I.


II.

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, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933, and Sections 15(b) and 21C of the Securities Exchange Act of 1934 as to Robert LoMonaco (“Order”), as set forth below.
III.

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

Summary

1. These proceedings arise out of a fraudulent scheme to improperly acquire and promote the stock of a publicly-traded company, Marx Toys & Entertainment Corp. (“MRXT”). In exchange for acquiring a large amount of purportedly unrestricted stock illegally issued pursuant to a Form S-8 registration statement filed by MRXT, certain stock promoters improperly promoted and manipulated the share price of MRXT stock. LoMonaco, MRXT’s CEO in September 2003, knew of and assisted in facilitating the scheme.

Respondent

2. LoMonaco, 60 years old, resides in Monmouth Beach, New Jersey. He was appointed chief executive officer of MRXT on or about September 11, 2003.

Other Relevant Person and Entities

3. Scott Halperin (“Halperin”), 45 years old, resides in Manalapan, New Jersey. He is the former chairman of the board for “stereoscape.com, inc.” which was the predecessor company to MRXT.

4. MRXT is a Nevada corporation, with executive offices located in Sebring, Ohio, that purports to be in the business of selling collectible action figures and play sets through the Internet and via telemarketing. During the relevant time period, MRXT’s common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act, and trades in MRXT’s common stock shares were quoted on the OTC Bulletin Board. MRXT’s stock traded for under $5 per share and was a penny stock as defined by Rule 3a51-1 of the Exchange Act.

5. Rubin Investment Group (“RIG”) is a California corporation with offices in New York, New York, Los Angeles, California and Lake Helen, Florida. RIG purports to be an investment bank, and is not registered with the Commission.

Background

6. In or around August 2003, Halperin caused MRXT to file a Form S-8 Registration Statement with the Commission, purporting to register shares issuable pursuant to a stock option plan. The stock option plan states that it “is intended to

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1 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.
provide valuable incentive for our employees by providing an opportunity for investment in our Common Stock, as an inducement for such individuals to remain with us, thereby encouraging them to increase their efforts to make our business more successful.”

7. In or around August 2003, at Halperin’s direction, MRXT and RIG entered into an agreement (“MRXT Agreement”), whereby RIG would provide “merger and acquisition advisory and consulting services” to MRXT in exchange for discounted shares of MRXT stock. MRXT issued to RIG approximately 6.8 million shares of stock and, to Halperin and others, approximately 1.2 million shares. The shares were registered pursuant to MRXT’s Form S-8 Registration Statement.

8. LoMonaco, who became MRXT’s chief executive officer in September 2003, knew that Halperin engaged RIG and others to inflate MRXT’s stock price, and LoMonaco negotiated with RIG to obtain the funding that RIG promised to MRXT in exchange for the purportedly unrestricted stock RIG received. In addition, LoMonaco promised that he would pay Halperin a kickback from MRXT for having procured RIG’s investment in the company.

9. Despite the terms of the MRXT Agreement, the terms of MRXT’s Form S-8 registration statement filed with the Commission, and the requirements of Commission Form S-8, LoMonaco, MRXT’s chief executive officer, knew: that RIG was a corporate entity, not a natural person, and therefore RIG was barred from receiving Form S-8 shares; that RIG did not intend to provide bona fide services to MRXT; and that RIG and others engaged in efforts both to promote MRXT to potential investors and to raise capital for MRXT in exchange for the discounted Form S-8 shares RIG received. LoMonaco also knew that RIG and others engaged in efforts to artificially inflate the price of MRXT’s stock in exchange for the Form S-8 shares, and that the Form S-8 registration statements contained or incorporated by reference materially false or misleading statements and omissions which concealed the true nature of RIG’s mission and the attendant compensation.

10. Through his conduct, Respondent participated in the offering of common stock of MRXT, a “penny stock” as that term is used in Section 15(b)(6) and as defined by Section 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder.

11. As a result of the conduct described above, Respondent willfully violated, and caused the violation of, Section 17(a) of the Securities Act, Section 10(b) of the

2 Form S-8 is available for the issuance of stock to consultants only if the following conditions are met: (i) the consultant is a natural person, (ii) the consultant provides bona fide services to the registrant; and (iii) the services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the registrant’s securities. See General Instruction A.1(a) to Form S-8.
Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer or sale of securities or in connection with the purchase or sale of securities.

**Undertaking**

LoMonaco undertakes to continue to provide cooperation to the Commission and its staff in its investigation and litigation related to the matters described herein. Specifically, LoMonaco undertakes to: upon reasonable request by the Commission or its staff, and on reasonable notice, and without service of a subpoena, he will provide documents or other information, and accept service and take all reasonable actions to make himself available to testify truthfully at any interview, investigative testimony, deposition, at any judicial proceeding related to this Order, and at any administrative proceeding arising as a result of the Commission’s investigation relating to the matters described herein. This provision shall not be construed to waive LoMonaco’s applicable attorney-client, work product or other privileges recognized under federal law, if asserted timely and in good faith. In determining whether to accept LoMonaco’s Offer, the Commission has considered LoMonaco’s undertaking.

**IV.**

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

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

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

B. Respondent LoMonaco 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.

C. Pursuant to Section 21C(f) of the Exchange Act, Respondent LoMonaco be, and hereby is, barred from acting as a director or officer of any issuer having a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act or required to file reports pursuant to Section 15(d) of the Exchange Act.

By the Commission.

Nancy M. Morris
Secretary