

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 80038 / February 14, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17847

In the Matter of

**Jeffrey E. Eberwein; Lone
Star Value Management,
LLC; Charles M. Gillman;
Boston Avenue Capital, LLC;
and Heartland Advisors, Inc.,**

Respondents.

**CORRECTED ORDER INSTITUTING
CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 21C OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING A
CEASE-AND-DESIST ORDER AND CIVIL
PENALTIES**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Jeffrey E. Eberwein (“Eberwein”), Lone Star Value Management, LLC, (“Lone Star”), Charles M. Gillman (“Gillman”), Boston Avenue Capital, LLC (“Boston Avenue”), and Heartland Advisors, Inc. (“Heartland”) (“Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 Respondents and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order and Civil Penalties (“Order”) as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds¹ that:

Summary

1. These proceedings arise out of violations of the beneficial ownership reporting requirements of the federal securities laws committed by investors working together from 2012 through 2014. Respondents Eberwein and Gillman were longtime friends and financial professionals who sometimes acted together to pursue shareholder activism beginning in early 2012, as set forth herein. At the time, Gillman had an advisory relationship with Boston Avenue, an investment vehicle for a family office where he had worked. Gillman, Boston Avenue, and other parties had engaged in a proxy contest together with Heartland, a registered investment adviser, in 2010, and Gillman maintained occasional contact with Heartland thereafter. Eberwein joined Gillman and Heartland as they periodically pursued shareholder-activist campaigns together, beginning in early 2012. Eberwein invested for his own account during 2012-13 and for his newly-formed hedge fund, Lone Star Value Fund, beginning in the second half of 2013.

2. Section 13(d) of the Exchange Act and related rules require any person or group who directly or indirectly acquires beneficial ownership of more than five percent of certain equity securities to file a statement with the Commission, within ten days, disclosing information relating to such beneficial ownership. Section 13(d) is a key regulatory provision that allows shareholders and potential investors to evaluate substantial shareholdings and the implications of such shareholdings for their own investment in the security. Whenever a material change occurs to the facts set forth in any disclosure statement filed on Schedule 13D, the filing must be promptly amended. To the extent that certain large investors qualify to report their beneficial ownership on Schedule 13G, the applicable regulatory provisions allow disclosure of much more limited information.

3. The Respondents violated the beneficial ownership reporting requirements under the Exchange Act. In particular:

- Eberwein, Gillman, and Boston Avenue worked together in 2012 involving control of Aetrium, Inc. ("Aetrium") and NTS, Inc. ("NTS"). Eberwein's ownership filings did not fully disclose the group's plan regarding Aetrium, and, in the case of NTS, the filings were untimely;
- Eberwein, Gillman, and Boston Avenue worked together with Heartland with respect to Digirad, Inc. ("Digirad") in 2012 and Analysts International Corp. ("Analysts International") in 2013, both regarding efforts to make changes to the boards of directors. Regarding Digirad, Heartland failed to timely file a Schedule 13D to supersede its Schedule 13G, reflecting this collaboration. Regarding

¹ The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

Analysts International, Eberwein, Gillman, and Boston Avenue failed to make any of the required filings; and

- Gillman worked with Heartland in late 2013 to file a Schedule 13D disclosing their campaign to encourage Hudson Global, Inc. (“Hudson”) to make changes to its corporate governance. In early 2014, Eberwein and Lone Star disclosed a separate, more extensive campaign, nominating candidates for election to Hudson’s board. Gillman acted together with Eberwein and Lone Star, yet their respective ownership filings did not acknowledge their joint action.

Respondents

4. Respondent Eberwein, age 46, is a Connecticut resident. He is CEO of Lone Star and the portfolio manager of Lone Star Value Fund, a hedge fund that describes itself as seeking to “unlock” the value in undervalued stocks through “constructive activism, often in partnership with other shareholders.”

5. Respondent Lone Star is a Connecticut limited liability company controlled by Eberwein and headquartered in Old Greenwich, CT. Eberwein formed Lone Star in early 2013. Lone Star began managing outside investor capital on October 1, 2013 and has been registered with the Commission as an investment adviser since April 2015. Lone Star advises Lone Star Value Fund.

6. Respondent Gillman, age 46, is a California resident and private activist investor. Until June 2013, Gillman was an employee of an Oklahoma “family office” and made investment recommendations to the portfolio managers of Boston Avenue, which was an investment vehicle for the family office.

7. Respondent Boston Avenue is an Oklahoma limited liability company headquartered in Tulsa, OK.

8. Respondent Heartland is a Wisconsin corporation headquartered in Milwaukee, WI and registered with the Commission as an investment adviser. Heartland advises fund portfolios of a registered investment company, Heartland Group, Inc., separately managed accounts, and other clients. Heartland pursues self-described value investing strategies and occasionally engages in shareholder activism.

Issuers

9. Digirad is a medical imaging company incorporated in Delaware and headquartered in Suwanee, Georgia. Its common stock is registered under Section 12(b) of the Exchange Act and trades on the NASDAQ Global Market.

10. Aetrium (now named ATRM Holdings, Inc.) is a former semiconductor test-equipment company incorporated in Minnesota and headquartered in St. Paul, Minnesota. At all

times relevant to these proceedings, Aetrium's common stock was registered under Section 12(b) of the Exchange Act and traded on the NASDAQ Capital Market.

11. NTS is a telecommunications service provider incorporated in Nevada and headquartered in Lubbock, Texas. At all times relevant to these proceedings, NTS's common stock was registered under Section 12(b) of the Exchange Act and traded on the NYSE MKT exchange.

12. Analysts International is an IT staffing company incorporated in Minnesota and headquartered in Minneapolis, Minnesota. At all times relevant to these proceedings, Analysts International's common stock was registered under Section 12(b) of the Exchange Act and traded on the NASDAQ Global Market.

13. Hudson is a global HR company incorporated in Delaware and headquartered in New York, NY. Its common stock is registered under Section 12(b) of the Exchange Act and trades on the NASDAQ Stock Market.

Legal Framework

Beneficial Ownership Reporting under Schedule 13D: General Requirements

14. Section 13(d)(1) of the Exchange Act and Rule 13d-1(a) together require any person or group who has acquired, directly or indirectly, beneficial ownership of more than five percent of a class of a registered equity security to file a statement with the Commission disclosing the identity of its members and the purpose of its acquisition. *See generally GAF Corp. v. Milstein*, 453 F.2d 709, 717 (2d Cir. 1971), *cert. denied*, 406 U.S. 910 (1972). Individuals or entities comply with this requirement by filing a Schedule 13D with the Commission no later than ten days after they acquire the requisite beneficial ownership.

15. Schedule 13D requires disclosure of, among other things: (1) the identity of the acquirer, including beneficial owners;² (2) a description, in Item 4, of the purpose(s) of the acquisition, including any plans (i) to affect the issuer's Board of Directors; (ii) to cause an extraordinary corporate transaction, such as a merger, reorganization, or liquidation; (iii) to sell or transfer a material amount of assets of the issuer or any of its subsidiaries; or (iv) to otherwise materially change the issuer's business or corporate structure; and (3) the interest of all persons making the filing, including those acting together as a group. A duty to file under Section 13(d) and Rule 13d-1 creates the duty to file truthfully and completely. *SEC v. Savoy Indus.*, 587 F.2d 1149, 1165 (D.C. Cir. 1978) *cert. denied*, 440 U.S. 913 (1979). *Scienter* is not required to establish a violation of Section 13(d). *Id.* at 1167; *SEC v. Levy*, 706 F. Supp. 61, 69 (D.D.C. 1989).

² Whether a person is a "beneficial owner" is determined through the application of Rule 13d-3, which broadly includes "any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise" has or shares voting or investment power with respect to a registered equity security. *See* Rule 13d-3(a); *see also SEC v. First City Financial Corp.*, 890 F.2d 1215, 1221 (D.C. Cir. 1989).

16. The disclosures made in Schedule 13D have been viewed as contributing to the information available to help investors make fully informed investment decisions with respect to their securities.³ An additional regulatory objective served by these disclosures is to provide management of the issuer with information to “appropriately protect the interests of its security holders.”⁴ In enacting the original Section 13(d) legislation, Congress made clear that it intended to avoid “tipping the balance of regulation either in favor of management or in favor of the person [potentially] making [a] takeover bid.”⁵ In addition to providing information to issuers and security holders, Section 13(d) was adopted with a view toward alerting “the marketplace to every large, rapid aggregation or accumulation of securities, regardless of technique employed, which might represent a potential shift in corporate control.”⁶ On the basis of the information disclosed, the market would “value the shares accordingly”⁷ due to the increased prospects for price

³ See *Computer Network Corp. v. Spohler* [1982 Transfer Binder] Fed. Sec. L. Rep. (CCH) ¶ 98,623 at 93,087 (D.D.C. March 23, 1982). See also *San Francisco Real Estate Investors v. REIT of America*, [1982 Transfer Binder] Fed. Sec. L. Rep. (CCH) ¶ 98,874, at 94,557 (D. Mass. Nov. 19, 1982), *aff’d in part, rev’d in part* 701 F.2d 1000 (1st Cir. 1983). The Commission also has recognized that Section 13(d) was enacted primarily to provide “adequate disclosure to stockholders in connection with any substantial acquisition of securities within a relatively short period of time.” Adoption of Beneficial Ownership Disclosure Requirements, Exch. Act Rel. No. 13291, (Feb. 24, 1977) [42 FR 12342] *citing* S. Rep. No. 550, at 7 (1967).

⁴ H.R. Rep. No. 1655, at 3 (1970); *see, e.g., Additional Consumer Protection in Corporate Takeovers and Increasing the Sec. Act Exemptions for Small Businessmen, Hearing Before the Sec. Subcomm. of the S. Banking and Currency Comm. on S. 336 and S. 343*, 91st Cong., 2d Sess. (1970). See also *Bath Indus. v. Blot*, 427 F.2d 97, 113 (7th Cir. 1970). Disclosures made in compliance with Section 13(d) also provide issuers that file registration statements, annual reports, proxy statements and other disclosure documents with the information they use to disclose all beneficial owners of more than five percent of certain classes of the issuer’s equity securities as required by Item 403 of Regulation S-K. [17 CFR 229.403]. See generally H.R. Rep. No. 1655.

⁵ H.R. Rep. No. 1711, at 4 (1968); S. Rep. No. 550, at 3 (1967). Both the House and Senate reports emphasized that Section 13(d) was enacted “to require full and fair disclosure for the benefit of investors while at the same time providing the offeror and management equal opportunity to fairly present their case.”

⁶ *GAF Corp. v. Milstein*, 453 F.2d 709, 717 (2d. Cir. 1971), *cert. denied*, 406 U.S. 910 (1972).

⁷ *General Aircraft Corp. v. Lampert*, 556 F.2d 90, 94 (1st Cir. 1977); *see also* S. Rep. No. 550, at 3 (“But where no information is available about the persons seeking control, or their plans, the shareholder is forced to make a decision on the basis of a market price which reflects an evaluation of the company based on the assumption that the present management and its policies will continue. The persons seeking control, however, have information about themselves and about their plans which, if known to investors, might substantially change the assumptions on which the market price is based.”).

discovery.⁸

17. Section 13(d)(2) of the Exchange Act and Rule 13d-2(a) together require a filer to promptly amend the filer's Schedule 13D when there are material changes to the facts previously reported.

Schedule 13G Reports

18. Under Exchange Act Rule 13d-1(b), certain persons required to file under Section 13(d) of the Exchange Act may instead file with the Commission a short-form Schedule 13G if “[the] person has acquired [the] securities in the ordinary course of his business and not with the purpose nor with the effect of changing or influencing the control of the issuer, nor in connection with or as a participant in any transaction having such purpose or effect.” The filer must sign a certification specifically attesting to the lack of any such “control” purpose or effect. The availability of a short-form Schedule 13G is designed to ensure adequate disclosure to the marketplace while minimizing the burden on passive investors who would otherwise be required to complete a comprehensive Schedule 13D filing. After an initial Schedule 13G has been filed, the filer must update the filing annually to the extent any changes occur in the information previously reported, and recertify the continued lack of a control purpose or effect. Pursuant to Rule 13d-1(e), any person who has filed a Schedule 13G pursuant to Rule 13d-1(b) becomes immediately subject to Rule 13d-1(a) and must, within ten days, file a Schedule 13D if the investor now holds the securities with a disqualifying control purpose or effect.

19. The definition of “control” in Rule 12b-2 of the Exchange Act determines whether a person has a purpose to influence control: “possession . . . of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.” This means that in seeking to influence policies, management or actions of the issuer, an investor has a purpose to influence control of the issuer. *See Chromalloy American Corp. v. Sun Chemical Corp.*, 611 F.2d 240, 246 (8th Cir. 1979). The analysis in finding a purpose to influence control or an effect of influencing control is fact specific.

Schedule 13D Reports

20. Section 13(d)(3) of the Exchange Act provides that “When two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer, such syndicate or group shall be deemed a ‘person’” for purposes of Schedule 13D and 13G filing requirements. “Holding” securities

⁸ *Takeover Bids, Hearings on H.R. 14475 and S. 510 before the Subcomm. on Commerce and Fin. of the H. Comm. on Interstate and Foreign Commerce, 90th Cong. 2d Sess. 12 (1968)* (statement of Hon. Manuel F. Cohen, Chairman, U.S. Securities and Exchange Commission, “But I might ask, how can an investor evaluate the adequacy of the price if he cannot assess the possible impact of a change in control? Certainly without such information he cannot judge its adequacy by the current or recent market price. That price presumably reflects the assumption that the company’s present business control and management will continue. If that assumption is changed, is it not likely that the market price might change?”).

encompasses voting of such securities. *See Filing and Disclosure Requirements Relating to Beneficial ownership*, Exchange Act Release No. 14,692 (Apr. 21, 1978) (adopting release). The group provision was added to the Exchange Act in order to protect other shareholders from the evasion of disclosure requirements by persons who collectively sought to change or influence control of an issuer yet who each acquired and held an amount of beneficial ownership at or just below the reporting threshold. *See* Senate Report No. 550, 90th Congress, 1st Session 8 (1967) and House Report No. 1711, 90th Congress, 2d Session 8-9 (1968). Under this provision, groups of shareholders collectively owning more than five percent of a class of equity securities cannot act together without disclosing their joint efforts.

Ten-Percent or Greater Ownership Disclosures

21. Section 16(a) of the Exchange Act and Rules 16a-2 and 16a-3 thereunder require, among other things, that direct or indirect beneficial owners of more than ten percent of a class of equity securities registered under Section 12 file a statement reporting ownership and changes in ownership. Rule 16a-3 requires: (1) that initial statements of beneficial ownership be filed on Form 3 within ten days after a “person” becomes a greater-than-ten-percent direct or indirect beneficial owner; (2) that changes in beneficial ownership be filed on Form 4 within two business days; and (3) that annual statements be filed on Form 5 unless all transactions otherwise required to be reported on Form 5 have already been reported.

22. Under Rule 16a-1(a)(1), the term “beneficial owner” means, with certain exceptions not relevant here, “any person who is deemed a beneficial owner pursuant to section 13(d) of the Act and the rules thereunder.” Membership in a group for purposes of Section 16(a) and the rules thereunder is thus determined by using the legal standards set forth under Section 13(d).

Violations of the Beneficial Reporting Provisions

Digirad

23. Certain Heartland clients had a longstanding position in Digirad shares. Heartland filed an amended Schedule 13G on February 10, 2011 disclosing a 9.4% beneficial ownership interest (1.8 million shares) in Digirad’s common stock and another amended Schedule 13G on February 10, 2012 disclosing a 9.2% interest (1.8 million shares) in the stock. In filing these Schedules 13G, Heartland certified that the shares were “not held for the purpose or with the effect of changing or influencing the control of the issuer,” Digirad. By early 2012, the certification was inaccurate, yet Heartland failed to file a Schedule 13D as required.

24. In the year between the two Schedule 13G filings, Heartland had begun discussions with Gillman concerning Digirad. Heartland and Gillman wanted Digirad to sell itself or a significant amount of its assets. Short of a proxy fight, Heartland first sought voluntary compliance from Digirad with its requests. In January 2012, Heartland asked Digirad to open its board of directors to one or more new appointees named by Heartland. When Digirad’s board tentatively agreed, Heartland discussed the position with Gillman and then presented him to the board as Heartland’s choice. Gillman encouraged Heartland to also name Eberwein, on the basis of his strong relationship with Gillman. After Digirad issued a press release in March 2012

formally seeking director nominees from its “largest shareholders,” Heartland formally nominated both Gillman and Eberwein. With Heartland’s approval and support, Gillman and Eberwein began working to ensure that new members would constitute a majority of the board and to bring on another of Gillman’s associates as an additional “ally” on the board for Gillman and Eberwein. Gillman threatened the incumbent board with a proxy fight if his demands and the demands of Eberwein were not satisfied.

25. Digirad formally appointed Gillman and Eberwein as directors in April 2012 and appointed their associate the following month, totaling three of four new directors. At that time, Gillman, Eberwein, and their ally occupied three of eight director seats on the board, and an additional new member, nominated by a different shareholder, occupied a fourth seat. Throughout the process, Heartland expressed its support for the changes and the newly constituted board. By early 2013, the three allied directors had consolidated their power on a shrinking board of directors and now occupied three of six board seats and, shortly thereafter, three of five seats, with Eberwein taking over as board chairman.

26. As a greater than five-percent beneficial owner of Digirad common stock, Heartland was subject to the reporting requirements of Section 13(d) of the Exchange Act.

27. Given Heartland’s efforts to change and influence the composition of Digirad’s board, as described above, it should have filed a Schedule 13D by no later than March 2012 to supersede its previously filed Schedule 13G. Because it failed to file a Schedule 13D, Heartland violated Section 13(d)(1) of the Exchange Act and Rule 13d-1 thereunder.

Aetrium

28. Eberwein, Gillman, Boston Avenue, and others formed a group in August 2012 for the purpose of acquiring, holding, and voting Aetrium shares. The group filed a Schedule 13D on August 14, 2012 disclosing beneficial ownership of 16.7% of Aetrium’s common stock. In that filing, Eberwein disclosed a 6.64% ownership interest, while Gillman and Boston Avenue filed as group members but owned no shares. Subsequently, the group filed five amended Schedules 13D from August 30, 2012 through October 9, 2012. The group intensified its efforts by filing a preliminary proxy statement on October 23, 2012, which contained additional information. However, neither the original Schedule 13D nor the five amendments fully disclosed the group’s plans for Aetrium.

29. In numerous emails, Eberwein repeatedly stated that the group’s plan for Aetrium was to sell off its existing line of business (*i.e.*, semiconductor test-equipment) and use Aetrium as a shell for acquisitions, which would provide the opportunity to use the issuer’s accumulated tax losses as an offset against income generated by a more profitable business. For example, in a July 11, 2012 email, Eberwein asked Gillman to “think about [the] optimal board slate ... considering our likely path forward (convert this into an acq shell).” However, the group’s Schedule 13D and amendments failed to make any meaningful disclosure of this plan. Instead, each of these filings provided an identical, standardized paragraph that included a statement only that the group “may discuss ideas [with one or more stockholders, officers, or directors of Aetrium] that, if effected may result in ... an extraordinary corporate transaction involving [Aetrium] and/or other changes

in the board of directors of [Aetrium], its operations or its corporate structure.” Eberwein, as group spokesperson, highlighted the group’s inadequate approach to its disclosure obligations in a September 2012 newspaper interview: “We have many, many ideas for how to create value for [Aetrium] shareholders.... We’re just not going to show all of our cards at this time.” On October 1, 2012, Eberwein emailed two business contacts: “We just launched on ATRM US ... it is a very small company, but if we sell the assets we will have cash, NOLs [i.e., net operating (tax) losses], and can then turn it into an acquisition vehicle.” (Ellipses in original.) The very next day, Eberwein’s group filed the fourth of its five Schedule 13D amendments that failed to disclose plans to sell Aetrium’s operating assets and convert it into an acquisition vehicle.

30. After engaging in an extended proxy fight with Aetrium’s existing board and management, Eberwein and several associates were appointed to Aetrium’s board in early 2013 and consolidated their control, with Eberwein ultimately taking over as board chairman. In fulfillment of the undisclosed plan, Aetrium subsequently sold off all of its semiconductor test-equipment businesses and acquired a modular-housing manufacturer, anticipating that the new business line’s profits would be shielded by Aetrium’s accumulated tax losses. Today, Eberwein and Lone Star beneficially own approximately 48 percent of the common stock of Aetrium, and Aetrium is principally engaged in the manufacture of modular-housing units.

31. As a member of a group with greater than five-percent beneficial ownership of Aetrium common stock, Eberwein was subject to the reporting requirements of Section 13(d) of the Exchange Act.

32. As a member of the aforementioned group, Eberwein failed to fully comply with Item 4 of Schedule 13D in the initial filing by omitting to provide adequate and accurate disclosure of the purpose of the group’s acquisition and holding of Aetrium securities. The required disclosure also did not appear in any of the aforementioned five subsequent amendments to the Schedule 13D. As a result, Eberwein violated Section 13(d)(1) of the Exchange Act and Rule 13d-1 thereunder.

NTS

33. During the first two weeks of September 2012, Eberwein negotiated a shareholder group agreement with a 5.5% shareholder of NTS on behalf of himself and several associates, including Gillman and Boston Avenue, yet the group failed to file its required Schedule 13D until late October 2012. As of September 14, 2012, Eberwein and the 5.5% shareholder had agreed to act as a group “for the purpose of taking such actions as ... deem[ed] advisable in order to enhance the shareholder value of [NTS]” and finalized a written agreement to be signed by each of the group members. However, Eberwein and the 5.5% percent shareholder decided that the group members should wait an additional month before signing their written agreement and filing a Schedule 13D to “give our team more time to buy stock” and provide the issuer “much less time to do defensive measures to thwart us.” Eberwein used the intervening month to accumulate a 5.34% position in NTS common stock, although Gillman and Boston Avenue did not purchase shares or own shares. The group eventually filed a Schedule 13D on October 24, 2012—almost six weeks after an agreement had been reached—disclosing its beneficial ownership of 12.17% of NTS common stock and attaching as an exhibit a signed group agreement, dated October 16, 2012.

34. As a member of a group with greater than five-percent beneficial ownership of NTS common stock, Eberwein was subject to the reporting requirements of Section 13(d) of the Exchange Act.

35. As a member of the aforementioned group, Eberwein failed to timely file a Schedule 13D disclosing the identity of the group's members, its beneficial ownership, and the purpose of its acquisition. As a result, Eberwein violated Section 13(d)(1) of the Exchange Act and Rule 13d-1 thereunder.

36. As a member of a group with greater than ten-percent beneficial ownership of NTS common stock, Eberwein also was subject to the reporting requirements of Section 16(a) of the Exchange Act.

37. As a member of the aforementioned group, Eberwein failed to timely file an initial statement of beneficial ownership on Form 3 and changes in beneficial ownership on Forms 4. As a result, Eberwein violated Section 16(a) of the Exchange Act and Rules 16a-2 and 16a-3 thereunder.

Analysts International

38. Certain Heartland clients had a longstanding position in Analysts International stock. On December 10, 2012, Heartland filed a Schedule 13D disclosing a 9.4% beneficial ownership of Analysts International common stock and stating that it had sent a shareholder proposal to Analysts International for inclusion in the issuer's next proxy statement. After Analysts International refused to include Heartland's proposal in its proxy statement, Heartland began working with Gillman, Boston Avenue, and Eberwein, but the group's existence was never disclosed by Heartland or the others. On May 20, 2013, Heartland filed an amended Schedule 13D, stating that the issuer should immediately add three new board members and that Heartland had identified three qualified candidates. Although unstated, Heartland's three candidates were: (1) Gillman, (2) an associate of Gillman and Eberwein's, and, (3) tentatively, Eberwein. Heartland had begun discussing group activism involving Analysts International with Gillman in April 2013, including replacement of the entire board, and continued the discussions during the following months. Gillman brought Eberwein as well as their mutual associate into the discussions and, in June 2013, Gillman signed a nondisclosure agreement with Heartland. Gillman, Boston Avenue, and Eberwein, acting as a group with Heartland, acquired shares of Analysts International common stock, from April 30, 2013 to August 21, 2013, accumulating a 4.35% position. In total, by August 21, 2013, the group as a whole had beneficial ownership of 13.75% of Analysts International common stock.

39. As members of a group with greater than five-percent beneficial ownership of Analysts International common stock, Heartland, Eberwein, Gillman, and Boston Avenue were subject to the reporting requirements of Section 13(d) of the Exchange Act.

40. As a member of the aforementioned group, Heartland failed to timely amend its Schedule 13D, on or before May 2013, to disclose the group's formation and collective beneficial

ownership of Analysts International common stock. Eberwein, Gillman, and Boston Avenue failed to timely file a Schedule 13D disclosing their group beneficial ownership of Analysts International common stock. As a result, Heartland violated Section 13(d)(2) of the Exchange Act and Rule 13d-2(a) thereunder, and Eberwein, Gillman, and Boston Avenue violated Section 13(d)(1) of the Exchange Act and Rule 13d-1 thereunder.

41. As members of a group with greater than ten-percent beneficial ownership of Analysts International common stock, Heartland, Eberwein, Gillman, and Boston Avenue were subject to the reporting requirements of Section 16(a) of the Exchange Act.

42. As members of the aforementioned group, Heartland, Eberwein, Gillman, and Boston Avenue failed to timely file initial statements of beneficial ownership on Form 3, and Eberwein, Gillman, and Boston Avenue failed to timely file changes in beneficial ownership on Forms 4. As a result, Heartland, Eberwein, Gillman, and Boston Avenue violated Section 16(a) of the Exchange Act and Rules 16a-2 and 16a-3 thereunder.

Hudson

43. Certain Heartland clients had a longstanding position in Hudson stock. In May 2013, Heartland began discussing potential group activism against Hudson with Gillman, including changes to the board of directors, and continued these discussions from time to time over the following months. During this time, Heartland introduced Gillman to Hudson's board as a potential director appointee, and Gillman, independently of Heartland, periodically updated Eberwein on the status of his and Heartland's discussions and activities involving Hudson. Gillman, Eberwein, and Lone Star did not own shares of Hudson common stock during summer 2013. Eberwein, however, began evaluating a position in Hudson shares for Lone Star, which would open to outside investors on October 1, 2013. In furtherance thereof, Eberwein met with a large Hudson shareholder in September 2013 and then met with Hudson's management the following month. Eberwein updated Gillman on these meetings and, in October 2013, began purchasing shares of Hudson common stock for Lone Star. Gillman also shared his proprietary Hudson research with Eberwein on an ongoing basis.

44. In November 2013, Heartland and Gillman began negotiating a written shareholder-group agreement, and Gillman kept Eberwein updated on the negotiations. Gillman subsequently purchased approximately 0.7% of Hudson Global's common stock. Heartland, Gillman, and several of Gillman's associates ("Heartland-Gillman Group") filed a Schedule 13D on December 2, 2013 disclosing their agreement to encourage Hudson to change its corporate governance, as well as their total beneficial ownership of approximately 14.6% of Hudson's common stock. During December 2013, Gillman and Eberwein shared research on Hudson, and they regularly discussed targets for their joint activism and launched a proxy campaign together against another issuer. By late December 2013, the Heartland-Gillman Group had essentially ceased activities, and Eberwein began preparing to initiate a Hudson proxy fight. Eberwein, Lone Star, and two of Eberwein's associates known also to Gillman ("Eberwein Group") filed a group Schedule 13D on January 21, 2014 nominating Eberwein and one of the associates as candidates for election as Hudson directors. Gillman had worked previously with Eberwein and the other director candidate on the Aetrium and NTS efforts discussed above. The Eberwein Group's Schedule 13D disclosed

a collective beneficial ownership of approximately 6.8% of Hudson's common stock. In an amended Schedule 13D filed on May 19, 2014, the Eberwein Group disclosed additional information and a revised beneficial ownership of approximately 7.4%. Neither the initial Schedule 13D nor the amendment named Gillman as a group member.

45. Although not named in the group's ownership filings, Gillman acted as a member of the Eberwein Group. Gillman shared his proprietary research with Eberwein, strategized with Eberwein, encouraged a mutual associate to provide a key reference for Eberwein in support of Eberwein's initial efforts to be appointed voluntarily to Hudson's board, and prepared and provided draft proxy-solicitation materials to Eberwein and Eberwein's running mate in an effort to assist their campaign. Gillman also acquired additional shares of Hudson common stock, increasing his beneficial ownership to approximately 0.94%, and voted his shares for Eberwein and his running mate in advance of Hudson's May 2014 annual shareholder meeting.

46. As members of a group with greater than five-percent beneficial ownership of Hudson Global common stock, Eberwein, Lone Star, and Gillman were subject to the reporting requirements of Section 13(d) of the Exchange Act.

47. As a member of the aforementioned group, Gillman failed to timely amend his Schedule 13D, by January 21, 2014, to disclose the group's formation and collective beneficial ownership of Hudson Global common stock. Eberwein and Lone Star failed to timely file a Schedule 13D, by January 21, 2014, completely disclosing the group's membership and collective beneficial ownership of Hudson Global common stock. As a result, Gillman violated Section 13(d)(2) of the Exchange Act and Rule 13d-2(a) thereunder, and Eberwein and Lone Star violated Section 13(d)(1) of the Exchange Act and Rule 13d-1 thereunder.

Violations

48. As a result of the conduct described in paragraphs 23 through 47, above, Eberwein, Lone Star, Gillman, Boston Avenue, and Heartland violated Section 13(d)(1) of the Exchange Act and Rule 13d-1 thereunder; Eberwein, Lone Star, Gillman, and Heartland violated Section 13(d)(2) of the Exchange Act and Rule 13d-2(a) thereunder; and Eberwein, Gillman, Boston Avenue, and Heartland violated Section 16(a) of the Exchange Act and Rules 16a-2 and 16a-3 thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondents Eberwein, Lone Star, Gillman, Boston Avenue, and Heartland cease and desist from committing or causing any violations and any future violations of Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 promulgated thereunder.

B. Pursuant to Section 21C of the Exchange Act, Respondents Eberwein, Gillman, Boston Avenue, and Heartland cease and desist from committing or causing any violations and any future violations of Section 16(a) of the Exchange Act and Rules 16a-2 and 16a-3 promulgated thereunder.

C. Respondent Eberwein shall pay a civil money penalty in the amount of \$90,000 to the Securities and Exchange Commission, for transmission to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following four installments: (1) \$22,000 within 14 days of entry of this order; (2) \$22,000 within 180 days of entry of this order; (3) \$22,000 within 270 days of entry of this order; and (4) \$24,000 within 360 days of entry of this order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of the civil money penalty, plus any additional interest accrued pursuant 31 U.S.C. §3717, shall be due and payable immediately, without further application.

D. Respondent Lone Star shall pay a civil money penalty in the amount of \$120,000 to the Securities and Exchange Commission, for transmission to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following four installments: (1) \$30,000 within 14 days of entry of this order; (2) \$30,000 within 180 days of entry of this order; (3) \$30,000 within 270 days of entry of this order; and (4) \$30,000 within 360 days of entry of this order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of the civil money penalty, plus any additional interest accrued pursuant 31 U.S.C. §3717, shall be due and payable immediately, without further application.

E. Respondent Gillman shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$30,000 to the Securities and Exchange Commission, for transmission to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

F. Respondent Heartland shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$180,000 to the Securities and Exchange Commission, for transmission to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

G. Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents 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) Respondents 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 the above-named Respondent 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 Gerald Hodgkins, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

H. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents Eberwein, Lone Star, Gillman, and Heartland agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents Eberwein, Lone Star, Gillman, and Heartland agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

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 Respondents Eberwein and Gillman, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents Eberwein and Gillman 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 them 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