UNITED STATES OF AMERICA Before the SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934 Release No. 70221 / August 16, 2013

ADMINISTRATIVE PROCEEDING File No. 3-15428

In the Matter of : ORDER INSTITUTING ADMINISTRATIVE

PROCEEDINGS PURSUANT TO RULE

Marcellous S. McZeal : 102(e) OF THE COMMISSION'S RULES OF

: PRACTICE, MAKING FINDINGS, AND Respondent. : IMPOSING REMEDIAL SANCTIONS

:

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Marcellous S. McZeal ("Respondent" or "McZeal") pursuant to Rule 102(e)(3)(i) of the Commission's Rules of Practice. ¹

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") 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 him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e)

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any attorney . . . who has been by name (A) [p]ermanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder; or (B) [f]ound by any court of competent jurisdiction in an action brought by the Commission to which he or she is a party ... to have violated (unless the violation was found not to have been willful) or aided and abetted the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

Rule 102(e)(3)(i) provides, in relevant part, that:

of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

- 1. McZeal, age 43, is a Texas resident living in Houston, Texas. McZeal is a member of the Texas State Bar and is a partner with the law firm of Grealish & McZeal LLP. McZeal was chief executive officer, chief counsel, and member of the board of directors of PGI Energy, Inc. ("PGI Energy"). McZeal has appeared and practiced before the Commission as an attorney. McZeal has never held any securities licenses and is not registered with the Commission in any capacity.
- 2. On July 31, 2013, the Commission filed a complaint against McZeal in <u>SEC v.</u> <u>Gandy et al.</u> (Civil Action No. 4:13-cv-2233), in the United States District Court for the Southern District of Texas. On August 1, 2013, the court entered a final judgment permanently enjoining McZeal by consent from future violations of Sections 5 and 17(a) of the Securities Act of 1933 ("Securities Act"), and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder.
- 3. The Commission's complaint alleged that McZeal violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by engaging in a fraudulent scheme to cause a transfer agent to issue millions of PGI Energy shares without restrictive legends. The complaint further alleged that McZeal violated Section 5 of the Securities Act by offering and selling securities when no registration statement had been filed or was in effect as to such securities and when no exemption from registration was available.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent McZeal's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

McZeal is suspended from appearing or practicing before the Commission as an attorney.

By the Commission.

Elizabeth M. Murphy Secretary