

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 74137 / January 26, 2015**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16151**

**In the Matter of**  
  
**STEPHEN STUART,**  
  
**Respondent.**

**ORDER MAKING FINDINGS AND**  
**IMPOSING REMEDIAL SANCTIONS AND A**  
**CEASE-AND-DESIST ORDER PURSUANT**  
**TO SECTIONS 15(b) AND 21C OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**I.**

On September 22, 2014, the Securities and Exchange Commission (“Commission”) instituted public administrative and cease-and-desist proceedings pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Stephen Stuart (“Stuart” or “Respondent”).

**II.**

In response to these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) that 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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and consents to the entry of this Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Order”) as set forth below.

**III.**

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>1</sup> that:

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<sup>1</sup> The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

## **Summary**

These proceedings arise out of a fraudulent scheme in which insiders of publicly-traded penny stock companies paid secret kickbacks to a purported corrupt hedge Fund Manager, who was in fact an undercover agent with the Federal Bureau of Investigation (“Fund Manager”), in exchange for the Fund Manager’s purchase of restricted stock of the penny stock companies on behalf of his purported hedge fund (“the Fund”), which did not actually exist.

## **Respondent**

1. Respondent, age 51, is a resident of Monrovia, Maryland. During the period June 29, 2011 through July 8, 2011, Respondent was a consultant to and shareholder of ComCam International, Inc. (“ComCam”). During that period, Respondent participated in an offering of ComCam stock, which is a penny stock. On October 24, 2013, Respondent pleaded guilty to one count of wire fraud and one count of mail fraud in *U.S. v. Stuart, et al.*, 11-CR-10416-DJC (D. Mass.). He was sentenced on February 12, 2014 to 16 months’ probation, the first two months to be served in community confinement followed by home detention for a period of six months. He was also ordered to pay a fine of \$2,000.

## **Other Relevant Entities and Individuals**

2. ComCam International, Inc., a Delaware company with its principal place of business in West Chester, Pennsylvania, designs, manufactures, and sells video surveillance systems. ComCam’s common stock is currently quoted on the OTCQB under the symbol “CMCJ.” Its common stock was registered with the Commission under Section 12(g) of the Exchange Act, but the company filed a notice of termination of its registration on March 19, 2012. On December 1, 2011, the Commission, pursuant to Section 12(k) of the Exchange Act, suspended trading in the securities of ComCam for a period of ten business days.

3. Donald Gilbreath, age 58, is a resident of West Chester, Pennsylvania. During the period June 29, 2011 through July 8, 2011, Gilbreath was the Chairman and Chief Executive Officer of ComCam. On June 13, 2012, Gilbreath was charged by criminal information with one count of conspiracy to commit securities fraud and pleaded guilty to that charge on June 29, 2012 in *U.S. v. Donald Gilbreath*, 12-CR-10186 (D. Mass.). Gilbreath was sentenced on December 19, 2013 to 18 months’ probation and was ordered to pay a fine of \$2,000 and to forfeit \$17,000.

## **Background**

4. On or about June 29, 2011, Stuart and Gilbreath met with the Fund Manager (the “June 29 Meeting”). The Fund Manager explained to Stuart and Gilbreath that he was prepared to invest Fund monies of up to \$5 million in ComCam stock, in exchange for a secret fifty percent kickback, thereby enabling the Fund Manager to keep half of the money he was supposedly investing on behalf of the Fund.

5. At the June 29 Meeting, the Fund Manager also explained the mechanics of the funding, informing Stuart and Gilbreath that, while the Fund Manager could commit to an investment of \$5 million of the Fund's money, with \$2.5 million being kicked back to the Fund Manager, the Fund Manager did not want to invest the entire amount at once. Therefore, the Fund Manager told Stuart and Gilbreath that he would invest the money over time in tranches, or installments, of increasing amounts.

6. At the June 29 Meeting, the Fund Manager further discussed with Stuart and Gilbreath the mechanics of how monies would be kicked back to the Fund Manager. The Fund Manager arranged with Stuart and Gilbreath that ComCam would execute a consulting agreement with a nominee consulting company that the Fund Manager purportedly controlled, but that the Fund Manager would not actually provide any consulting services. Stuart and Gilbreath were told that invoices would be issued by the Fund Manager's nominee company to ComCam in order to disguise the kickbacks.

7. At the June 29 Meeting, Stuart and Gilbreath agreed to the funding/kickback arrangement.

8. On various dates between June 30, 2011 and July 8, 2011, Gilbreath sent the Fund Manager documents related to the kickback transaction, including a consulting agreement between ComCam and the Fund Manager's nominee consulting company, stock purchase agreements between ComCam and the Fund, and a phony invoice for non-existent consulting services purportedly rendered by the Fund Manager's nominee company.

9. On or about July 5, 2011, in accordance with wiring instructions provided by Gilbreath, \$34,000.20 was sent by wire transfer from a bank account maintained in Massachusetts, purportedly belonging to the Fund, to a ComCam corporate bank account outside of Massachusetts. This wire transfer represented the first tranche of funding to ComCam.

10. On or about July 6, 2011, Stuart and Gilbreath caused a total of \$17,000 to be sent by wire transfer from a ComCam corporate bank account outside of Massachusetts to a Citizens Bank account held in the name of the Fund Manager's nominee company in Massachusetts. This wire transfer represented Gilbreath's and Stuart's kickback to the Fund Manager from the first tranche of funding to ComCam.

11. On or about July 8, 2011, Stuart and Gilbreath caused a stock certificate representing the purchase by the Fund of 65,385 ComCam shares to be sent to the Fund Manager.

12. As a result of the conduct described above, Stuart willfully violated Section 10(b) of the Exchange Act and Rule 10b-5(a) thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

#### **IV.**

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

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Stuart shall cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Stuart be, and hereby is:

barred from participating in any offering of a 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, with the right to apply for reentry after five (5) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

C. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Brent J. Fields  
Secretary