

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

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In the Matter of : INITIAL DECISION MAKING FINDINGS  
: AND IMPOSING SANCTION BY DEFAULT  
ERICK LASZLO MATHE : August 25, 2015

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APPEARANCES: Patrick R. Costello for the Division of Enforcement,  
Securities and Exchange Commission

BEFORE: Carol Fox Foelak, Administrative Law Judge

**SUMMARY**

This Initial Decision bars Erick Laszlo Mathe (Mathe), from the securities industry. He was previously enjoined against violating the antifraud and registration provisions of the federal securities laws.

**I. BACKGROUND**

The Securities and Exchange Commission (Commission) instituted this proceeding with an Order Instituting Proceedings (OIP) on May 20, 2015, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The proceeding is a follow-on proceeding based on *SEC v. Mathe*, No. 1:14-cv-23573 (S.D. Fla.) (*SEC v. Mathe*), in which Mathe was enjoined against violations of the antifraud and registration provisions of the federal securities laws. Mathe was served with the OIP by personal service on July 16, 2015. *See* 17 C.F.R. § 201.141(a)(2)(i). To date, Mathe has failed to file an Answer to the OIP, due within twenty days of service. *See* OIP at 3; 17 C.F.R. § 201.220(b). Accordingly, he has failed to answer or otherwise to defend the proceeding within the meaning of 17 C.F.R. § 201.155(a)(2). Therefore, Mathe is in default, and the undersigned finds that the allegations in the OIP are true.<sup>1</sup> *See* OIP at 3; 17 C.F.R. §§ 201.155(a), .220(f).

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<sup>1</sup> Mathe was warned that if he failed to file an Answer within the time provided, he would be deemed to be in default, and the undersigned would enter an order barring him from the securities industry. *Erick Laszlo Mathe*, Admin. Proc. Rulings Release No. 2812, 2015 SEC LEXIS 2389 (A.L.J. June 15, 2015).

## II. FINDINGS OF FACT

Mathe is permanently enjoined against violating Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 and of Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5 thereunder. *SEC v. Mathe*, (Jan. 8, 2015) ECF No. 32.<sup>2</sup> The court also imposed a penny stock bar and an officer and director bar on Mathe and ordered him to pay disgorgement and a civil penalty in amounts to be determined after the conclusion of the parallel criminal proceeding, *United States v. Mathe*, No. 2:14-cr-528 (E.D. Pa.). *Id.*

Mathe, forty-three, resides in Islamorada, Florida. From August 2007 through February 2010, he was the chief executive officer and largest shareholder of Vision Broadcast Network, Inc. (VBN), a purported early-stage, operational start-up television network and production company. During that time, Mathe actively solicited investments in VBN and raised approximately \$5.7 million from at least 100 investors nationwide through the unregistered sale of VBN's common stock and convertible debentures. He targeted a wide range of individuals such as neighbors, friends, doctors he met at medical conferences, and others to whom existing investors referred him. The solicitation took place over the telephone, by mail, and in person, including at medical conferences where some investors traveled to meet Mathe. He also provided investors various VBN offering documents; praised the merits of investing in VBN, including valuations of the company and its business operations; and paid himself undisclosed commissions on the funds he raised. Mathe has never been registered with the Commission or associated with a registered broker-dealer.

In the conduct underlying *SEC v. Mathe*, from August 2007 through February 2010, in connection with the unregistered offer, purchase, and sale of securities in VBN, Mathe misrepresented nearly all aspects of the company's purported assets and operations. Specifically, he made material misstatements and omissions to investors about, among other things, VBN's ownership and operation of low-power television stations and ownership of broadcast licenses to operate additional low-power television stations estimated to be worth hundreds of millions of dollars. Mathe also misrepresented VBN's revenues, the use of investor proceeds, the payment of commissions, and commitments from institutional investors. Additionally, he engaged in fraud involving improper payments by VBN to related companies in which he had an ownership interest. Over a two-year period, VBN paid these companies hundreds of thousands of dollars in fees for purported professional and consulting services they did not provide to VBN. VBN also paid Mathe's personal expenses unrelated to the company's business.

## III. CONCLUSIONS OF LAW

Mathe has been permanently enjoined "from engaging in or continuing any conduct or practice in connection with any such activity" as a broker or dealer "or in connection with the

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<sup>2</sup> Official notice, pursuant to 17 C.F.R. § 201.323, is taken of the docket report and the court's orders in *SEC v. Mathe* and in the parallel criminal proceeding, *United States v. Mathe*, No. 2:14-cr-528 (E.D. Pa.).

purchase or sale of any security” within the meaning of Sections 15(b)(4)(C) and 15(b)(6) of the Exchange Act. Although he was not a registrant or associated with a registrant, the Commission has authority to bar persons from the securities industry based on their association with, or conduct as, unregistered brokers. See *Tzemach David Netzer Korem*, Exchange Act Release No. 70044, 2013 SEC LEXIS 2155, at \*32 (July 26, 2013) (“It is well established that we are authorized to sanction an associated person of an unregistered broker-dealer or investment adviser in a follow-on administrative proceeding.”); *Vladislav Steven Zubkis*, Exchange Act Release No. 52876, 2005 SEC LEXIS 3125, at \*9 & n.16 (Dec. 2, 2005) (unregistered associated person of an unregistered broker-dealer barred from association with a broker or dealer), *recons. denied*, Exchange Act Release No. 53651, 2006 SEC LEXIS 861 (Apr. 13, 2006). “Broker” is defined in Section 3(a)(4) of the Exchange Act as “any person engaged in the business of effecting transactions in securities for the account of others.” “[T]ransaction-based compensation” is “one of the hallmarks of being a broker-dealer.” *SEC v. Kramer*, 778 F. Supp. 2d 1320, 1334 (M.D. Fla. 2011) (quoting *Cornhusker Energy Lexington, LLC v. Prospect St. Ventures*, No. 8:04-cv-586, 2006 WL 2620985, at \*6 (D. Neb. Sept. 12, 2006)). Mathe acted as a broker in that he effected transactions in VBN securities and received commissions based on the funds he raised.

#### IV. SANCTION

Mathe will be barred from the securities industry.<sup>3</sup> This sanction will serve the public interest and the protection of investors, pursuant to Section 15(b) of the Exchange Act, and accords 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). As described in the Findings of Fact, Mathe’s unlawful conduct was recurring over a period of years, egregious, and involved a high degree of scienter. His dishonest misconduct resulted in unlawful gains of millions of dollars raised from at least 100 investors by means of misrepresentations. Because of the Commission’s obligation to ensure honest securities markets, an industry-wide bar is appropriate.

#### V. ORDER

IT IS ORDERED that, pursuant to Sections 15(b) of the Securities Exchange Act of 1934 ERICK LASZLO MATHE IS BARRED from associating with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent and from participating in an offering of penny stock.<sup>4</sup>

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<sup>3</sup> The sanction will not include a bar from association with a municipal advisor or nationally recognized statistical rating organization in light of *Koch v. SEC*, \_\_\_ F.3d \_\_\_, 2015 WL 4216988, at \*10 (D.C. Cir. 2015), and the date of Mathe’s violative conduct.

<sup>4</sup> 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, pursuant to Exchange Act Section 15(b)(6)(A), (C). The penny stock bar already in effect for Mathe does not preclude imposition of a penny stock bar in this proceeding. See *Hunter Adams*, Exchange Act Release No. 51117, 2005 SEC LEXIS 225, at \*4 n.6 (Feb. 1, 2005).

This Initial Decision shall become effective in accordance with and subject to the provisions of Rule 360 of the Commission's Rules of Practice, 17 C.F.R. § 201.360. Pursuant to that Rule, a party may file a petition for review of this Initial Decision within twenty-one days after service of the Initial Decision. A party may also file a motion to correct a manifest error of fact within ten days of the Initial Decision, pursuant to Rule 111 of the Commission's Rules of Practice, 17 C.F.R. § 201.111. If a motion to correct a manifest error of fact is filed by a party, then a party shall have twenty-one days to file a petition for review from the date of the undersigned's order resolving such motion to correct a manifest error of fact. The Initial Decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a petition for review or a motion to correct a manifest error of fact or the Commission determines on its own initiative to review the Initial Decision as to a party. If any of these events occur, the Initial Decision shall not become final as to that party.<sup>5</sup>

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Carol Fox Foelak  
Administrative Law Judge

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<sup>5</sup> A respondent may also file a motion to set aside a default pursuant to 17 C.F.R. § 201.155(b). See *David Mura*, Exchange Act Release No. 72080, 2014 SEC LEXIS 1530 (May 2, 2014); *Alchemy Ventures, Inc.*, Exchange Act Release No. 70708, 2013 SEC LEXIS 3459, at \*13 & n.28 (Oct. 17, 2013).