

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

SECURITIES ACT OF 1933
Release No. 9183/February 7, 2011

SECURITIES EXCHANGE ACT OF 1934
Release No. 63850/ February 7, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-10624

In the Matter of	:	
	:	
HUNTER ADAMS, GREGG ADAMS,	:	
ALAN BERKUN, ROBERT LISNOFF,	:	ORDER MAKING FINDINGS AND
JAMES L. BILA, LEONARD BILA,	:	IMPOSING SANCTIONS BY DEFAULT
CHRISTIAN BLAKE, BRIAN CARROLL,	:	AGAINST GREGG ADAMS
JOSEPH DIGIROLAMO, and JOSEPH	:	
MANNINO	:	

SUMMARY

This Order bars Gregg Adams (G. Adams) from association with a broker-dealer and from participating in an offering of penny stock and orders him to cease and desist from violations of the antifraud provisions of the securities laws. His wrongdoing occurred in connection with the securities of Americom Networks International, Inc. (Americom), while he was associated with Preston Langley Asset Management (Preston Langley), a broker-dealer.

I. BACKGROUND

The Securities and Exchange Commission (Commission) commenced this proceeding with an Order Instituting Proceedings (OIP) on October 18, 2001, pursuant to Section 8A of the Securities Act of 1933 (Securities Act) and Sections 15(b)(6) and 21C of the Securities Exchange Act of 1934 (Exchange Act). The OIP alleges that G. Adams, while associated with Preston Langley, used a variety of fraudulent tactics to artificially inflate the demand for, and market price of, the securities of Americom, which were quoted on NASDAQ's Over-the-Counter Bulletin Board (OTC Bulletin Board), and to sell them to customers at inflated prices. Thus, the OIP alleges, G. Adams willfully violated, or caused the violation of, Securities Act Section 17(a) and Exchange Act Section 10(b) and Rule 10b-5 and willfully aided and abetted and caused violations of Section 15(c)(1) of the Exchange Act.

The proceeding was stayed pending the prosecution of a parallel criminal proceeding, United States v. Winston, No. 1:00-cr-01248 (NGG) (E.D.N.Y.). Hunter Adams, 76 SEC Docket 1084 (A.L.J. Nov. 27, 2001). Previously, the Stay was lifted and default orders entered as to Robert Lisnoff, Joseph Digirolamo, Hunter Adams, James L. Bila, Leonard Bila, Joseph Mannino, Brian Carroll, and Christian Blake.¹ The stay was lifted on December 15, 2010, as to G. Adams, who had been served with the OIP on March 1, 2002, and January 18, 2011, was set as the deadline for his Answer to the OIP. Hunter Adams, Admin. Proc. No. 3-10624 (A.L.J. Dec. 15, 2010) (unpublished). G. Adams failed to file an Answer, and the Division of Enforcement (Division) filed a Motion for Default Judgment (Motion) as to him on January 27, 2011. G. Adams did not file an opposition to the Motion. See 17 C.F.R. § 201.154(b). Thus, G. Adams has failed to answer, to respond to a dispositive motion within the time provided, or otherwise to defend the proceeding within the meaning of 17 C.F.R. § 201.155(a)(2). Accordingly, he is in default, and the undersigned finds that the allegations in the OIP are true as to him. See 17 C.F.R. §§ 201.155(a), .220(f).

II. FINDINGS OF FACT

G. Adams was associated with a registered broker-dealer, Preston Langley, as a principal and registered representative from April 1997 through March 2001 and participated in offerings of penny stock.² In June 1998, principals and a control person of Preston Langley manipulated Americom's stock price from \$0.50 to more than \$5 per share, by posting increasing, fictitious, quotations for Americom's stock on the OTC Bulletin Board and falsely creating the appearance of active trading in the stock. Thereafter, through December 1999, G. Adams and other registered representatives of Preston Langley used fraudulent sales practices to inflate the market price of and demand for Americom stock and to sell the stock to customers at inflated prices. Preston Langley practices included high pressure sales tactics and a "no net selling" policy. G. Adams, with the help and consent of other Preston Langley management, paid additional undisclosed compensation to registered representatives in connection with their sales of Americom stock. G. Adams and other registered representatives used a variety of deceptive and fraudulent sales practices to induce customers to purchase Americom securities at inflated prices. These included effecting unauthorized purchases of Americom securities in the accounts of existing customers, failing to disclose the additional compensation they received, and making material misrepresentations and omissions concerning predictions about Americom's future stock price and claims of possessing inside information. G. Adams profited from this course of action.

¹ Hunter Adams, 85 SEC Docket 3714 (A.L.J. July 15, 2005); Hunter Adams, 85 SEC Docket 4145 (A.L.J. July 28, 2005); Hunter Adams, 86 SEC Docket 1730 (A.L.J. Oct. 25, 2005); Hunter Adams, 90 SEC Docket 502 (A.L.J. Mar. 13, 2007).

² Penny stock is defined under the Exchange Act as a stock that trades for under five dollars a share. See Exchange Act Section 3(a)(51) and Rule 3a51-1.

Official notice is taken, pursuant to 17 C.F.R. § 201.323, of G. Adams's conviction in the parallel criminal proceeding arising out of the same facts at issue in this proceeding. He was convicted on charges of conspiracy to commit securities, mail, and wire fraud and conspiracy to commit money laundering; sentenced to time served, followed by three years of supervised release; and ordered to pay \$5,000,000 in restitution. United States v. Winston, 1:00-cr-01248 (Nov. 2, 2010).

III. CONCLUSIONS OF LAW

In using deceptive and fraudulent practices in connection with the offer and sale of Americom stock, G. Adams violated, and as a principal of Preston Langley caused others to violate, the antifraud provisions of Securities Act Section 17(a) and Exchange Act Section 10(b) and Rule 10b-5. Also, as a principal of Preston Langley and a participant in its manipulative, deceptive, and fraudulent practices, G. Adams aided and abetted and caused the firm's violations of Exchange Act Section 15(c)(1)(A). Additionally, he participated in offerings of penny stock at all relevant times within the meaning of Exchange Act Section 15(b)(6).

IV. SANCTIONS

The Division requests a cease-and-desist order and penny stock and broker-dealer bars.³ G. Adams will be ordered to cease and desist from committing or causing any violations or future violations of Securities Act Section 17(a) and Exchange Act Section 10(b) and Rule 10b-5 and from aiding and abetting and causing violations of Exchange Act Section 15(c)(1)(A). He will be barred from association with a broker or dealer and from participating in an offering of penny stock.⁴

These sanctions will serve the public interest and the protection of investors, pursuant to Section 15(b) of the Exchange Act. They accord with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981).⁵ G. Adams's unlawful conduct was recurrent and egregious and

³ The Division also requests disgorgement and civil penalties but states that the restitution ordered against G. Adams in the criminal proceeding far exceeds the amount of disgorgement and penalties that the Division would otherwise request. For this reason, disgorgement and civil penalties will not be ordered.

⁴ Thus, he will be barred from acting as a promoter, finder, consultant, or agent; or otherwise engaging in activities with a broker, dealer, or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

⁵ When the Commission determines administrative sanctions, it considers:

the egregiousness of the defendant's actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the defendant's assurances against future violations, the defendant's recognition of the wrongful

involved a high degree of scienter. His conviction for related misconduct is an aggravating factor. There are no mitigating circumstances.

V. ORDER

IT IS ORDERED that, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Gregg Adams CEASE AND DESIST from committing or causing any violations or future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and from aiding and abetting and causing any violations or future violations of Section 15(c)(1)(A) of the Exchange Act.

IT IS FURTHER ORDERED that, pursuant to Section 15(b)(6) of the Exchange Act, Gregg Adams IS BARRED from association with a broker or dealer and from participating in an offering of penny stock.

Carol Fox Foelak
Administrative Law Judge

(..continued)

nature of his conduct, and the likelihood that the defendant's occupation will present opportunities for future violations.

Steadman v. SEC, 603 F.2d at 1140 (quoting SEC v. Blatt, 583 F.2d 1325, 1334 n.29 (5th Cir. 1978)).