

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 65296 / September 8, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14456

In the Matter of	:	ORDER MAKING FINDINGS AND
	:	IMPOSING REMEDIAL SANCTIONS
BLAKE G. WILLIAMS	:	BY DEFAULT

The Securities and Exchange Commission (Commission) issued its Order Instituting Proceedings (OIP) against Respondent Blake G. Williams (Williams) on July 7, 2011, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The OIP alleges that Williams acted as an unregistered broker while participating in the offering of several penny stocks and was permanently enjoined from future violations of various provisions of the Securities Act of 1933 (Securities Act) and the Exchange Act.

The Division of Enforcement (Division) has provided evidence that Williams was served with the OIP on July 18, 2011, in accordance with 17 C.F.R. § 201.141(a)(2)(i). William's Answer was due on August 8, 2011. See OIP at 2; 17 C.F.R. § 201.220(b). To date, Williams has not filed an Answer or otherwise defended this proceeding. Accordingly, Williams is deemed to be in default, and this proceeding may be determined against him. See 17 C.F.R. §§ 201.155(a), .220(f).

The Division submitted Motions for Default and Adjournment of Hearing, along with a brief in support (Motion), on September 6, 2011. Exhibit A to the Motion is the Final Judgment (Final Judgment) ordered in SEC v. Williams, et al., 3:10-CV-01068-O (N.D. Tex. Feb. 3, 2011). In its Motion, the Division requests that Williams be found in default and barred from association with all entities authorized by Section 15(b)(6) of the Exchange Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank).¹ (Motion at 2-7.) Williams has not defended himself in this proceeding and, therefore, has not objected to such sanctions.

¹ A penny stock bar was entered against Williams in the underlying civil action. (Final Judgment at 4-5.)

FINDINGS OF FACT

Williams, twenty-seven years old, is a resident of Dallas, Texas. (OIP at 1.) From 2006 through at least 2008, Williams was employed by TBeck Capital, Inc., and was its corporate secretary. (Id.) Williams is not, nor has he ever been, registered with the Commission as a broker, dealer, investment adviser, or in any other capacity. (Id.)

The Commission's complaint in the underlying civil action, SEC v. Williams, whose allegations were deemed admitted in the Final Judgment (Final Judgment at 2), alleged that beginning in or about the middle of 2006 and continuing through at least 2008, Williams engaged in a fraudulent scheme to sell stock in unregistered, non-exempt public offerings and to manipulate the markets for those stocks. (OIP at 2.) It is alleged that, through this conduct, Williams violated the securities registration and anti-fraud provisions of the federal securities laws. (Id.) The complaint also alleged that Williams' conduct was part of a pervasive fraudulent scheme involving the stocks of at least a dozen microcap issuers. (Id.) Moreover, the complaint alleged that Williams, in connection with these offerings, acted as an unregistered broker by, among other things, soliciting investors to invest in these offerings and providing investors with confirmation statements of their investments. (Id.)

On February 3, 2011, a final judgment by default was entered against Williams, permanently enjoining him from future violations of Sections 5(a), 5(c) of the Securities Act, and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder.² (Final Judgment at 3-5.) Williams was also: (1) permanently prohibited 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; (2) ordered to disgorge \$2,028,168 in illegally obtained profits, plus prejudgment interest in the amount of \$245,754.79; and (3) ordered to pay a civil money penalty in the amount of \$130,000. (Id.) Official notice is taken of the underlying civil action and the injunction entered against Williams. See 17 C.F.R. § 201.323.

CONCLUSIONS OF LAW

Under Exchange Act Section 15(b)(6)(A)(iii), which incorporates Exchange Act Section 15(b)(4)(C), the Commission may impose remedial sanctions on a person, including an unregistered broker, consistent with the public interest, if the person has been enjoined from engaging in conduct in connection with the purchase or sale of any security. See 15 U.S.C. § 78o(b)(4)(C), (6)(A)(iii); see e.g., Vladislav Steven Zubkis, Exchange Act Release No. 52876 (Dec. 2, 2005), 86 SEC Docket 2618, 2627, recon. denied, Exchange Act Release No. 53651 (Apr. 13, 2006), 87 SEC Docket 2584 (barring unregistered associated person of an unregistered broker-dealer from association with a broker or dealer).

To determine whether sanctions are in the public interest, the Commission considers the following six factors: (1) the egregiousness of the respondent's actions; (2) whether the

² Official notice is taken pursuant to 17 C.F.R. § 201.323, of the May 27, 2011, Amended Final Judgment, in which the district court permanently enjoined Williams from violating Section 17(a) of the Securities Act. SEC v. Williams, et al., 3:10-CV-01068-O (N.D. Tex.).

violations were isolated or recurrent; (3) the degree of scienter; (4) the sincerity of the respondent's assurances against future violations; (5) the respondent's recognition of the wrongful nature of his or her conduct; and (6) the likelihood that the respondent's occupation will present opportunities for future violations. See Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981). "[T]he Commission's inquiry into the appropriate sanction to protect the public interest is a flexible one, and no one factor is dispositive." Conrad P. Seghers, Investment Advisers Act of 1940 (Advisers Act) Release No. 2656 (Sept. 26, 2007), 91 SEC Docket 2293, 2298, petition for review denied, 548 F.3d 129 (D.C. Cir. 2008) (citing Robert W. Armstrong, III, Exchange Act Release No. 51920 (June 24, 2005), 85 SEC Docket 3011, 3039 (quoting KPMG Peat Marwick LLP, Exchange Act Release No. 43862 (Jan. 19, 2001), 54 S.E.C. 1135, 1192, recon. denied, Exchange Act Release No. 44050 (Mar. 8, 2001), 55 S.E.C. 1, petition for review denied, 289 F.3d 109 (D.C. Cir. 2002))). Remedial sanctions are not intended to punish a respondent, but to protect the public from future harm. See Leo Glassman, 46 S.E.C. 209, 211-12 (1975).

Furthermore, the Commission has noted that "the fact that a person has been enjoined from violating antifraud provisions 'has especially serious implications for the public interest.'" Michael T. Studer, Exchange Act Release No. 50411 (Sept. 20, 2004), 57 S.E.C. 890, 898, recon. denied, Exchange Act Release No. 50600 (Oct. 28, 2004), aff'd, 148 Fed. Appx. 58 (2d Cir. 2005) (unpublished) (quoting Marshall E. Melton, Advisers Act Release No. 2151 (July 25, 2003), 56 S.E.C. 695, 713). "[C]onduct that violates the antifraud provisions of the federal securities laws is . . . subject to the severest of sanctions under the securities laws." Jose P. Zollino, Exchange Act Release No. 55107 (Jan. 16, 2007), 89 SEC Docket 2598, 2608 (quoting Melton, 56 S.E.C. at 713). The existence of such an injunction can indicate the appropriateness of a bar from participation in the securities industry. See Michael Batterman, Exchange Act Release No. 2334 (Dec. 3, 2004), 57 S.E.C. 1031, 1042-43; Melton, 56 S.E.C. at 709-10.

Williams' conduct occurred over multiple years, during which time he violated the antifraud provisions of the federal securities laws by engaging in a pervasive fraudulent scheme to manipulate the stocks of at least a dozen microcap issuers. (OIP at 2.) These allegations are deemed true, pursuant to 17 C.F.R. § 201.155(a), and Williams has not contested them. The egregiousness of his actions is demonstrated further by the district court's order that Williams disgorge over \$2 million in illegally obtained profits and pay a civil money penalty of \$130,000. Williams has not defended this proceeding; he has not provided assurances against future violations or recognized the wrongful nature of his conduct. Moreover, Williams has not contested the sanctions sought by the Division.

In view of the foregoing, and consistent with the public interest, Williams shall be barred from association within the securities industry. Section 15(b)(6)(A), as amended by Dodd-Frank, authorizes bars from association with a "broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization."

ORDER

IT IS ORDERED, pursuant to Section 15(b)(6)(A) of the Securities Exchange Act of 1934, that Blake G. Williams is barred from association with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, and nationally recognized statistical rating organization.

Robert G. Mahony
Administrative Law Judge