

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 65167 / August 18, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14509**

**In the Matter of**

**PETER EMRICH, ALBERTO  
FERREIRAS, JAMES FRANKFURTH,  
FRANK ROSSI, and DANA VALENSKY**

**Respondents**

**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 Peter Emrich (“Emrich”), Alberto Ferreiras (“Ferreiras”), James Frankfurth (“Frankfurth”), Frank Rossi (“Rossi”), and Dana Valensky (“Valensky”) (collectively “Respondents”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. THE RESPONDENTS**

1. From approximately April 1999 through May 2001, Out of the Black Partners LLC (“Out of the Black”), a California limited liability company, sold securities in unregistered private offerings (the “Out of the Black Offering”).

2. From approximately December 1997 through December 1998, Little Giant LLC (“Little Giant”), a California limited liability company, sold securities in an unregistered private offering (the “Little Giant Offering”).

3. From approximately October 1998 through June 2000, Heritage Film Group LLC (“Heritage”), a California limited liability company, sold securities in an unregistered private offering (the “Heritage Offering”).

4. EMRICH sold securities through the Out of the Black Offering. Emrich held Series 7, 24, 39, and 63 licenses but was not associated with any entity registered with the Commission during the Out of the Black Offering.

5. FRANKFURTH held Series 7 and 24 licenses but was not associated with any entity registered with the Commission during the Out of the Black Offering. Frankfurth was the Executive Director of American Cinema Services, LLC, a Delaware limited liability company that operated as an independent sales office (“ISO”) that offered and sold securities in the Out of the Black Offerings.

6. FERREIRAS held Series 7 and Series 63 licenses, but was not associated with any entity registered with the Commission during the Out of the Black Offerings or the Heritage Offering. Ferreiras controlled Florida corporations Trilink Entertainment Corp. (“Trilink”) and One Trade Corp. Trilink operated as an ISO that sold unregistered securities in the Heritage and Out of the Black offerings. One Trade operated as an ISO that sold securities in the Heritage offering.

7. ROSSI sold securities through the Little Giant Offering and the Heritage Offering. Rossi holds Series 6 and Series 63 licenses but was not associated with any entity registered with the Commission during the Little Giant and Heritage Offerings.

8. VALENSKY controlled Vanguard Entertainment Productions, Inc., a California corporation that operated as an ISO that offered and sold securities in the Heritage Offering. Valensky held series 22 and 63 licenses but was not associated with an entity registered with the Commission during the Heritage Offering.

## B. THE RESPONDENTS’ CRIMINAL CONVICTIONS

9. On June 18, 2003, Emrich pleaded guilty to one count of conspiracy to commit securities fraud in violation of 18 U.S.C. § 371 before the United States District Court for the Eastern District of New York in United States v. Kozak, et al., 02-CR-879 (the “Kozak Case”), a criminal case arising from the Out of the Black Offering. On May 10, 2010, a criminal judgment was entered against Emrich. He was sentenced to two years probation and order to pay restitution of \$178,775.

10. On May 9, 2005, Frankfurth pleaded guilty to one count of conspiracy to commit securities fraud in violation of 18 U.S.C. § 371 in the Kozak Case. On June 21, 2010, a criminal judgment was entered against Frankfurth. He was sentenced to five years probation including six months home detention and ordered to pay restitution of \$338,338.

11. The count of the indictment in the Kozak Case, to which Emrich and Frankfurth pleaded guilty, alleged, among other things, that between approximately April 1999 and

May 2001, Emrich, Frankfurth, Ferreiras and others conspired to defraud investors by concealing the actual amount of sales commissions that would be paid from the proceeds of the Out of the Black Offering.

12. On June 18, 2003, Ferreiras pleaded guilty before the United States District Court for the Eastern District of New York to the charges in the Kozak Case and the counts against him in United States v. Leonard, et al. 02-CR-881 (the “Leonard Case”), a criminal case arising from the Little Giant Offering and the Heritage Offering.

13. On June 27, 2007 Ferreiras pleaded guilty to one count of conspiracy to commit mail fraud in violation of 18 U.S.C. §§ 1349 and 3147 and eight counts of mail fraud in violation of 18 U.S.C. §§ 1341, 3147 and 2 before the United States District Court for the Eastern District of New York in United States v. Ferreiras, et al., 07-CR-325 (the “ATM Case”).

14. In the Kozak Case, Ferreiras was charged with conspiracy and securities fraud for concealing from investors the amount of sales commissions that would be paid from the proceeds of the Out of the Black Offering. In the Leonard Case, Ferreiras was charged with one count of conspiracy and one count of securities fraud for concealing from investors the actual amount of sales commissions that would be paid from the proceeds of the Heritage Offering. Counts one through nine of the indictment in the ATM Case, to which Ferreiras pleaded guilty, alleged, among other things, that after pleading guilty and awaiting sentencing in the Leonard Case, Ferreiras and his co-conspirator carried out a scheme to obtain money and property from others by means of materially false representations and omissions in connection with the sale of cashless ATM machines.

15. On July 23, 2009, a criminal judgment was entered against Ferreiras in the Leonard, Kozak and ATM Cases. He was sentenced to concurrent prison terms of six months based on the convictions in the Kozak and Leonard Cases and 125 months based on his conviction in the ATM Case. In addition, Ferreiras was sentenced to three years of supervised release and ordered to pay total restitution of \$17,117,788.88.

16. On April 24, 2003, Rossi pleaded guilty to two counts of conspiracy to commit securities fraud in violation of 18 U.S.C. § 371 in the Leonard Case. On March 21, 2011, a criminal judgment was entered against Rossi. He was sentenced to two years probation.

17. The counts of the indictment to which Rossi pleaded guilty in the Leonard Case alleged, among other things, that Rossi and others conspired to defraud investors by concealing the actual amount of sales commissions that would be paid from the proceeds of the Little Giant and Heritage Offerings.

18. Valensky pleaded guilty before the United States District Court for the Eastern District of New York to two counts of conspiracy to commit securities fraud in U.S. v. Noorai, et al., 02-CR-880 (the “Noorai Case”), a criminal case arising from a private offering of securities, and one count of conspiracy to commit securities fraud in the Leonard Case. On November 10, 2010, a criminal judgment was entered against Valensky in the Noorai and Leonard

Cases. He was sentenced to concurrent terms of three years probation in the Noorai and Leonard Cases.

19. The count of the indictment to which Valensky pleaded guilty in the Leonard Case alleged, among other things, that Valensky and others conspired to defraud investors by concealing the actual amount of sales commissions that would be paid from the proceeds of the Heritage Offering.

### **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 Respondents an opportunity to establish any defenses to such allegations;

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

### **IV.**

IT IS ORDERED that a public hearing 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, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

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

If Respondents fail to file the directed answers, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them 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 forthwith upon Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

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.

Elizabeth M. Murphy  
Secretary