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") and Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act") against Louis J. Akers ("Respondent" or "Akers").

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, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of Investment Advisers Act of 1940, 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\(^1\) that:

**Respondent**

1. Akers, age 57, resides in Reisterstown, Maryland. He was a registered representative associated with certain broker-dealers from 1985 to 2007. From October 1998 until December 2001, Akers was associated with Ferris Baker Watts, Inc. (“Ferris”) as the firm’s Chief Executive Officer. During the period January 2003 through November 2005, Akers was associated with Ferris as the firm’s Vice Chairman, a member of Ferris’ Board of Directors, and Ferris’ Private Client Group Director.

**Other Relevant Entities**

2. At all times relevant, Ferris was a Delaware corporation headquartered in Washington, D.C. that was both a registered broker-dealer and a registered investment adviser. Ferris has over 600 employees, including over 250 registered representatives working in over forty branch offices in eight states and the District of Columbia. On February 10, 2009, the Commission issued an order finding that Ferris failed reasonably to supervise registered representative Stephen Glantz (“Glantz”) with a view to detecting and preventing Glantz’s violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and that Ferris willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder by failing to file Suspicious Activity Reports (“SARs”) regarding Glantz’s misconduct.

3. Glantz, age 55, was formerly a resident of Chagrin Falls, Ohio. He was a registered representative associated with various broker-dealers from 1997 through 2005. During the period January 2003 through November 2005, Glantz was associated with Ferris. On September 4, 2007, Glantz pled guilty to one count of securities fraud and one count of making false statements to law enforcement officials. On December 14, 2007, Glantz was sentenced to 33 months in prison and ordered to pay $110,000 in restitution. On February 10, 2009, the Commission issued an order barring Glantz from association with any broker, dealer, or investment adviser.

4. Patrick J. Vaughan (“Vaughan”), age 54, resides in Cockeysville, Maryland. He was a registered representative associated with various broker-dealers from 1983 through the present. During the period January 2003 through November 2005, Vaughan was associated with Ferris as the firm’s Director of Retail Sales. In that position, he reported directly to Akers. On February 10, 2009, the Commission issued an order finding that Vaughan failed reasonably to supervise Glantz with a view to detecting and preventing Glantz’s violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

\(^1\) 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.
5. IPOF Fund ("IPOF") is an Ohio limited partnership, not registered with the Commission in any capacity. IPOF was formed by David A. Dadante ("Dadante") in 1999. Dadante operated IPOF as an investment company and solicited funds from investors purportedly to purchase stock in initial public offerings. Dadante caused IPOF to raise $50 million from at least 100 investors in unregistered securities offerings and used some of the proceeds to fund his lavish lifestyle and to make Ponzi scheme-type payments. Dadante deposited the remaining investor funds into brokerage accounts that he controlled in the names of IPOF and other entities at several broker-dealers, including Ferris. Glantz served as the registered representative for the Ferris accounts controlled by Dadante. On April 20, 2007, IPOF was permanently enjoined from violating Sections 5(a), 5(c), and 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 7(a) of the Investment Company Act of 1940 in SEC v. David A. Dadante et. al., Case No. 1:06-cv-0938 (N.D. Ohio).

6. Dadante, age 54, was formerly a resident of Gates Mills, Ohio. Dadante was the founder and general partner of IPOF. He was not registered with the Commission in any capacity. On August 6, 2007, Dadante pled guilty to two counts of securities fraud. On November 1, 2007, Dadante was permanently enjoined from violating Sections 5(a), 5(c), and 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act in SEC v. David A. Dadante et. al., Case No. 1:06-cv-0938 (N.D. Ohio). On November 29, 2007, the Commission barred Dadante from association with any investment adviser. On December 14, 2007, Dadante was sentenced to 156 months in prison and ordered to pay over $28 million in restitution.

7. Innotrac Corporation ("Innotrac") is a Georgia corporation with its principal place of business in Duluth, Georgia. Its common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and is traded under the symbol "INOC" on NASDAQ. Innotrac provides order processing, order fulfillment, and call center services to large corporations that outsource these functions.

**Background**

8. From at least August 2002 through November 2005, Glantz, Dadante, and a registered representative at another brokerage firm, all participated in a scheme to manipulate the market for the stock of Innotrac. All three pled guilty to violations of Section 10(b) of the Exchange Act and in their plea agreements, they all admitted that they artificially inflated and maintained the price for Innotrac stock. Glantz also admitted in his plea agreement that he engaged in unauthorized and unsuitable trading in his customers’ accounts. During the period from August 2002 through November 2005, Dadante used IPOF to acquire more than 30% of the outstanding common stock of Innotrac, and through IPOF and other accounts controlled by him, controlled on average approximately 35% of the public float for Innotrac and typically accounted for between 35% and 50% of the approximate 11,000 share average daily trading volume in Innotrac. Dadante acquired a substantial portion of his Innotrac holdings during the period January 2003 through February 2004 in the IPOF account at Ferris for which Glantz was the registered representative. During the scheme, Glantz purchased Innotrac stock for certain of his other customers at Ferris, and, through their accounts, controlled approximately an additional 25% of
Innotrac’s public float. Acting in concert, Glantz, Dadante, and the other registered representative employed a variety of manipulative trading practices, including marking the closing price for Innotrac stock, engaging in matched and wash trades, and attempting to artificially create downbids to suppress short selling of Innotrac. To perpetrate the manipulative scheme, and to generate income for himself, Glantz also engaged in unauthorized and unsuitable trading in Innotrac and certain other securities in the accounts of customers other than IPOF.

**Akers’ Failure to Supervise**

9. Akers failed reasonably to supervise Glantz with a view toward preventing and detecting his violations of the federal securities laws by failing to respond reasonably to red flags regarding Glantz’s misconduct and lack of supervision, as discussed below.

10. During Glantz’s tenure at Ferris, Akers was the firm’s Vice Chairman, a member of Ferris’ Board of Directors, and Ferris’ Private Client Group Director. Akers was one of the highest level supervisors for Ferris’ retail brokers.

11. Akers and Vaughan recruited and hired Glantz, and Ferris Senior Executive A approved his hire. These senior executives all had the requisite degree of responsibility, ability or authority at Ferris to affect the conduct of Glantz.

12. When Glantz was hired, Akers, Vaughan and Senior Executive A knew that Glantz had ten customer complaints on his Form U-4. Several employees of the firm’s Beachwood, Ohio office had also warned them that Glantz had a questionable reputation in the industry.

13. Despite Glantz’s history, Akers, Vaughan and Senior Executive A permitted Glantz to work under a special arrangement which allowed him greater freedom of action than other registered representatives at Ferris. Glantz, a retail broker, was permitted to manage both retail and institutional accounts. Akers and Vaughan permitted Glantz, a retail broker assigned to Ferris’ Beachwood branch office, to work at Ferris’ Institutional Trading Desk in Baltimore several days a week. The special arrangement under which Glantz was permitted to work was extremely unusual at Ferris. Glantz took advantage of that special arrangement to evade Ferris’ supervisory procedures.

14. Glantz began working for Ferris on January 2, 2003, and problems with his conduct arose very shortly after he started. On May 23, 2003, a Ferris compliance officer sent a memorandum (the “May 23 Memo”) to certain senior executives, including Vaughan and Senior Executive A, but not Akers. The May 23 Memo reported, among other things, that a number of Glantz customer accounts held large positions in Innotrac, that Ferris customers owned approximately 40% of the total float and 19% of the outstanding shares of Innotrac, and that IPOF owned approximately 31% of the total float and 15% of the outstanding shares. This memorandum warned that there might be manipulative and unsuitable trading in Innotrac and that Glantz was not being properly supervised. This memorandum stated that “[w]hile the price of [Innotrac] has been in an up-trend, I believe this is largely due to the IPOF’s accumulation of the shares in small lots.
on almost a daily basis driving the price higher.” The May 23 Memo also noted that Glantz was accumulating Innotrac shares in a similar manner in some of his other customer accounts, that IPOF was a “control person” of Innotrac but had not made the necessary filings with the Commission, and that the IPOF account had a margin debit of $9.381 million. The memorandum further reported that the trading in the IPOF account was not consistent with its investment objective of “growth and income.” The May 23 Memo also contained a chart showing a high concentration of Innotrac stock and significant margin debts in other Glantz accounts, the majority of which were individual accounts or profit sharing plans whose investment objectives were reported as “growth and income.” The May 23 Memo further stated that “without question, there is and has been a breakdown of supervisory responsibilities and who shares or owns supervisory responsibilities over the activity in the account and Mr. Glantz.” Ferris’ Credit Committee responded to the size of IPOF’s margin debt by raising the margin requirements for the account.

15. Within approximately a week or two, Ferris’ Compliance Director, the author of the May 23 Memo, and Senior Executive A had a conference call with Akers and Vaughan to discuss the May 23 Memo. Akers and Vaughan failed to take any action to address the issues raised in the May 23 Memo as a result of the conversation.

16. In late July and August 2003, the compliance department informed Senior Executive A that: (1) the Beachwood branch manager was continuing to have problems supervising Glantz because he was working out of Ferris’ Baltimore office; (2) the IPOF account was continuing to acquire a significant number of Innotrac shares; (3) Dadante was manipulating the bid for Innotrac; and (4) Dadante had opened another account and engaged in free-riding, as a result of which the compliance department had restricted the account.

17. In late August 2003, Senior Executive A had a conversation with Akers, in which they discussed the compliance department’s continued concerns regarding Glantz’s supervision. Akers said that he was going to officially transfer Glantz from the Beachwood office to the Baltimore branch office.

18. On September 4, 2003, Senior Executive A met with Glantz, Akers and Vaughan, and they all discussed IPOF and the significant and unusual accumulation of Innotrac shares in IPOF and another Glantz customer account. However, neither Akers, Vaughan, nor Senior Executive A took any action to reasonably respond to the red flags discussed at this meeting.

19. By February 4, 2004, the margin balance in the IPOF account had grown to $18.1 million and the account posed a significant credit risk for Ferris. That same day, Senior Executive A wrote a memo to the Credit Committee, which he emailed to Vaughan, admitting that there continued to be “a lack of clear definition as to who has day to day supervisory responsibilities for Steve Glantz.” The Credit Committee restricted the IPOF account by prohibiting the use of margin for any future purchases of Innotrac.

20. On February 5, 2004, a compliance officer sent Senior Executive A an email stating that Ferris’ Innotrac market maker had received an order from another brokerage firm to buy 10,000 shares of Innotrac and they were “99% certain” that the order was related to IPOF. That
same day, Glantz sent an email to Akers and Vaughan that he did not want to worry about “taking the fall for a situation that is absolutely not my fault,” and that he did not want to leave Ferris. On February 9, 2004, Akers met with Glantz, Dadante, and an attorney who represented both of them, to discuss the new restrictions being placed on the IPOF account. Akers, Vaughan, and Senior Executive A, however, all failed reasonably to respond to Glantz’s lack of supervision and the other problems that had previously been brought to their attention with regard to Glantz’s handling of his customer accounts.

21. Following the February 9, 2004 meeting, neither Dadante nor IPOF purchased any more Innotrac stock through Ferris. Glantz, however, continued to engage in manipulative, unsuitable and unauthorized trading in other customer accounts. Among other things, Glantz utilized excessive margin to make unauthorized purchases of speculative stocks for customer accounts. Glantz’s use of margin and the nature and concentration of the stocks he purchased were unsuitable for his customers. Glantz did not disclose these facts, or the risks involved, to his customers. Glantz effected such trades deliberately for the purpose of increasing his own income.

22. In March 2004, many months after Glantz began splitting his time between Ferris’ Baltimore office and the Beachwood office and eight months after Akers and Senior Executive A discussed transferring Glantz from the Beachwood office to the Baltimore branch office, he was officially transferred to Ferris’ Baltimore branch office. No one informed the Baltimore branch manager (“Baltimore manager”) of any issues involving Glantz or his handling of his customers’ accounts.

23. In September 2004, two new Ferris compliance officers conducted the annual compliance audit for the Baltimore branch. When they reviewed Glantz’s customer accounts, they became concerned that Glantz was engaging in unsuitable trading and was orchestrating transactions in his customers’ accounts that were designed to artificially support the price of Innotrac. During the audit, the Baltimore manager told the compliance officers, among other things, that he was unable to supervise Glantz and that Glantz needed to be terminated. The compliance officers subsequently wrote a memorandum to Senior Executive A detailing their findings regarding Glantz. The memorandum discussed several Glantz customer accounts other than IPOF, the majority of which had been previously discussed in the May 23 Memo. This memorandum reported that all of these accounts had stated investment objectives of “growth and income” and had appeared on Ferris’ “active account” report for the month of September 2004, and that most of the accounts had engaged in frequent, short-term trading during this period. The memorandum further stated that these accounts had a “preponderance for large share quantity, low-priced, speculative investments.” The memorandum also reported that on September 30, 2004, Glantz cross traded 50,000 shares of Innotrac worth over $400,000 by selling these shares from one of his customer’s accounts to four other customers’ accounts, and that these trades were a “cause for concern.” This memorandum concluded that “the appropriate supervisory oversight is currently not in place for Mr. Glantz.”

24. On December 8, 2004, one of the compliance officers who participated in the compliance audit for the Baltimore branch discovered that Glantz had purchased 105,700 additional Innotrac shares worth approximately $927,000 for certain of his customers in December
and told Senior Executive A about these trades. This compliance officer called three of the customers whose accounts were involved in the trades.

25. On December 15, 2004, Senior Executive A wrote a memorandum to Akers and Vaughan detailing his concerns about Glantz and recommending that Glantz be terminated (the “Termination Memo”). He emailed the Termination Memo to Akers and Vaughan in the early morning hours of December 16, 2004. In the Termination Memo, Senior Executive A stated, among other things, that Glantz’s investments and use of margin for the accounts of one of his individual customers was “clearly unsuitable” and that the trading in these accounts exposed Glantz and Ferris to “claims of churning.” The Termination Memo also reported that the compliance department had contacted the customers for whose accounts Innotrac had been purchased in December 2004, that none of the customers had initiated the trades, that they did not know that the purchases had been made, and that there was no written discretionary authority for these accounts. The Termination Memo also stated that Glantz had structured the December trades to avoid disrupting the market for Innotrac. The Termination Memo further stated that Glantz had been “essentially unsupervised” during his tenure at Ferris and concluded by recommending that Glantz be terminated.

26. Senior Executive A and Ferris’ Compliance Director at the time met with Akers and Vaughan to discuss the issues raised in the Termination Memo. Akers challenged the recommendation that Glantz be terminated and suggested that Glantz instead be placed on special supervision. At the end of the meeting, Senior Executive A retracted his recommendation that Glantz be fired and agreed with Akers to allow Glantz to be placed on special supervision. Vaughan acquiesced in that decision.

27. Pursuant to the memorandum outlining the details of Glantz’s special supervision, Akers became Glantz’ supervisor. That memorandum provided, among other things, that: (1) Glantz would report directly to Akers as his supervisory manager; (2) Glantz would prepare and give to Akers a daily client contact log; (3) Glantz would prepare a plan to diversify his clients’ portfolios; (4) Glantz would send all clients who had margin balances a copy of the margin disclosures; (5) Glantz would reduce the margin in some accounts and eliminate it in others; and (6) Akers would contact at least three Glantz clients per month.

28. After being placed on special supervision, Glantz was assigned to work out of Ferris’ Hunt Valley, Maryland branch. Akers, however, was Glantz’s supervisor, not the Hunt Valley branch manager. Thus, Akers was responsible for supervising Glantz in accordance with the special supervision memorandum and Ferris’ routine supervisory procedures.

29. Akers did not fulfill his responsibilities as Glantz’s special supervisor. He did not contact Glantz’s clients, and he did not monitor the daily client log. Akers also did not require Glantz to create a plan to diversify his clients’ holdings, to send the margin disclosures to those clients with margin debits, or to comply with the special supervision agreement’s requirements to reduce or eliminate margin use in customer accounts. Akers also failed to follow Ferris’ routine supervisory procedures. Among other things, Akers failed to review Glantz’s daily customer transactions or monthly account activity and active account reports.
30. While under Akers’ supervision, Glantz continued to engage in unauthorized, unsuitable and manipulative trading in his customers’ accounts. Akers did not discover Glantz’s continuing fraud, because he was not reasonably performing his duties as Glantz’s supervisor. If Akers had followed Ferris’ routine supervisory procedures and the special supervisory procedures in the special supervision memorandum, he would have been able to detect and prevent Glantz’s unsuitable, unauthorized, and manipulative trading.

31. Soon after being placed on special supervision, Glantz received a stock tip from an individual in Canada that positive news would soon be released about a company called ATC Healthcare, Inc. (“ATC Healthcare”). Based on this tip, on Friday, February 4, 2005, Glantz bought a total of 500,000 shares of ATC Healthcare for himself and for certain customers’ accounts without their authorization. Glantz, however, did not allocate these shares at the time of the purchases. At the end of the day, Glantz allocated 480,000 shares among six customer accounts, and allocated 20,000 to his personal account. The next Monday and Tuesday, Glantz purchased an additional 480,000 shares of ATC Healthcare for his customers’ accounts. Although no positive news was released about ATC Healthcare during this period, Glantz’s purchases caused the stock price to increase from $0.30 to $0.46 a share in just a few days time. Glantz subsequently sold his 20,000 shares at a profit, but did not sell the remaining 960,000 shares that he purchased without authorization for his customers’ accounts. Akers did not discover these and other manipulative and unauthorized transactions, because he was not reasonably performing his duties as Glantz’s supervisor.

32. In June 2005, the Compliance Department’s audit report for the Hunt Valley branch identified 18 Glantz customer accounts as requiring monitoring of their trading activity and suitability, stating that Ferris should monitor and review those 18 accounts “in regard to their investment objective(s), client profile, portfolio holdings, margin debit, gain/loss analysis…and commissions generated.” Akers and Senior Executive A received this audit report but again failed reasonably to respond to these red flags.

33. Glantz remained an employee of Ferris until November 2005, at which time several IPOF investors filed a lawsuit and named Ferris as one of the defendants.

Violations

34. As a result of the conduct described above, Akers failed reasonably to supervise Glantz with a view to detecting and preventing Glantz’s violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent’s Offer.
Accordingly, pursuant to Section 15(b) of the Exchange Act and Section 203(f) of the Advisers Act, it is hereby ORDERED that:

A. Respondent be, and hereby is, barred from association in a supervisory capacity with any broker, dealer, or investment adviser with the right to reapply for association in a supervisory capacity after 1 year to the appropriate self-regulatory organization, or if there is none, to the Commission.

B. 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.

C. Respondent shall pay disgorgement of $19,187, prejudgment interest of $5,973, and a civil penalty in the amount of $75,000 to the United States Treasury. Payment shall be made in the following installments: Respondent shall pay $20,032 within 30 days of the issuance of this Order. Respondent shall then make four payments of $20,032 each, which payments must be hand-delivered or post-marked no later than the 31st day of December 2009, and the 1st day of February 2010, June 2010, and September 2010, with the last payment to be made no later than 364 days after issuance of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest, and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. Payments shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Louis J. Akers as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Timothy L. Warren, Division of Enforcement, Securities and Exchange Commission, 175 W. Jackson Blvd., Chicago, IL 60604.

By the Commission.

Elizabeth M. Murphy
Secretary