

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

**SECURITIES ACT OF 1933**  
**Release No. 10223 / September 27, 2016**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 78948 / September 27, 2016**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 32290 / September 27, 2016**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17584**

**In the Matter of**

**JEFFREY A. SILVERMAN**  
**and ANTHONY SILVERMAN**

**Respondents.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS,  
PURSUANT TO SECTION 8A OF THE  
SECURITIES ACT OF 1933, SECTIONS 15(b)  
AND 21C OF THE SECURITIES EXCHANGE  
ACT OF 1934, AND SECTION 9(b) OF THE  
INVESTMENT COMPANY ACT OF 1940,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND CEASE-AND-  
DESIST ORDERS**

**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”), Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Jeffrey A. Silverman (“J. Silverman”), and that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act against Anthony Silverman (“A. Silverman” and, together with J. Silverman, the “Silvermans” or “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 them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21C of the Securities Exchange Act of 1934, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Orders ("Order"), as set forth below.

### III.

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

#### Summary

These proceedings arise out of the manipulation of the share price of Grandparents.com, Inc. ("Grandparents") by A. Silverman and his son, J. Silverman, an associated person of a registered broker-dealer in Scottsdale, Arizona.<sup>1</sup> In January 2012, the Silvermans orchestrated a scheme to create the appearance of market interest and rising share price in Grandparents common stock by ordering trades in J. Silverman's customers' and family members' accounts at the market close at prices higher than the previous trade, a manipulative tactic known as "marking the close." A. Silverman furthered the manipulation by soliciting new customers for his son and directing trades in their accounts at the manipulated prices, and influencing his son's customers' trading in their accounts held away from the broker-dealer where J. Silverman worked.

#### Respondents

1. **J. Silverman**, age 49, of Scottsdale, Arizona, was a registered representative associated with a broker-dealer from June 2010 until July 2012. He was a market maker in Grandparents in January and February 2012. He is the son of Respondent A. Silverman.

2. **A. Silverman**, age 73, of Scottsdale, Arizona was registered with various broker-dealers from 1986 until 2002. He is the father of Respondent J. Silverman.

#### Other Relevant Entities

3. **Grandparents** is a Delaware corporation with a principal place of business in New York, NY. It is a self-described "family-oriented social media website with a core mission of enhancing relationships between the generations and enriching the lives of grandparents by providing tools for grandparents to live their best life and to foster connections among grandparents, parents, and grandchildren." Originally a Florida limited liability company, Grandparents on February 23, 2012 reverse merged into NorWesTech, Inc., a publicly traded shell

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<sup>1</sup> This Order refers to the manipulated shares as Grandparents, as they became known after a February 23, 2012 reverse merger with NorWesTech, Inc. Prior to the merger, the shares traded were those of NorWesTech. Historic trading information for NorWesTech was changed retroactively in reporting services such as Bloomberg and Yahoo! Finance from the trading symbol NWTH to GPCM.

company with no operations, and now trades on the OTC Bulletin Board and on the OTCQB tier of OTC Link (formerly “Pink Sheets”) operated by OTC Markets Group, Inc.

4. **NorWesTech, Inc.** (“NorWesTech”) was incorporated under the laws of Delaware in 1996 as Pacific Biomarkers, Inc., a Seattle, Washington-based provider of specialty laboratory services to the pharmaceutical, biotechnology and diagnostics industries. In 2011, it sold its business operating assets and changed its name to NorWesTech. It had no active operations between the time of the sale and its merger with Grandparents in February 2012.

## Background

### Grandparents Reverse Merger into NorWesTech

5. After selling its pharmaceutical and biotechnology assets in 2011, NorWesTech, then trading as a shell company with \$2 million cash from the sale of its business assets, sought an operating company with which it could combine. At that time, A. Silverman owned 10.3 percent of NorWesTech’s shares.

6. In late 2011, J. Silverman, then a registered representative associated with a broker-dealer in Scottsdale, Arizona, learned that an investment banker at the broker-dealer was seeking publicly trading shells into which private start-up companies could merge and begin trading publicly. J. Silverman knew his father owned a large block of NorWesTech shares, and put the investment banker in contact with A. Silverman. For his referral, J. Silverman received \$10,200.

7. On December 30, 2011, Grandparents and NorWesTech signed a letter of intent to combine and publicly announced their intentions. On February 23, 2012, Grandparents, which had been a private company, combined with NorWesTech. Upon completion of the merger, J. Silverman received another \$9,600 and warrants in Grandparents.

### The PIPE to Raise Capital for Grandparents

8. In order for the reverse merger to go forward, Grandparents was required to raise \$3 million in a private investment in public equity (“PIPE”). If it could raise that amount, the merger would close and Grandparents would have use of the \$3 million raised plus the \$2 million in cash that NorWesTech had from the sale of its business assets. The total \$5 million was intended to enable Grandparents to develop its technology and infrastructure, and expand its personnel and marketing. Sale of the PIPE shares was undertaken by a New York-based broker-dealer.

9. The PIPE allowed investors to buy 3 million preferred shares of Grandparents at \$1.00 each. Upon the merger and increase in the number of Grandparents’ outstanding shares, each preferred share would convert to 4.2 shares of common stock. The resulting common stock would be worth \$0.23 per share and be restricted from sale for 120 days. Thus, if the trading price of Grandparents’ shares increased in the weeks before the reverse merger, prospective investors in the PIPE could be incentivized to buy the preferred shares, despite the restriction on selling them, due

to the widening difference between their adjusted price of \$0.23 per share and the market price per share of Grandparents.

### **The Silvermans' Manipulation**

#### *The Silvermans Controlled a Large Portion of Grandparents Trading Shares*

10. J. Silverman's customers, including his family members, accounted for forty-five percent of all Grandparents selling and fifty-four percent of all Grandparents buying during the period leading up to the merger on February 23, 2012. In all, of the 16 million outstanding shares of Grandparents, J. Silverman claimed that he had "close to 6 million shares of free trading stock in customer accounts."

11. The Silverman-related trades were executed largely at the broker-dealer where J. Silverman worked, but were also executed at the broker-dealer that ran the PIPE. Trades also were executed through discount brokerage firms where J. Silverman's customers had additional accounts and in which they traded at A. Silverman's suggestion, direction and/or instruction.

12. A. Silverman developed new customers for J. Silverman, solicited his son's customers, monitoring their accounts, and exercised trading discretion in some of his son's customers' accounts.

13. For example, Customer A said that after he met A. Silverman in an unrelated real estate deal, A. Silverman convinced him to invest in Grandparents and helped him open an account with J. Silverman as his representative. Customer A said that he gave A. Silverman discretion to trade his account with J. Silverman, and followed A. Silverman's suggestions to make certain trades in Grandparents in the customer's outside account at a discount brokerage firm.

14. Similarly, Customer B met A. Silverman when they collaborated on business transactions in 2011. He said he followed A. Silverman's recommendations and trading suggestions on Grandparents in January 2012. After their conversations about Grandparents, and Customer B's agreement to follow A. Silverman's suggestions, Customer B tasked A. Silverman with calling J. Silverman and ordering the trades in the account that A. Silverman had helped him open. In addition, Customer B made similar trades in an outside brokerage account.

15. Customer C, who dated A. Silverman, and Customer D, a family member of the Silvermans, said either A. Silverman or J. Silverman had sole discretion to trade their accounts, and made all trades in Grandparents shares for them.

### *The Silvermans Marked the Close*

16. The Silvermans manipulated Grandparents' share price by timing the last trade of the day on several occasions to be at a considerably higher price than the previous trade with the intent to influence the closing price. This scheme – known as “marking the close” – ensured an artificially elevated closing price, and deceptively suggested to the marketplace that independent traders were optimistic about Grandparents' stock.

17. On at least four of the nineteen trading days in January 2012, J. Silverman's customers were involved in end-of-day trades at noticeably higher prices than the preceding trade. The Silvermans then caused trades to occur at these elevated prices in the accounts they controlled. This activity induced investors unaffiliated with the Silvermans to trade Grandparents stock, maintaining upward price pressure on the stock.

18. During these trading days, J. Silverman could see how much buyers were bidding and how much sellers were offering for Grandparents' shares. On the days he marked the close, J. Silverman bought at the offer just before the market closed, even though he could have entered a lower bid. His aggressive purchase of shares at the offer price ensured that the last trade of the day would be as high as possible, and falsely communicated to the marketplace that there was independent investor interest in Grandparents shares at the higher ask price.

19. A trader who entered the Grandparents' orders at A. Silverman's instruction said that later, when he asked A. Silverman whether he had marked the close, A. Silverman replied: “‘You're' blank 'right I did ... I had two million shares of stock. Why wouldn't I do that?’”

20. The deceptively high closing prices duped unwitting investors. A day trader in Scottsdale, Arizona, who was not one of J. Silverman's customers, bought shares based on the increasing price and volume of Grandparents' stock in January 2012. He said he first acquired shares in Pacific Biomarkers, NorWestTech's predecessor company, in 2010. But when he saw the price and volume increase in 2012, he added to his position on four separate days, increasing his holdings by more than 20,000 shares, based on his belief that something good must be happening at the company. Other investors unacquainted with the Silvermans also bought shares in January 2012, similarly prompted by the sudden increase in the share price that signaled positive information about the company.

### *The Silvermans Benefitted from the Manipulation*

21. In January and February 2012, J. Silverman earned trading commissions and other fees as well as profits from his own trading in Grandparents during the period, of \$40,400.91. A. Silverman earned profits from his own trading in Grandparents, and he also benefitted the customers on whose behalf he traded in Grandparents. Through his conduct, A. Silverman and these customers profited by \$112,049.05.

## Violations

22. As a result of the conduct described above, Respondents 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.

23. As a result of the conduct described above, Respondents willfully violated Section 9(a)(2) of the Exchange Act, which prohibits any persons from “effect[ing], alone or with one or more other persons, a series of transactions in any security . . . creating actual or apparent active trading in such security, or raising or depressing the price of such security, for the purpose of inducing the purchase or sale of such security by others.”

## IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest, and for the protection of investors, to impose the sanctions agreed to in Respondents’ Offers.

Accordingly, pursuant to Section 8A of the Securities Act, Sections 15(b) and 21C of the Exchange Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondents J. Silverman and A. Silverman cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, and Sections 9(a) and 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent J. Silverman be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and

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.

C. Any reapplication for association by Respondent J. Silverman 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.

D. Respondent J. Silverman shall, within 10 days of the entry of this Order, pay disgorgement of \$40,400.91 and prejudgment interest of \$5,659.57, for a total of \$46,060.48, and a civil money penalty in the amount of \$75,000.00 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. If timely payment of civil monetary penalties is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

E. Respondent A. Silverman shall, within 10 days of the entry of this Order, pay disgorgement of \$112,049.05 and prejudgment interest of \$15,696.38, for a total of \$127,745.43 and a civil money penalty in the amount of \$75,000.00 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. If timely payment of civil monetary penalties is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

F. 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 J. Silverman and/or A. Silverman 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 Lara S. Mehraban, Associate Director, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, Brookfield Place, New York, NY 10281-1022.

G. 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 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 Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents 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 each Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by each Respondent 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 each Respondent 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