UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
July 25, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-13099

In the Matter of **NEWBRIDGE SECURITIES CORP., GUY S. AMICO, SCOTT H. GOLDSTEIN, ERIC M. VALLEJO, and DANIEL M. KANTROWITZ,** **Respondents.**	**ORDER INSTITUTING PUBLIC 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 Newbridge Securities Corp. ("Newbridge"), Guy S. Amico ("Amico"), Scott H. Goldstein ("Goldstein"), Eric M. Vallejo ("Vallejo"), and Daniel M. Kantrowitz ("Kantrowitz"), collectively ("Respondents").

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENTS

1. Newbridge, a Fort Lauderdale, Florida broker-dealer, has been registered with the Commission since 2000 and is a member of the Financial Industry Regulatory Authority ("FINRA"). Over the course of the past five years, FINRA has brought numerous actions against Newbridge for failing to comply with various broker-dealer regulations.

2. Amico, 45, resides in Wellington, Florida. Amico is an owner of Newbridge.

3. Goldstein, 42, resides in Delray Beach, Florida. Goldstein is an owner of Newbridge. Goldstein has been disciplined by FINRA for supervisory failures at Newbridge.

4. Vallejo, 44, resides in Hollywood, Florida. Vallejo is Newbridge's head trader. Vallejo has been disciplined by FINRA for supervisory failures at Newbridge.

5. Kantrowitz, 45, resides in Boca Raton, Florida. Kantrowitz is a registered representative at Newbridge. In 1996, FINRA censured and fined Kantrowitz $10,000, suspended Kantrowitz from associating with any member for 120 days in any capacity and required him to pay $3,625 in restitution to NAIB Trading Corporation because he arranged a fictitious, profitable trade on behalf of a customer as a reward for the customer's business in violation of the FINRA Rules of Fair Practice. (FINRA Case Number CMS950084 filed July 24, 1995.) Kantrowitz participated in offerings of Concorde America, Inc. and Roanoke Technology Corp. stock, which were penny stocks.

B. OTHER RELEVANT ENTITIES AND INDIVIDUALS

6. Concorde America, Inc. ("Concorde") is a Nevada corporation with its principal place of business in Boca Raton, Florida. Concorde's securities, which are quoted on the Pink Sheets, are not registered with the Commission. On February 14, 2005, the Commission filed a civil injunctive action against Concorde and others based on their violations of the antifraud provisions of the federal securities laws for their participation in a fraudulent manipulation of Concorde shares. SEC v. Concorde America, Inc., Absolute Health and Fitness, Inc., et al., Case No. 05-80128-CIV-ZLOCH (S.D. Fla.). Concorde consented to all non-monetary relief sought in the complaint and the court entered a final judgment of permanent injunction on February 9, 2007.

7. Donald Oehmke ("Oehmke"), 58, resides in Kalamazoo, Michigan. Oehmke, a former registered representative, was permanently barred from association with any FINRA member in 1991. Oehmke controlled a shell company, which later became Concorde, and executed numerous fraudulent securities transactions in Concorde through Newbridge and another broker-dealer registered with the Commission ("other broker-dealer"). The Commission named Oehmke as a defendant in the Concorde action based on his violation of the antifraud provisions of the federal securities laws, for his participation in the fraudulent manipulation of Concorde shares. On November 28, 2006, the court entered a final judgment against Oehmke enjoining him from future violations of the antifraud provisions of the federal securities laws and imposing a penny stock bar, an unregistered offering bar, disgorgement in the amount of $1,095,177, prejudgment interest of $109,307, and a civil penalty of $250,000.

8. Roanoke Technology Corp. ("Roanoke") is a Florida corporation headquartered in Rocky Mount, North Carolina. Roanoke's common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act. On January 15, 2008, the Commission revoked Roanoke's registration for its repeated failure to file required periodic reports. The stock was quoted on the Over-The-Counter Bulletin Board, then quoted on the Pink Sheets. Prior to the Commission revoking Roanoke's registration, the Commission filed a civil injunctive action on December 21, 2005 against Roanoke and others for their participation in a

fraudulent S-8 scheme, and charged Roanoke with antifraud, registration, and reporting violations of the federal securities laws. SEC v. Roanoke Technology Corp. et al., Case No. 6:05-CV-1880-ORL-3-KRS (M.D. Fla.). Roanoke consented to all non-monetary relief sought in the complaint and the court entered a final judgment of permanent injunction on September 27, 2006.

9. Thomas L. Bojadzijev ("Bojadzijev"), 29, resides in Orlando, Florida, and is purportedly a self-employed consultant. Bojadzijev participated in a sham S-8 scheme with Roanoke, and executed numerous fraudulent securities transactions in Roanoke through Newbridge. The Commission named Bojadzijev as a defendant in the Roanoke civil injunctive action based on his violations of the antifraud, registration, and reporting provisions of the federal securities laws for participating in the fraudulent S-8 scheme. On January 3, 2007, the court entered a judgment against Bojadzijev enjoining him from future violations of the antifraud, registration, and reporting provisions of the federal securities laws, and imposing a penny stock bar. On August 31, 2007, the court entered a final judgment against Bojadzijev ordering him to pay disgorgement in the amount of $2,681,866, prejudgment interest of $291,565 and a civil penalty in the amount of $120,000.

C. OVERVIEW

10. This proceeding arises out of four primary events: (1) Kantrowitz's manipulation of Concorde shares; (2) the unregistered distribution and Kantrowitz's manipulation of Roanoke shares; (3) Newbridge, Amico, Goldstein, and Vallejo's failure reasonably to supervise Kantrowitz in connection with his activities in Concorde and Roanoke; and (4) Newbridge's violative activities concerning two initial public offerings ("IPOs").

11. In 2003 and 2004, Kantrowitz engaged in the manipulation of Concorde and Roanoke shares on behalf of Oehmke and Bojadzijev, respectively. Kantrowitz used Newbridge's market making capacity to manipulate the securities.

12. In October 2002 and December 2003, Newbridge was advised by the Commission's examination staff of supervisory failures at Newbridge's trading desk and the possibility that Kantrowitz's business was facilitating unregistered offerings and engaging in other manipulative conduct. Despite these warnings, Newbridge failed to develop and implement policies, procedures, and systems reasonably designed to prevent and detect Kantrowitz's manipulation of Concorde securities and his manipulation and unregistered distribution of Roanoke securities.

13. At all relevant times, Amico and Goldstein were Newbridge's president and chief executive officer, respectively, and retained responsibility for developing reasonable firm supervisory procedures and retained supervisory authority over Kantrowitz. Amico and Goldstein delegated the day to day supervision of Kantrowitz to subordinates, however, they were on notice that this delegation was ineffective. Vallejo, the firm's head trader, directly supervised Kantrowitz . Amico, Goldstein, and Vallejo all failed reasonably to supervise Kantrowitz.

14. Newbridge also violated the federal securities laws in connection with two initial public offerings when its registered representatives sent detailed emails concerning the offerings to customers during the "waiting period," the period after a registration statement is filed with the Commission but before the Commission declares it effective.

D. MANIPULATION OF CONCORDE

15. From June through October 2004, Kantrowitz engaged in a manipulation scheme involving the securities of Concorde that enabled Oehmke to reap more than $5.8 million in sales proceeds by liquidating more than 1.5 million Concorde shares.

16. In June 2004, Oehmke obtained ten million shares of Concorde, which constituted almost all of Concorde's publicly tradable shares. Oehmke subsequently distributed the shares to a number of offshore nominee entities that maintained brokerage accounts at Newbridge and the other broker-dealer, who also made a market in Concorde.

17. Beginning on June 30, 2004, Oehmke directed Newbridge and the other broker-dealer's market making activities to increase Concorde's share price. At Oehmke's direction, Kantrowitz and the other broker-dealer placed increasing bids on Concorde stock, even though no Concorde shares were traded and no news items were disseminated. From June 30 to July 27, 2004, Kantrowitz manipulated Concorde's share price upward from $0.01 to $3.00.

18. Despite raising the bid price for Concorde shares on an almost daily basis, Kantrowitz was aware that Oehmke had no interest in buying Concorde shares. Oehmke had communicated to Kantrowitz that Oehmke intended to liquidate the large number of Concorde shares he deposited with the firm through an account he maintained at Newbridge as well as, in a representative capacity, through an account maintained by one of the offshore nominee entities.

19. After raising the price of Concorde shares under Oehmke's direction through increasing fictitious bids, Kantrowitz took part in a scheme to dispose of the shares without drawing attention to Oehmke's control over the supply of Concorde shares. Beginning in July 2004, Oehmke directed Kantrowitz and the other broker-dealer to sell his Concorde shares, which he had deposited at each firm.

20. Kantrowitz followed another Oehmke tactic designed to artificially stimulate market activity in Concorde shares. To further create the appearance of an active and competitive market, Oehmke directed wash trades between accounts he controlled and directed Newbridge and the other broker-dealer to post quotes to buy the stock. Kantrowitz followed Oehmke's instructions.

21. Additionally, Kantrowitz complied with Oehmke's instruction to stay "close" to and shadow the bids posted by the other broker-dealer in Concorde stock, by either posting the same or incrementally higher quotes, despite subsequent regulatory inquiries Newbridge received from the staff of the Division of Enforcement and FINRA with regard to

Oehmke's trading activities in Concorde shares, and an August 11, 2004 Concorde disclaimer press release that caused the stock price to drop more than 80%.

22. In August 2004, Oehmke started another campaign to raise Concorde's share price. Oehmke directed Kantrowitz and the other broker-dealer to make a series of incrementally higher bid quotes. By utilizing two market makers, Oehmke was able to cause Kantrowitz and the other broker-dealer to create the appearance of buyers at each firm engaging in a bidding war for the stock. Kantrowitz complied with Oehmke's instruction to incrementally increase Newbridge's bids in accordance to bids posted by the other broker-dealer. As a result, Kantrowitz and the other broker-dealer rapidly manipulated Concorde's share price upward on August 13, 2004 from $1.75 to $5.45 over a period of an hour and twenty minutes, creating another rise in Concorde's share price that enabled Oehmke to liquidate additional Concorde shares at a substantial profit.

23. Kantrowitz knew that Oehmke had no bona fide interest in buying Concorde shares. Through a series of instant-messages, Oehmke conveyed to Kantrowitz his manipulative intent. One example is Oehmke directing Kantrowitz to stay "close" to and shadow the bids posted by the other broker-dealer in Kantrowitz's quoting activities.

24. Based upon the foregoing, Kantrowitz knew or was reckless in not knowing that he was fraudulently manipulating the market in Concorde shares, in furtherance of Oehmke's manipulative scheme. Kantrowitz knew Oehmke wanted to liquidate a large number of Concorde shares and that Oehmke had no interest in buying any Concorde stock. Further, Kantrowitz knew that Oehmke was liquidating Concorde shares through the other broker-dealer, and was manipulating the market by having Kantrowitz shadow the other broker-dealer's bids and enter into trades with the other broker-dealer.

E. UNREGISTERED DISTRIBUTION OF ROANOKE

25. From November through December 2003, Bojadzijev received 300 million shares of Roanoke, totaling nearly half of Roanoke's outstanding shares. Bojadzijev posed as a consultant to the company and obtained these shares through a sham S-8 scheme. Bojadzijev deposited his Roanoke holdings with Newbridge for liquidation, in blocks of 50 million shares.

26. Newbridge maintained an internal stock certificate deposit form that registered representatives were required to complete prior to liquidating any stock that a customer deposited in his account. A registered representative was required to complete a form for each deposit of securities. According to Newbridge's policies and procedures, no trades could be effected and no sales proceeds distributed until the form was completed.

27. Kantrowitz failed to inquire adequately as to the source of Bojadzijev's Roanoke shares. Kantrowitz asked Bojadzijev for the minimal information necessary to complete Newbridge's internal stock certificate deposit forms while ignoring Bojadzijev's suspect and contradictory information regarding the source of his Roanoke shares.

28. When Kantrowitz belatedly completed Newbridge's internal stock certificate form for the blocks of Roanoke shares Bojadzijev initially deposited with the firm, Kantrowitz falsely represented on the internal stock certificate form that Bojadzijev received such shares through a private transaction. In contrast, Roanoke's public filing showed that Roanoke had issued Bojadzijev shares through a Form S-8.

29. After Kantrowitz already began liquidating Bojadzijev's Roanoke shares, Kantrowitz asked Bojadzijev to obtain a letter from Roanoke confirming that his shares would not be cancelled. On November 28, 2003, Bojadzijev faxed Kantrowitz a letter written by Roanoke's former president to Bojadzijev which noted: "As we discussed, the 300 million shares registered on 11-21-2003 will not be cancelled under any circumstances. They will be issued to you in lots of 50 million, which keeps you under the 10% rule." Kantrowitz never questioned Roanoke's confirming letter outlining the highly suspect manner in which the company was issuing the shares to Bojadzijev.

30. Kantrowitz repeatedly liquidated Bojadzijev's shares and wired the sales proceeds despite the following: (1) Bojadzijev repeatedly pressured Kantrowitz to process his wire requests faster; (2) Bojadzijev informed Kantrowitz that his ability to deposit additional blocks of Roanoke shares depended on how quickly Newbridge wired out the proceeds of his sales; (3) Bojadzijev informed Kantrowitz that he forwarded his Roanoke sales proceeds to a third party, a practice inconsistent with his claims that the shares were compensation for consulting services; and (4) Kantrowitz failed to complete the forms for each block of Bojadzijev's Roanoke shares until after he liquidated each block.

F. MANIPULATION OF ROANOKE

31. In order to liquidate his S-8 shares into the market, Bojadzijev instructed Kantrowitz to post increasing bids for Roanoke to artificially buoy the stock price. Kantrowitz complied and regularly quoted bids that were greater than or equal to the highest prevailing bids posted by other market makers.

32. Kantrowitz knew that Bojadzijev had no interest in buying Roanoke shares. Bojadzijev had communicated to Kantrowitz that Bojadzijev intended to liquidate the large number of Roanoke shares he owned.

33. As a means of determining the highest price at which he could start liquidating his Roanoke shares, Bojadzijev instructed Kantrowitz to "test" the market and post an ask quote in Roanoke. Kantrowitz complied before Bojadzijev had yet to deposit any shares of Roanoke with Newbridge to sell.

34. Kantrowitz proceeded with other Bojadzijev tactics designed to artificially stimulate market activity in Roanoke shares. At one point, Bojadzijev's efforts to manipulate Roanoke's bid price upward was temporarily impeded when Kantrowitz's bid price came close to equaling the inside ask price being posted by another market maker. Bojadzijev instructed Kantrowitz to purchase the shares offered by the market maker on the inside ask, effectively

removing those shares from the inside ask. Kantrowitz knew that Bojadzijev was attempting to increase the inside ask so that he could continue directing Kantrowitz to increase Roanoke's bid price.

35. Kantrowitz also knew that Bojadzijev was privy to information regarding when Roanoke planned to issue press releases. Bojadzijev repeatedly told Kantrowitz when the company expected to issue news and even confirmed when the company actually issued press releases. Kantrowitz followed Bojadzijev's instructions to post increasing bids in Roanoke stock, which enabled Bojadzijev to time his sales of Roanoke shares with the issuance of Roanoke press releases.

36. Through a series of instant-messages, Bojadzijev conveyed to Kantrowitz his manipulative intent. For example, Bojadzijev told Kantrowitz, "I want to make 150k profit next batch trying to move this up." Nonetheless, Kantrowitz repeatedly complied with Bojadzijev's instructions.

37. From November through December 2003, Kantrowitz enabled Bojadzijev to raise over $1.1 million in sales proceeds through the manipulation of Roanoke shares.

38. Based upon the foregoing, Kantrowitz knew or was reckless in not knowing that he was fraudulently manipulating the market in Roanoke shares in furtherance of Bojadzijev's manipulative scheme. Kantrowitz knew Bojadzijev wanted to liquidate a large number of Roanoke shares and that Bojadzijev had no interest in buying any Roanoke stock. Further, Kantrowitz knew that Bojadzijev was providing him with instructions to manipulate Roanoke's share price rather than for the purpose of effecting legitimate trades.

G. NEWBRIDGE, AMICO, GOLDSTEIN, AND VALLEJO FAILED REASONABLY TO SUPERVISE KANTROWITZ

39. Newbridge, Amico, Goldstein, and Vallejo failed reasonably to supervise Kantrowitz with a view to preventing his violations of the federal securities laws.

40. Newbridge failed reasonably to supervise Kantrowitz because it failed to develop reasonable systems to implement its policies and procedures to prevent and detect Kantrowitz's stock manipulations. While Newbridge's compliance manual contained an explicit description of manipulative activities and policies prohibiting such practices, the firm had no systems to implement its policies and procedures to prevent and detect Kantrowitz's manipulative conduct. The firm delegated to Vallejo supervisory responsibility over the trading desk, tasking him with the responsibility for monitoring for manipulative activity. Newbridge, however, failed to provide Vallejo with any systems or guidance as to how he was expected to prevent and detect such conduct. Vallejo failed to monitor the trading desk for manipulation.

41. Newbridge also failed to develop reasonable policies and procedures to prevent and detect Kantrowitz's unregistered offerings. Newbridge created the internal stock certificate deposit form in an effort, in part, to address unregistered stock distributions. The process for completing the form was ineffective because it allowed registered representatives to

obtain the requisite information by simply asking their customers, who could and did make self-serving statements. Other than confirm with transfer agents that the relevant stocks were clear to sell, Newbridge did not verify the accuracy of the information provided on the form. Newbridge's former chief compliance officer claimed that documentation, such as consulting agreements and stock loan agreements, was "normally" required to be submitted with the internal stock certificate deposit form to evidence the source of a customer's shares. However, neither the compliance manual nor the deposit form memorialized this requirement, and it was not adhered to in practice.

42. Furthermore, Newbridge failed to develop reasonable systems to implement the firm's policies and procedures with respect to the review of customer correspondence with a view to preventing and detecting Kantrowitz's misconduct. As noted above, instant messages played a central role in the Roanoke manipulation and unregistered distribution. Although FINRA required all broker-dealers to review instant messages starting in July 2003, Newbridge did not implement a policy to review instant messages until July 2004.[1] While Newbridge's compliance manual required supervisors to review other forms of correspondence (such as letters and faxes), there is no evidence that anyone at the firm performed that task at the trading desk. This is significant because a large part of the trading desk's activities consisted of servicing retail customers. At the least, Newbridge may have prevented and detected Kantrowitz's unregistered distribution of Roanoke shares if it had developed reasonable systems to implement its policies and procedures concerning correspondence review. As noted in Section 29 above, on November 28, 2003, Bojadzijev faxed Kantrowitz a suspect letter noting that he would be receiving his Roanoke shares in certain blocks to avoid the reporting requirements. There is no evidence that anyone at Newbridge ever reviewed that letter.

43. During Kantrowitz's trading of Concorde and Roanoke securities, Amico and Goldstein failed reasonably to supervise Kantrowitz with a view to preventing Kantrowitz's violations of the federal securities laws. Amico and Goldstein were the firm's president and chief executive officer, respectively, with supervisory responsibility over Kantrowitz. In a February 28, 2001 letter to FINRA regarding membership continuance of the firm, Newbridge represented that Amico had "ultimate supervisory authority" with respect to the firm's operations and was designated the responsibilities of "Hiring and Supervision of Registered Representatives And Associated Persons." In the same letter, Newbridge represented that Goldstein had "ultimate supervisory authority with respect to sales and compliance, and will be the report for trading." Amico and Goldstein claim that after Newbridge submitted this letter to FINRA, they subsequently delegated their "ultimate supervisory authority" for Newbridge's supervisory and compliance policies and procedures to the chief compliance officer, and supervisory oversight over Kantrowitz to Vallejo and the trading compliance officer.

44. Although Amico and Goldstein claim that they delegated responsibility for developing the firm's supervisory and compliance policies and procedures to the chief compliance

[1] NASD Notice to Members, 03-33 (July 2003), requires members to establish an adequate supervisory program if they allow instant messaging and to ensure that their use of instant messaging complies with FINRA and SEC recordkeeping requirements.

officer, they retained ultimate responsibility for Newbridge's supervisory policies and procedures with respect to preventing and detecting Kantrowitz's manipulative conduct and violations of Section 5 of the Securities Act because they reviewed and approved them, as well as all updates and could authorize exceptions to the firm's policies and procedures. Further, Amico and Goldstein were on notice that any delegation to the chief compliance officer to develop procedures was unreasonable because Commission examiners informed them twice that the firm's procedures regarding manipulation and unregistered distributions were deficient. Thus, Amico and Goldstein were responsible for the firm's failure to develop policies, procedures, and systems reasonably designed to prevent and detect Kantrowitz's market manipulations and participation in the unregistered offering of Roanoke securities, as outlined above.

45. Further, although Amico and Goldstein claim that they delegated day to day supervisory responsibility over Kantrowitz to Vallejo and the trading compliance officer, they were on notice that this delegation was ineffective. Soon after Kantrowitz joined Newbridge, the firm was subject to regulatory examinations in 2002 and 2003 that focused on Newbridge's inadequate supervisory policies and procedures relating to the trading desk and, in particular, Vallejo's supervision.[2] A December 31, 2003 letter from Commission examiners to Amico noted deficiencies in Vallejo's supervision of Kantrowitz and his penny stock business. The letter also expressed concern that a Kantrowitz customer was engaged in "what appeared to be the offer and sale of *unregistered securities*." (Emphasis added.)

46. Goldstein was aware during the time that Kantrowitz made a market in Roanoke that Vallejo and the trading compliance officer were overwhelmed in carrying out their supervisory responsibilities. Goldstein also was aware that Vallejo, in particular, was either behind or deficient in his supervisory responsibilities over the trading desk. At the same time, Goldstein knew that Kantrowitz was failing to comply with the firm's policies and procedures concerning the deposit form and was continuously liquidating a large number of stocks for his customers.

47. The Commission deficiency letters concerning inadequate supervisory oversight over Newbridge's trading desk and Vallejo's failures to carry out his supervisory responsibilities should have signaled to Amico and Goldstein that their delegation of supervision over Kantrowitz to Vallejo was unreasonable because Vallejo did not have adequate resources or support. Because Amico and Goldstein were on notice that their delegation was ineffective, they retained supervisory responsibility over Kantrowitz and are thus responsible for failing to conduct reasonable day to day supervision of Kantrowitz.

48. Amico and Goldstein profited from Kantrowitz's fraudulent unregistered offering and market manipulations. The profit was in the form of trading profits and transaction fees they indirectly received as owners of the firm.

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[2] In addition to the Commission's exams discussed in the text that follows, FINRA conducted an examination in 2003 identifying numerous concerns about Newbridge's policies and procedures relating to the trading desk. FINRA noted that Newbridge "could not evidence that any type of review of customer account statements for the firm's traders was conducted."

49. Vallejo failed reasonably to supervise Kantrowitz with a view to preventing Kantrowitz's violation of the antifraud provisions of the federal securities laws. When Kantrowitz traded Concorde and Roanoke shares, Vallejo was Newbridge's head trader and was delegated supervisory responsibility over Kantrowitz. Vallejo failed reasonably to supervise Kantrowitz by failing to follow up on several red flags of suspicious conduct. For example, Vallejo was aware of unusual activities relating to Kantrowitz trading Concorde and Roanoke shares. Vallejo noticed a steep price increase in Concorde stock and had access to information showing Kantrowitz placing numerous successively higher bids in both Concorde and Roanoke, which was inconsistent with Vallejo's understanding of Kantrowitz's business – namely, a sell side practice of liquidating penny stocks. For both stocks, Kantrowitz's bids were higher or equal to the highest prevailing bids posted by other market makers the majority of the time. Vallejo failed to follow up on any of these red flags.

50. Vallejo profited from Kantrowitz's fraudulent market manipulations in the form of commissions that Vallejo received based on Kantrowitz's trading profits.

H. VIOLATIVE EMAILS SENT IN CONNECTION WITH INITIAL PUBLIC OFFERINGS

51. From June through July 2004, Newbridge violated the federal securities laws when its registered representatives sent communications to customers concerning two anticipated IPOs.

52. On April 30, 2004, Newbridge learned that Lumera Corp. ("Lumera") was planning an IPO, and took steps to attempt to participate as an underwriter. Lumera filed a registration statement with the Commission on May 19, 2004. During the waiting period, registered representatives are permitted to solicit indications of interest from customers for the offering, but are restricted in what information they can release to the public.

53. On June 28, 2004, approximately a month after Lumera filed its registration statement and during the waiting period, Newbridge held a due diligence meeting where the lead underwriter for Lumera's IPO distributed a sales memorandum marked "For Internal Use Only." Newbridge briefed its sales force and informed them that they were free to contact customers to solicit indications of interest.

54. On the following day, a registered representative in Newbridge's Fort Lauderdale, Florida branch sent an email to a prospective customer regarding the Lumera offering. The email provided a link to the preliminary prospectus, but also included prohibited details about the offering. For example, the registered representative inserted content from the internal sales memorandum and other information not contained in the preliminary prospectus. The email described Lumera as a nanotechnology company "addressing three primary multi-billion dollar markets." The email also noted that Lumera "will have revenue in 2004" and contained projections of revenue of "$12-18 million and profitability of 0.10 – 0.16 per share for 2005."

55. During the next two weeks, the registered representative on over twenty separate occasions sent various versions of the email to over sixty individuals, many of whom did not maintain accounts at Newbridge. The registered representative continued his practice of providing a hyperlink to Lumera's preliminary prospectus, but only to some of the email recipients. Other registered representatives at Newbridge also improperly solicited investors for Lumera's IPO. These emails concerning the Lumera IPO were prohibited written offers during the waiting period.

56. Around the same time period, Newbridge registered representatives also improperly solicited investors for SandHill IT Security Acquisition Corp.'s ("SandHill") IPO by sending emails that included information not contained in the preliminary prospectus during the waiting period. The emails sometimes contained a hyperlink to SandHill's preliminary prospectus, but often improperly included projections and other information not included in the preliminary prospectus.

I. VIOLATIONS

57. As a result of the conduct described above, Kantrowitz willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities. Among other things, Kantrowitz participated in a scheme with Newbridge customers Oehmke and Bojadzijev to manipulate Concorde and Roanoke stock, respectively.

58. As a result of the conduct described above, Newbridge and Kantrowitz willfully violated Sections 5(a) and 5(c) of the Securities Act by directly or indirectly, offering to sell and selling Roanoke shares through the use of any means or instrumentality of transportation, communication in interstate commerce, or of the mails when the Roanoke shares were not the subject of an effective registration statement.

59. As a result of the conduct described above, Newbridge, Amico, and Goldstein failed reasonably to supervise Kantrowitz, within the meaning of Section 15(b)(4)(E) as incorporated by reference in Section 15(b)(6) of the Exchange Act, with a view to detecting and preventing his violations of the registration and antifraud provisions of the federal securities laws.

60. As a result of the conduct described above, Vallejo failed reasonably to supervise Kantrowitz, within the meaning of Section 15(b)(4)(E), as incorporated by reference in Section 15(b)(6) of the Exchange Act, with a view to detecting and preventing his violations of the antifraud provisions of the federal securities laws.

61. As a result of the conduct described above, Newbridge willfully violated Section 5(b) of the Securities Act, which requires that a prospectus used after the filing of a registration statement meet the requirements of Section 10 of the Securities Act. Section 2(a)(10) of the Securities Act broadly defines "prospectus" to include any written communication that offers any security for sale. Emails are a form of written communication. As discussed above,

Newbridge willfully violated Section 5(b) of the Securities Act by sending emails to customers during the waiting periods for two IPOs that did not meet the requirements of Section 10 of the Securities Act.

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 with prejudgment interest 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, Newbridge should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 5(a), 5(b), and 5(c) of the Securities Act, and whether Newbridge 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 8A of the Securities Act and Section 21C of the Exchange Act, Kantrowitz should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act, and Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, and whether Kantrowitz should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act and Section 21C(e) of the Exchange Act; and

E. Whether, pursuant to Section 15(b)(6) of the Exchange Act, it is appropriate and in the public interest to bar Kantrowitz from participating in any offering of penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages 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.

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 Respondents shall file Answers 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 Respondents fail to file the directed answers, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them 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.

Florence E. Harmon
Acting Secretary