

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 88962 / May 27, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19814

In the Matter of

WARREN A. DAVIS,

Respondent.

ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION 15(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND NOTICE OF HEARING

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Warren A. Davis (“Respondent” or “Davis”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Warren Anthony Davis, age 43, is a citizen of the Commonwealth of the Bahamas. Davis is the founder, and was president and sole owner of Gibraltar Global Securities, Inc. (“Gibraltar”), a Bahamian broker-dealer not registered in the United States. At all times relevant to the complaint referenced below, Davis, directly or indirectly, controlled Gibraltar’s activities. Davis established brokerage accounts on Gibraltar’s behalf in the United States, was authorized to trade on Gibraltar’s behalf, and authorized other Gibraltar employees to place trades in the United States. At the time of the misconduct, Davis participated in the offering and sale of shares in the United States of Magnum d’Or (symbol “MDOR”), which is a penny stock.

B. ENTRY OF THE INJUNCTION

2. On July 2, 2015, a default judgment was entered against Davis and Gibraltar, permanently enjoining them from future violations of Sections 15 (a) of the Exchange Act, and Section 5 of the Securities Act of 1933 (“Securities Act”), in the civil action entitled Securities and Exchange Commission v. Gibraltar Global Securities, Inc., and Warren Davis, Civil Action Number 13-CV-2575 (GBD), in the United States District Court for the Southern District of New York.¹ After the Court determined the appropriate amount of monetary remedies, on January 12, 2016, an additional final default judgment was entered, ordering Davis and Gibraltar to pay disgorgement in the amount of \$14,449,176, prejudgment interest in the amount of \$2,700,483, and for each defendant to pay a tier-two civil penalty in the amount of \$3,667,146.²

3. The Commission’s complaint alleged that from approximately March 2008 through August 2012, Gibraltar and Davis (personally), unlawfully operated as broker-dealers in the United States. Through its website, Gibraltar solicited prospective U.S. customers by advertising a broad range of brokerage services commonly provided by online broker-dealers. As an additional inducement to U.S. customers, Gibraltar’s website advertised the formation of offshore international business corporations with nominee officers and directors that enabled U.S. customers to trade anonymously, “without paying taxes on [their] profits.” Gibraltar attracted U.S. customers seeking to sell shares of low-priced, thinly traded microcap issuers. Gibraltar routinely accepted deposits of microcap stocks from U.S. promoters and brokers, arranged for the transfer agent to re-title the stock certificates in Gibraltar’s name, and deposited the shares into various securities accounts Gibraltar maintained at broker-dealers located in the United States. When Gibraltar customers instructed Gibraltar to sell the microcap stocks, Gibraltar placed corresponding sell orders with U.S. brokers. After the sales were executed, Gibraltar instructed the U.S. brokers to wire the sale proceeds back to its bank account maintained at the Royal Bank of Canada in the Bahamas. Gibraltar then wired the sale proceeds (less Gibraltar’s 2-3% commission) back to its U.S. customers. By engaging in the foregoing conduct without registering with the Commission as a broker-dealer, both Davis and Gibraltar violated Section 15(a) of the Exchange Act.

¹ On May 3, 2017, another default judgement was entered against Davis and Gibraltar as a result of a separate complaint brought by the Commission. Specifically, the Court permanently enjoined both Davis and Gibraltar from future violations of Section 5 of the Securities Act, and Gibraltar from future violations of Section 17(a) of the Securities Act, in the civil action entitled Securities and Exchange Commission v. Carrillo Huettel LLP, et al, Civil Action 13-CV-1735 (GBD), in the United States District Court for the Southern District of New York. In its final judgment the Court ordered Davis and Gibraltar to pay disgorgement in the amount of \$9,674,276.20, prejudgment interest in the amount of 2,318,996.44, and civil penalties in the amount of \$150,000 for Davis and \$225,000 for Gibraltar.

² The Office of Collections has been—and continues to be—actively engaged in attempting to collect from Davis and Gibraltar the amounts owed under both default judgments referred to herein.

4. The Commission's complaint also alleged that during the relevant timeframe Gibraltar sold approximately \$100 million of low-priced microcap securities. In addition to operating as an unregistered broker-dealer in the U.S., Davis and Gibraltar participated in the unlawful unregistered offering and sale of over 10 million shares of MDOR—a penny stock—on behalf of U.S. customers, for proceeds of over \$11 million. As a result, both Davis and Gibraltar violated Section 5 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 proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate and in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

IV.

IT IS ORDERED that a public hearing before the Commission for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed by further order of the Commission, pursuant to Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220(b) of the Commission's Rules of Practice, 17 C.F.R. § 201.220(b).

IT IS FURTHER ORDERED that the Division of Enforcement and Respondent shall conduct a prehearing conference pursuant to Rule 221 of the Commission's Rules of Practice, 17 C.F.R. § 201.221, within fourteen (14) days of service of the Answer. The parties may meet in person or participate by telephone or other remote means; following the conference, they shall file a statement with the Office of the Secretary advising the Commission of any agreements reached at said conference. If a prehearing conference was not held, a statement shall be filed with the Office of the Secretary advising the Commission of that fact and of the efforts made to meet and confer.

If Respondent fails to file the directed Answer, or fails to appear at a hearing or conference after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him 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 upon Davis as provided for in Rule 141(a)(2)(iv) of the Commission's Rules of Practice, 17 C.F.R. § 201.141(a)(2)(iv).

Attention is called to Rule 151(b) and (c) of the Commission's Rules of Practice, 17 C.F.R. § 201.151(b) and (c), providing that when, as here, a proceeding is set before the Commission, all papers (including those listed in the following paragraph) shall be filed with the Office of the Secretary and all motions, objections, or applications will be decided by the Commission. The Commission requests that an electronic courtesy copy of each filing should be emailed to APFilings@sec.gov in PDF text-searchable format. Any exhibits should be sent as separate attachments, not a combined PDF.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to filing with or disposition by a hearing officer, all filings, including those under Rules 210, 221, 222, 230, 231, 232, 233, and 250 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.210, 221, 222, 230, 231, 232, 233, and 250, shall be directed to and, as appropriate, decided by the Commission. This proceeding shall be deemed to be one under the 75-day timeframe specified in Rule of Practice 360(a)(2)(i), 17 C.F.R. § 201.360(a)(2)(i), for the purposes of applying Rules of Practice 233 and 250, 17 C.F.R. §§ 201.233 and 250.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that the Commission shall issue a decision on the basis of the record in this proceeding, which shall consist of the items listed at Rule 350(a) of the Commission's Rules of Practice, 17 C.F.R. § 201.350(a), and any other document or item filed with the Office of the Secretary and accepted into the record by the Commission. The provisions of Rule 351 of the Commission's Rules of Practice, 17 C.F.R. § 201.351, relating to preparation and certification of a record index by the Office of the Secretary or the hearing officer are not applicable to this proceeding.

The Commission will issue a final order resolving the proceeding after one of the following: (A) The completion of post-hearing briefing in a proceeding where the public hearing has been completed; (B) The completion of briefing on a motion for a ruling on the pleadings or a motion for summary disposition pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250, where the Commission has determined that no public hearing is necessary; or (C) The determination that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155, and no public hearing is necessary.

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.

For the Commission, by its Secretary, pursuant to delegated authority.

Vanessa A. Countryman
Secretary