

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SECURITIES EXCHANGE ACT OF 1934
Release No. 63633/January 3, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14144

In the Matter of

MILOWE ALLEN BROST	:	ORDER MAKING FINDINGS AND
a/k/a MILO BROST	:	IMPOSING SANCTION BY DEFAULT
a/k/a M.B. GONNE	:	
a/k/a PHILLIP K. COLLINS	:	

SUMMARY

This Order bars Milowe Allen Brost, a/k/a Milo Brost, a/k/a M.B. Gonne, a/k/a Phillip K. Collins (Brost) from association with a broker or dealer. Brost was previously enjoined from violating the antifraud and registration provisions of the securities laws, based on his involvement in a fraudulent “Ponzi” scheme.

I. BACKGROUND

The Securities and Exchange Commission (Commission) issued its Order Instituting Proceedings (OIP) against Brost on November 30, 2010, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The OIP alleges that he was enjoined in 2010 from violating the antifraud and registration provisions of the Exchange Act, based on his involvement in a fraudulent “Ponzi” scheme. Brost was served with the OIP by personal service on December 6, 2010. He failed to file an Answer, due twenty days after service of the OIP. See 17 C.F.R. § 201.220(b); OIP at 3. A respondent who fails to file an Answer to the OIP may be deemed to be in default, and the administrative law judge may determine the proceeding against him.¹ See 17 C.F.R. §§ 201.155(a), .220(f); OIP at 3. Thus, Brost is in default, and the undersigned finds the following allegations in the OIP are true.

II. FINDINGS OF FACT

Brost, of Calgary, Alberta, Canada, is permanently enjoined from violating Sections 5 and 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder. SEC v. Merendon Mining (Nevada) Inc., No. 2:10-cv-00955-RAJ (W.D. Wash. Nov. 12, 2010). The wrongdoing that underlies Brost’s injunction occurred from at least 1999 to

¹ Brost was advised that if he failed to file an Answer to the OIP within the time provided by law, the undersigned would enter an order barring him from association with a broker or dealer. See Milowe Allen Brost, Admin. Proc. No. 3-14144 (A.L.J. Dec. 9, 2010) (unpublished).

2008, when he and others perpetrated a \$300 million “Ponzi” scheme that victimized over 3,000 investors in the United States and Canada. Brost and others executed the scheme through a multi-level marketing organization and operated through a labyrinth of companies and bank accounts that were designed to hide their misconduct from investors and law enforcement; they eventually used more than eighty entities to issue securities to investors, provide “dog and pony” shows to investors, and to disguise the movement of investor funds among more than eighty bank accounts, located in United States, Canada, Honduras, Ecuador, Peru, Venezuela, Panama, the Bahamas, Belize, Bermuda, Malaysia, and Portugal. To further hide his involvement in the scheme, Brost acted under the guise of several personal aliases. At the time in which he engaged in the misconduct, Brost was not registered as a broker-dealer or associated with a broker-dealer registered with the Commission.

III. CONCLUSIONS OF LAW

Brost is permanently enjoined “from engaging in or continuing any conduct or practice in connection . . . with the purchase or sale of any security” within the meaning of Sections 15(b)(4)(C) and 15(b)(6)(A)(iii) of the Exchange Act.

IV. SANCTION

Brost will be barred from association with any broker or dealer.² This sanction will serve the public interest and the protection of investors, pursuant to Section 15(b) of the Exchange Act. It accords with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff’d on other grounds, 450 U.S. 91 (1981). Brost’s unlawful conduct was egregious and recurring, occurring repeatedly over a nine-year period. There are no mitigating circumstances.

V. ORDER

IT IS ORDERED that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, MILOWE ALLEN BROST, a/k/a MILO BROST, a/k/a M.B. GONNE, a/k/a PHILLIP K. COLLINS IS BARRED from association with a broker or dealer.

Carol Fox Foelak
Administrative Law Judge

² Although not associated with a registered broker-dealer, Brost is subject to a bar from association with a broker or dealer pursuant to Section 15(b) of the Exchange Act. See Vladislav Steven Zubkis, 86 SEC Docket 2618 (Dec. 2, 2005), recon. denied, 87 SEC Docket 2584 (Apr. 13, 2006) (unregistered associated person of an unregistered broker-dealer barred from association with a broker or dealer).