leeb routinely delivered into their accounts large blocks of privately obtained shares of penny stocks, which Leeb then sold to the public on their behalf, without any registration statements being in effect.

8. The Leeb customers engaging in this conduct included: (i) an individual with a prior pump-and-dump related consent judgment; (ii) persons whom Leeb registered representatives knew or should have known were engaged in promotional activity in the stocks they were selling; (iii) persons who controlled more than one brokerage account under different names and engaged in questionable trading behavior; and (iv) an offshore corporation controlled by persons who advertised themselves as experts in private financial transactions and who wired millions of dollars to Liechtenstein.

9. The selling of privately obtained shares to the public, without registration statements in effect, included instances in which Leeb's customers started selling their stock within weeks of its receipt; in which promotional activity was occurring during the sales; and in which the number of shares being sold represented a significant percentage of an issuer's outstanding share balance.

10. Despite such obvious red flags indicating that their customers were violating Section 5 of the Securities Act by engaging in illegal distributions of securities through their accounts at Leeb, Bloomfield, Martin and Labi failed to conduct a reasonable inquiry regarding the securities delivered into Leeb customer accounts.

11. Leeb supervisors Gorgia and Miller failed reasonably to supervise Bloomfield, Martin and Labi to address whether they conducted a reasonable inquiry into the circumstances of their customers' penny stock sales. Those supervisory failures occurred despite suspicious customer activity that should have led to additional scrutiny of the registered representatives' inquiries, despite repeated communications from Leeb's clearing firm emphasizing the importance of conducting due diligence into customer penny stock activity, despite regulatory inquiries regarding certain customer accounts, and despite the fact that customer sales of privately obtained penny stock shares constituted a significant portion of Leeb's overall business. Indeed, Gorgia and Miller's failure to monitor adequately the registered representatives' handling of customer penny stock trading left intact a revenue stream that in 2006 amounted to almost half of the firm's commission income.

12. In addition to allowing customers to sell large blocks of penny stock to the public without sufficiently investigating whether they were facilitating illegal underwriting, the Respondents failed to address whether Leeb fulfilled its obligations, under the Bank Secrecy Act,[1] to file Suspicious Activity Reports concerning their customers' conduct. For

[1] Currency and Financial Transactions Reporting Act of 1970 (the "Bank Secrecy Act"), 12 U.S.C. § 1829b, 12 U.S.C. §§ 1951-1959, and 31 U.S.C. §§ 5311-5330. The Bank Secrecy Act was most recently amended by the USA PATRIOT Act. See Uniting

example, one group of customer accounts was affiliated with a stock promoter who routinely received shares in compensation for promotional services for penny stock companies, and the accounts earned over $20 million in proceeds while repeatedly depositing privately obtained shares and then selling them to the public, raising the constant spectre that Leeb was facilitating "scalping." Another Leeb customer that routinely delivered in shares of privately obtained penny stocks wired over $30 million in penny stock proceeds to Liechtenstein, a tax haven. At no time did anyone at Leeb even discuss their obligation to report such conduct to the authorities. Such disregard of the firm's reporting requirements enabled Leeb's customer activity, and the commissions it generated, to continue unfettered.

13. The Respondents' actions occurred over an extended period of time, involved multiple customers and stocks, and involved the core part of their business. Their violations of the securities laws and rules exposed the public to repeated risk of unlawful distributions of penny stocks.

D. Failure to Conduct a Reasonable Inquiry Before Selling Stock to the Public Without a Registration Statement in Effect

14. At various times during the Relevant Period, Bloomfield, Labi, and Martin made use of means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell, sell and deliver after sale certain securities to the public when no registration statement was filed or in effect pursuant to the Securities Act, when no exemption from registration was available, and without conducting a reasonable inquiry regarding the securities to determine whether their customers were underwriters or were otherwise engaged in an illegal distribution of securities.

15. Leeb and Bloomfield, Labi and Martin generated significant commissions by executing penny stock sales on behalf of customers who regularly transferred in privately-obtained shares and sold them to the public without a registration statement being in effect, and without an available registration exemption.

16. Under Securities Act Rule 144(g)(3), a registered representative's reasonable inquiry before selling stock to the public "should include, but not necessarily be limited to, inquiry as to the following matters: (a) The length of time the securities have been held by the [customer]; (b) The nature of the transaction in which the securities were acquired by [the customer]; (c) The amount of securities of the same class sold during the past three months by all persons whose sales are required to be taken into consideration pursuant to [Rule 144(e)]; (d) Whether [the customer] intends to sell additional securities of the same class through any other means; (e) Whether [the customer] has solicited or made any arrangement for the solicitation of buy orders in connection with the proposed sale of securities; (f) Whether [the customer] has made any payment to any other person in

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and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 296 (2001).

connection with the proposed sale of the securities; and (g) The number of shares or other units of the class outstanding, or the relevant trading volume."

17. Leeb's clearing firm provided Leeb with a "Low Priced Security Questionnaire" to be filled out in connection with penny stock transactions. Although that form would have assisted Leeb and Bloomfield, Labi and Martin in conducting a "reasonable inquiry," and despite requests from the clearing firm, the questionnaires were not completed on a regular basis.

18. During the Relevant Period, Bloomfield, Labi and Martin routinely failed to conduct a reasonable inquiry before selling large amounts of penny stock to the public on behalf of their customers. Examples of such conduct include the following customers and securities:

Bloomfield and Martin: Trading in
Equipment Systems Engineering, Inc. ("EQSE")

19. In October 2005, an entity controlled by two Leeb customers contracted to provide consulting services to EQSE. The agreement provided that as part of the entity's compensation, EQSE would arrange to have a shareholder "issue" 700,000 shares of freely-tradable stock to the entity. Three weeks later, an EQSE affiliate transferred 700,000 shares of EQSE to the entity in a private transaction. This transaction constituted an attempt to evade the requirement that shares issued as compensation to a consultant be deemed restricted.

20. Leeb's customers deposited the shares at Leeb in early November 2005. Bloomfield and Martin sold the entire position to the market from November 28, 2005 through January 27, 2006, without a registration statement being in effect, and no exemption from registration was available.

21. Bloomfield and Martin failed to conduct a reasonable inquiry into the origin and ownership of the stock prior to selling the stock to the market, despite several red flags. The customers used five separate LLC or LLP accounts, had regulatory histories, and engaged in significant penny stock trading. Both Bloomfield and Martin knew that these customers were in the business of obtaining stock from issuers in exchange for promotional services. Further, with regard to the specific transactions described above, only two days before the customers delivered the EQSE shares into the Leeb account, EQSE issued a press release notifying the public that its shares had begun trading publicly. The customers' sales represented 33% and 45% of the trading volume on the first two days that EQSE trading volume exceeded 200,000 shares.

22. In October 2006, another entity controlled by the same Leeb customers obtained 3.75 million restricted shares of EQSE from EQSE affiliates in a private transaction. Those shares equaled 24.5% of all free-trading EQSE stock, and 5% of the total outstanding share balance.

23. The customers deposited the shares at Leeb in October 2006. Bloomfield and Martin sold the entire position to the public between December 1 and 8, 2006, without a registration statement being in effect, and no exemption from registration was available.

24. Bloomfield and Martin failed to conduct a reasonable inquiry into the origin and ownership of the customers' stock prior to selling it to the public, despite several red flags. In addition to the red flags surrounding the customers and their accounts generally, described above, after delivering in the large block of stock in October 2006, the customers began buying more EQSE stock through accounts held at Leeb, contributing from 26% to 100% of the daily volume on certain days in November 2006. On both November 29 and November 30, one of the customers' accounts bought 150,000 shares of EQSE from another of their accounts through a cross trade, helping to take trading volume from 1,000 shares on November 28 to 193,155 shares on November 29 and 415,000 shares on November 30. The very next day, on December 1, 2006, a press release and spam email were circulated and the customers began selling out their block of privately-obtained stock.

Bloomfield and Martin: Trading in
Golden Apple Oil and Gas, Inc. ("GAPJ")

25. In February 2006, a Leeb customer received 1.2 million shares of GAPJ in a direct issuance from the issuer, and deposited the shares in its Leeb account on February 9, 2006. Although the shares had just been issued, Golden Apple papered the transaction with a convertible promissory note that had purportedly been issued in December 2004. The customer had not been incorporated at the time of the purported promissory note, and Golden Apple's financial records do not reflect either the receipt of consideration for the note or the existence of a liability on the note.

26. On February 13, 2006, only four days after delivering the initial block of GAPJ stock into its Leeb account, the customer received into its Leeb account another 390,000 shares of GAPJ from a third party via DTC. The transferor was controlled by the person who had been Golden Apple's secretary until one month prior to transfer. The transferor had received its shares in November 2005 based on a sham promissory note. The promissory note bears the name of a Golden Apple corporate predecessor that had not yet been incorporated as of the date of the note, and Golden Apple's financial records do not reflect the receipt of consideration or the obligation on the note.

27. From February 24, 2006 to May 18, 2007, Bloomfield and Martin sold 1,170,000 of the customer's GAPJ shares to the public without a registration statement being in effect, and no exemption from registration was available.

28. Bloomfield and Martin failed to conduct a reasonable inquiry into the origin and ownership of the customer's stock prior to selling it to the public, despite several red flags. The customer was incorporated in Nevis, but operated out of Vancouver and regularly delivered penny stocks into its Leeb account and wired sales proceeds to Liechtenstein. In addition, with specific regard to the customer's transactions in GAPJ, at the time the customer delivered the two blocks of shares into its Leeb account, the financial information about Golden Apple available to the public was outdated, and the company had

not disclosed publicly the issuance of 1.2 million shares to the customer. Further, the customer's initial sales of GAPJ stock occurred during a spam campaign, and its sales accounted for 32% of the daily trading volume on March 2, 2006.

Labi: Trading in Lifeline Biotechnologies, Inc. ("LBTN")

29. During 2006, a Labi customer delivered more than 1 billion shares of LBTN stock into two accounts held at Leeb in the name of entities the customer controlled. The customer was a stock promoter and LBTN affiliate, who had sent Labi an instant message in the fall of 2005 communicating information about the timing of a promotional campaign. The customer obtained 2 billion shares out of 6.5 billion shares that LBTN had issued from March through December 2006, representing 31.7% of all newly-issued shares. Labi's customer obtained the stock by having entities he controlled participate in Rule 504 offerings, which under certain circumstances can provide issuers with a means of issuing unrestricted stock without registering the offering. Here, however, Labi's customer was acting as an underwriter, and his entities' immediate resales of the stock violated investment intent representations contained in subscription agreements and referred to in the Rule 504 legal opinion letters.

30. From January 4, 2006 through March 28, 2007, Labi sold in excess of 1 billion of the customer's shares of LBTN to the public without a registration statement being in effect, and no exemption from registration was available.

31. Labi failed to conduct a reasonable inquiry into the origin and ownership of the customer's stock prior to selling it to the public, despite several red flags. The customer had sent Labi instant messages and emails informing Labi of his connection to the issuer and his knowledge of forthcoming news and promotional activity. Accounts controlled by the customer repeatedly transferred into Leeb large blocks of LBTN stock comprising a significant percentage of the company's share balance. Although the customer directed all trading in the accounts held in entity names, the sole proprietor and officer of the entities was actually the customer's daughter.

Labi: Trading in CDI Developments, Inc. ("CDIJ")

32. In April 2005, a Leeb customer received 500,000 shares of CDIJ in a private transfer. The transferor had been issued the shares in February 2005, based on a November 2004 Rule 504 offering in which the subscription agreement contained false statements that the purchaser was not an affiliate and was purchasing for investment purposes and not with a view towards distribution. Further, CDIJ did not have a bona fide business plan, a prerequisite for an effective Rule 504 offering.

33. On May 5, 2005, the customer delivered in its block of CDIJ shares and Labi began selling them immediately to the public, without a registration statement being in effect, and no exemption from registration was available.

34. Labi failed to conduct a reasonable inquiry into the origin and ownership of the customer's stock prior to selling the customer's stock to the public, despite several red

flags. At the time the customer delivered the shares into its Leeb account, there had been no publicly reported trading in CDIJ other than 10,000 shares on May 3. According to CDIJ's financial disclosures posted on the internet on May 5, 10 million out of the 15 million shares issued by CDIJ were held by its president, and Labi's customer's 500,000 share block represented 10% of the remaining 5 million shares of CDIJ. The customer opened its account at Leeb on the same day it began selling the CDIJ stock, and on its first day trading, Labi's customer accounted for 105,000 shares of the entire 155,100 share daily trading volume for CDIJ. Further, the customer's activity on that day included not only selling 70,000 shares but purchasing 35,000 shares at a higher price. From May 9 through May 17, Labi's customer sold 166,900 shares while another affiliated corporate account holder at Leeb purchased 145,000 shares, both accounting for over 50% of the entire reported volume during that period. This trading helped take CDIJ's stock's price from $.15 on May 5 to $.75 on May 17, 2006.

E. Failure to Supervise

35. During the Relevant Period, Miller was President of Leeb and supervisor of Leeb's home office. In addition to supervising registered representative Labi, he was the trade desk supervisor, was responsible for supervising firm-wide "penny stocks/microcap" activity, and was responsible for reviewing all trading activity for the firm, including activity at the OSJ.

36. As indicated in the examples detailed above, Leeb customer trading activity, as well as the absence of Low-Priced Securities Questionnaires for numerous penny stocks traded through customer accounts, reflected numerous red flags concerning whether the firm's registered representatives had made adequate inquiry into facts that could indicate unlawful distributions of stock, such as the length of time the customers had held stock, the nature of the underlying transactions in which purportedly "free-trading" stock had been obtained, the customer's intent to sell additional shares, and how the customer activity compared with the issuer's outstanding share balance and trading volume. Although Miller regularly reviewed the firm's penny stock trading activity, he never identified such red flags or questioned the source of any stock sold through the firm.

37. Moreover, Miller ignored other red flags he was aware of, such as repeated regulatory inquiries concerning either Bloomfield, Martin and Labi's customer accounts or specific penny stocks traded through Leeb's customer accounts handled by these three registered representatives. Despite concern over the number of such inquiries, Miller did not subject any registered representative or customer account to heightened scrutiny, did not question Bloomfield, Martin and Labi regarding whether they conducted inquiries into the customers' penny stocks, and did not conduct additional account reviews.

38. Had Miller responded reasonably to the red flags reflected in the trading activity and regulatory inquiries, he would have prevented or detected the underlying Section 5 violations being committed by Labi, Martin and Bloomfield.

39. From the beginning of the Relevant Period until July 2006, Gorgia was Leeb's Chief Compliance Officer, the head of Leeb's Supervisory Control System and was responsible for developing and maintaining appropriate supervisory procedures. He also was responsible for supervising OSJ branch manager Bloomfield, for monthly reviews of all customer account activity, for supervising the firm's AML program, which in turn relied on review of customer activity, and for reviewing registered representatives' emails.

40. Gorgia recognized the compliance concerns raised by the firm's penny stock business, calling it a "compliance nightmare." He also viewed Miller's attitude about compliance as "weak, at best," with a primary concern on production and revenues. Nonetheless, Gorgia did not regularly review customer account activity, did not scrutinize the ongoing practice of Bloomfield and Martin's customers to deliver in privately obtained penny stocks and sell them to the public, and did not undertake additional reviews of customer activity brought to his attention by the clearing firm or regulatory inquiries. Had he performed such tasks, he would have uncovered the red flags detailed above and detected and prevented facilitation of unregistered distributions by Leeb's registered representatives.

41. Further, Gorgia failed to develop reasonable procedures and systems to implement requirements for registered representatives to conduct a reasonable inquiry regarding customers' penny stocks. Despite a request from Leeb's clearing firm for low priced security transaction procedures and an outline of Leeb's due diligence process, there is no indication that any such documents were drafted. Meanwhile, Leeb registered representatives did not consistently fill out the Low Priced Security Questionnaire developed by the clearing firm, and no one at the firm adequately monitored Leeb's customers' penny stock activity despite repeated inquiries and concerns received from the clearing firm and regulators.

42. Had Gorgia developed procedures for insuring that the firm's registered representatives conducted a reasonable inquiry into their customers' penny stock sales, he would have detected and prevented Section 5 violations.

F. Failure To File Suspicious Activity Reports

43. The Bank Secrecy Act ("BSA"), as amended by the USA PATRIOT Act, and implemented under rules promulgated by the U.S. Treasury Department's Financial Crimes Enforcement Network ("FinCEN"), requires that broker-dealers file Suspicious Activity Reports ("SARs") with FinCEN to report a transaction (or a pattern of transactions of which the transaction is a part) involving or aggregating to at least $5,000 that the broker-dealer knows, suspects, or has reason to suspect: (1) involves funds derived from illegal activity or is conducted to disguise funds derived from illegal activities; (2) is designed to evade any requirements of the Bank Secrecy Act; (3) has no business or apparent lawful purpose and the broker-dealer knows of no reasonable explanation for the transaction after examining the available facts; or (4) involves use of the broker-dealer to facilitate criminal activity. 31 C.F.R. § 103.19(a)(2) ("SAR Rule").

44. Exchange Act Rule 17a-8 requires broker-dealers to comply with the reporting, recordkeeping and record retention requirements of the Bank Secrecy Act. The failure to file a SAR as required by the SAR Rule is a violation of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder, and is enforceable by the Commission.

45. Leeb's Anti Money Laundering ("AML") program enumerates examples of suspicious activity that could be indicative of the need to file a SAR, including (i) a history of criminal, civil or regulatory violations by the customer or an associate; (ii) multiple LLCs with the same address; (iii) multiple transfers of funds to or from bank secrecy jurisdictions, tax havens, or non-cooperative jurisdictions as identified by the Financial Action Task Force ("FATF") or FinCEN; and (iv) penny stock activity.

46. The AML program charges all Leeb employees, including registered representatives, with responsibility for AML compliance. Moreover, Bloomfield, as a producing manager at the OSJ, understood himself to be the "first line of defense" for AML compliance. Gorgia, as the firm's AML officer and Chief Compliance Officer, had responsibility for reviewing customer activity and electronic communications of the firm's registered representatives. And Miller, as firm President, trade desk supervisor, and supervisor of penny stock activity, had responsibility for reviewing customer activity.

47. During the Relevant Period, the Bloomfield and Martin customers who engaged in the EQSE transactions described above controlled accounts at Leeb that delivered in more than 65 different penny stocks that had been obtained in private transactions, and sold those stocks to the public for approximately $20.5 million. In addition to the specific trading activity described above by these customers, the accounts controlled by these customers and their transaction histories were suspicious in many respects. As Bloomfield and Martin were aware, one of the accounts was in the name of a stock promotion entity that was compensated for its services by receiving stock from issuer clients. The entity's website, part of which was printed out and maintained in Leeb's files, advertised its services as a "Non-Broker/Dealer 'Private Market Maker'" and promised issuer-clients that it would commit its own capital to provide market support for its clients' stock. The customers also tripped red flags identified by Leeb's AML program. They used five separate accounts held by LLCs and limited partnerships, had regulatory histories, including a consent judgment against one of them resolving SEC charges alleging participation in a pump-and-dump scheme, and two sanctions by the NASD against the other, and engaged in significant penny stock trading. Under Leeb's policies and procedures, Bloomfield, Martin, Miller, and Gorgia had responsibility to detect and report suspicious activity in these accounts.

48. During 2006 alone, the Bloomfield and Martin customer that engaged in the GAPJ transactions described above delivered in more than 50 stocks, and 91% of its trading activity was selling. The customer's sales of penny stocks generated over $30 million in proceeds, which the customer wired to Liechtenstein in 39 separate wire transfers. In addition to the specific trading activity described above, the customer's account and transaction history were suspicious in many respects. Although the customer is incorporated in Nevis, it was operated by persons in Vancouver, with orders being submitted by traders in Costa Rica, and proceeds being wired to a bank in Liechtenstein.

The customer's Vancouver address and phone number are connected to an entity that advertises its business as providing clients with "confidential global services." The customer's principal identified on Leeb's account documents had previously opened a separate account at Leeb, in the name of a Belize-incorporated entity that wired its money to the same Liechtenstein bank as the customer and, for a three-month period, used the same bank account number as the customer. Under Leeb's AML program, Nevis was to be considered a jurisdiction of primary concern for money laundering, and wires to bank secrecy jurisdictions and tax havens such as Liechtenstein constituted red flags. Under Leeb's policies and procedures, Bloomfield, Martin, Miller, and Gorgia had responsibility to detect and report suspicious activity in this account.

49. The Labi customer who engaged in the LBTN transactions described above controlled two corporate accounts at Leeb. In addition to the specific trading activity described above, the customer's account and transaction history were suspicious in many respects. The account opening documents for both accounts listed the customer's daughter as the corporate officer, and transactional documents indicated that the daughter was the sole proprietor and officer of both companies. However, Labi understood that the securities traded in the accounts were those of his customer, whom he allowed to direct all trading in the accounts without a power of attorney or corporate resolution authorizing him to do so. In addition to the suspicious activity that occurred in LBTN, the customer also used one of the two Leeb accounts to trade in a security called Deep Blue Marine, Inc. ("DPBM") based on advance notice of promotional activity. In February 2006, Labi purchased 10,000 shares of DPBM at $.78 for the customer on the same day that the customer sent Labi an instant message advising him that promotional activity for the stock would begin that evening. The customer sold the stock three days later at $.92. These trades, based on advance notice of promotional activity, were suspicious. Under Leeb's policies and procedures, Labi, Miller, and Gorgia had responsibility to detect and report suspicious activity in this customer's accounts.

50. The Labi customer who engaged in the CDIJ transactions described above, together with an associate, opened five separate corporate accounts at Leeb. Disbursement instructions on one of the new account forms provided for payments to be made in the name of one of the other accounts. As indicated above, trading activity in CDIJ reflects the use of two accounts to engage in suspicious trading that accounted for a large percentage of the newly-traded stock's trading volume and helped move the stock's price up dramatically in a span of two weeks. Under Leeb's policies and procedures, Labi, Miller, and Gorgia had responsibility to detect and report suspicious activity in these accounts.

51. Another Labi client engaged in suspicious buying and selling of stock in Aegis Assessments, Inc. ("AGSI") timed to promotional activity that Labi's customer advised Labi of in advance. On December 2, 2005, AGSI issued a press release announcing that it had retained an investor relations firm that was run by Labi's customer. Shortly thereafter and continuing into early 2006, Labi repeatedly received instant messages from his customer's son tipping Labi about upcoming promotional activities in the stock. The messages prompted timely buying and selling by Labi on behalf of other customers. Labi also communicated with the customer and his son regarding whether he should be a buyer in the stock and reporting trades made by Labi. Under Leeb's policies

and procedures, Labi, Miller, and Gorgia had responsibility to detect and report suspicious activity in Labi's customers' accounts.

52. The transactions described above were suspicious and Respondents should have caused Leeb to file SARs. The Respondents knew of their obligations to assist Leeb in fulfilling its requirement to file SARs, and knew or were reckless in not knowing that significant suspicious activity was not being reported by Leeb as a result of their actions.

G. Violations

53. As a result of the conduct described above, Bloomfield, Labi and Martin willfully violated Sections 5(a) and 5(c) of the Securities Act.

54. As a result of the conduct described above, Gorgia and Miller failed reasonably to supervise Bloomfield, Labi and Martin, within the meaning of Sections 15(b)(4) and 15(b)(6) of the Exchange Act, with a view to preventing and detecting their violations of Section 5 of the Securities Act.

55. As a result of the conduct described above, Bloomfield, Gorgia, Labi, Martin and Miller willfully aided and abetted and caused violations of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondents pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act;

C. Whether, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondents Bloomfield, Labi and Martin should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 5(a) and 5(c) of the Securities Act, Section 17(a) of the Exchange Act and Rule 17a-8 thereunder and whether Respondents Bloomfield, Labi and Martin should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act and Section 21C(e) of the Exchange Act.

D. Whether, pursuant to Section 21C of the Exchange Act, Respondents Gorgia and Miller should be ordered to cease and desist from committing or causing violations of and any future violations of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder and whether Respondents Gorgia and Miller should be ordered to pay disgorgement pursuant to Section 21C(e) of the Exchange Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that each Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If a Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Order"), on the Respondents and their legal agents.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
Chief Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E.
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