

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 71871 / April 4, 2014

INVESTMENT COMPANY ACT OF 1940
Release No. 31007 / April 4, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15823

In the Matter of

**Visionary Trading LLC,
Lightspeed Trading LLC,
Andrew Actman,
Joseph Dondero,
Eugene Giaquinto,
Lee Heiss, and
Jason Medvin,**

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTIONS 15(b) AND 21C
OF THE SECURITIES EXCHANGE ACT OF
1934 AND SECTION 9(b) OF THE
INVESTMENT COMPANY ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND
CEASE-AND-DESIST ORDERS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Visionary Trading LLC (“Visionary”), Lightspeed Trading LLC (“Lightspeed”), Andrew Actman (“Actman”), Joseph Dondero (“Dondero”), Eugene Giaquinto (“Giaquinto”), Lee Heiss (“Heiss”), and Jason Medvin (“Medvin,” and together with Visionary, Lightspeed, Actman, Dondero, Giaquinto, and Heiss, the “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 them and the subject matter of

these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Exchange Act and Section 9(b) of the Investment Company Act, Making Findings, and Imposing Remedial Sanctions and Cease-and-Desist Orders (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offers, the Commission finds¹ that:

A. SUMMARY

1. From May 2008 through November 2011 (the “Relevant Period”), Visionary operated an office in New Jersey where the firm’s owners, Dondero, Giaquinto, Heiss, and Medvin (collectively, the “Visionary Owners”) and as many as sixteen other individuals engaged in day-trading through various accounts held at Lightspeed, a registered broker-dealer. The sixteen other individuals included two groups: (a) individuals who traded securities using funds provided by the Visionary Owners (the “Visionary Proprietary Traders”); and (b) customers who traded securities using their own funds (the “Visionary Customers”). In connection with their trading, the Visionary Customers paid commissions to Lightspeed, and two Lightspeed registered representatives improperly shared a portion of this transaction-based compensation with Visionary, an unregistered entity. During the Relevant Period, Visionary and the Visionary Owners received \$474,407 of the commissions that were generated by the Visionary Customers’ trading, and Lightspeed retained approximately \$330,000 in commissions.

2. By virtue of this conduct, (a) Visionary and the Visionary Owners willfully violated Section 15(a)(1) of the Exchange Act by operating an unregistered broker-dealer; (b) Giaquinto willfully aided and abetted and caused Visionary’s, Dondero’s, Heiss’s, and Medvin’s violations of Section 15(a)(1) of the Exchange Act; (c) Lightspeed willfully aided and abetted and caused Visionary’s and the Visionary Owners’ violations of Section 15(a)(1) of the Exchange Act; (d) Lightspeed failed reasonably to supervise Giaquinto, one of the Visionary Owners, who was also a registered representative of Lightspeed from January 2010 through November 2011, by failing to have reasonable policies and procedures in place designed to prevent and detect commission payments from its registered representatives to persons not registered with the Commission; and (e) Actman failed reasonably to supervise Giaquinto from January 2010 through November 2011 in connection with Giaquinto’s aiding and abetting and causing Visionary’s, Dondero’s, Heiss’s, and Medvin’s violations of Section 15(a)(1) of the Exchange Act.

3. In addition, one of the Visionary Owners, Dondero, engaged in a sophisticated, manipulative trading strategy, typically referred to as “layering” or “spoofing” (hereinafter, collectively, “layering”). This strategy concerns the use of non-bona fide orders, or orders that

¹ The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

a trader does not intend to have executed, to induce others to buy or sell the security at a price not representative of actual supply and demand. As a result of this manipulative trading, Dondero reaped approximately \$984,398 in ill-gotten profits. By virtue of this conduct, Dondero violated Sections 9(a)(2) and 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. RESPONDENTS

4. **Visionary** is a New Jersey limited liability company formed in 2003 by Dondero, Giaquinto, Heiss, and Medvin, which, during the Relevant Period, had its principal place of business in Holmdel, New Jersey. Visionary is not, and has never been, registered with the Commission in any capacity.

5. **Lightspeed** is a New York limited liability company that was formed in 1998. Lightspeed is a broker-dealer registered with the Commission pursuant to Section 15(b) of the Exchange Act. Lightspeed's principal place of business is in New York, New York.

6. **Actman**, age 41, resides in Demarest, New Jersey. From mid-2007 to late 2010 or early 2011, Actman served as the Chief Executive Officer of Lightspeed. Subsequently, Actman served as Lightspeed's Chief Operating Officer until he left the firm in January 2012. Actman holds Series 7, 24, 27, and 63 licenses. Actman is not currently associated with a registered broker-dealer.

7. **Dondero**, age 37, resides in Lincroft, New Jersey. Dondero is an owner of Visionary. During part of the Relevant Period, Dondero held Series 7, 55, 56, and 63 licenses and was associated with two registered broker-dealers, T3 Trading Group LLC and Chimera Securities LLC.

8. **Giaquinto**, age 40, resides in Monroe, New Jersey. Giaquinto is an owner of Visionary. During part of the Relevant Period, January 2010 through December 2011, Giaquinto held a Series 7 license and was a registered representative associated with Lightspeed.

9. **Heiss**, age 41, resides in Marlboro, New Jersey. Heiss is an owner of Visionary. During part of the Relevant Period, Heiss was associated with a registered broker-dealer, Chimera Securities, LLC. In October 2011, Heiss obtained his Series 56 license.

10. **Medvin**, age 39, resides in Marlboro, New Jersey. Medvin is an owner of Visionary. Medvin does not currently hold any securities licenses, but prior to his involvement with Visionary, he held Series 7, 55, and 63 licenses. During the Relevant Period, Medvin was not associated with a registered broker-dealer.

C. VISIONARY'S RECEIPT OF TRANSACTION-BASED COMPENSATION

11. The Visionary Owners formed Visionary in 2003. They rented an office and outfitted it with computer equipment necessary to permit on-site trading. They then encouraged other traders, including family members, friends, and other associates to trade at their office. The traders included two groups: (a) the Visionary Proprietary Traders; and (b) the Visionary

Customers. By combining their own trading activity with the trading activity of the Visionary Proprietary Traders and the Visionary Customers, the Visionary Owners were able to obtain lower commission rates from the broker-dealers through which they traded. In 2008, the Visionary Owners, the Visionary Proprietary Traders, and the Visionary Customers began trading through accounts maintained at the broker-dealer Lightspeed.

12. From May 2008 through November 2011, Lightspeed charged the Visionary Customers' accounts commissions based on the number of shares traded. Specifically, at the end of each month, Lightspeed calculated the total commissions that the Visionary Customers' accounts paid to Lightspeed. Lightspeed then deducted from this amount: (1) its own previously negotiated share of the commissions, and (2) the Electronic Communication Network ("ECN") fee and other fees that Lightspeed incurred in connection with the trading activity of the Visionary Customers' accounts. Lightspeed then paid the remainder of these commissions to the Lightspeed registered representative affiliated with Visionary. From May 2008 through December 2009, the Lightspeed registered representative was a Visionary proprietary trader (the "Initial Lightspeed Registered Representative") and from January 2010 through November 2011 the Lightspeed registered representative was Giaquinto. The Lightspeed registered representative then gave these commission payments to, or, in the case of Giaquinto, shared these commission payments with, the Visionary Owners.

13. Lightspeed made these payments in the form of checks made out initially to the Initial Lightspeed Registered Representative and later to Giaquinto. The payments were then deposited into a Visionary bank account and disbursements were made to pay office expenses and to make distributions to the Visionary Owners. In total, the Visionary Owners received \$474,407 in connection with the Visionary Customers' trading during the Relevant Period, and Lightspeed retained approximately \$330,000 in commissions.

D. GIAQUINTO KNEW OR WAS RECKLESS IN NOT KNOWING THAT VISIONARY AND THE OTHER VISIONARY OWNERS WERE OPERATING AN UNREGISTERED BROKER-DEALER

14. Giaquinto was both a registered representative associated with Lightspeed and an owner of Visionary from January 2010 through November 2011. During this time, Giaquinto received commission payments from Lightspeed for the Visionary Customers' trading and deposited this money into a Visionary bank account to pay office expenses and to make payments to the other Visionary Owners. Giaquinto knew that the other Visionary Owners were receiving a portion of the Lightspeed commission payments. He and the other Visionary Owners communicated frequently about how they should divide the commission payments amongst themselves.

E. LIGHTSPEED KNEW OR WAS RECKLESS IN NOT KNOWING THAT ITS REGISTERED REPRESENTATIVES WERE IMPROPERLY SHARING TRANSACTION-BASED COMPENSATION

15. Beginning in at least June 2008, Lightspeed encountered red flags indicating that the Initial Lightspeed Registered Representative and later Giaquinto were transferring to

Visionary the transaction-based compensation that Lightspeed paid them in connection with the trading activity of the Visionary Customers. Lightspeed further encountered red flags indicating that Visionary, which was not a registered broker-dealer, was distributing these payments to the Visionary Owners, who during portions of the Relevant Period were not registered as brokers or dealers or associated with a registered broker-dealer.²

16. For example, the Visionary Owners, including Medvin who was not associated with any registered broker-dealer, arranged on a regular basis the gross commission that Lightspeed would charge each of the Visionary Customers. Medvin, as opposed to the Initial Lightspeed Registered Representative or Giaquinto, contacted Actman and other Lightspeed employees concerning the payment of the transaction-based compensation to Visionary. Lightspeed would then deduct from this gross commission amount its own commission and ECN and related fees, and pay the remainder of the transaction-based compensation to the Lightspeed registered representative associated with Visionary at the time. Actman sent, or was copied on, monthly spreadsheets that Lightspeed provided to Medvin identifying the total commissions that Lightspeed charged the Visionary Customer accounts and how much of those commissions Lightspeed would pay to the Initial Lightspeed Registered Representative and later Giaquinto. Throughout the Relevant Period, Actman and others at Lightspeed knew that Giaquinto was affiliated with Visionary. Lightspeed's knowledge of this affiliation, Giaquinto's status as a Lightspeed registered representative, and Lightspeed's regular communication with Medvin about Lightspeed's payment of transaction-based compensation placed Lightspeed on notice that the commission payments related to the Visionary Customers' trading were being transferred to the Visionary Owners.

17. These red flags indicated that the Visionary Owners arranged the Visionary Customer commission rates and received the transaction-based compensation that Lightspeed was paying to its registered representatives. Despite these red flags, no one at Lightspeed responded reasonably to prevent these payments from occurring; instead, Lightspeed continued to make the monthly payments.

F. LIGHTSPEED AND ACTMAN FAILED REASONABLY TO SUPERVISE GIAQUINTO WITH RESPECT TO HIS AIDING AND ABETTING VIOLATIONS OF SECTION 15(a)(1)

18. Lightspeed failed to establish reasonable policies and procedures designed to prevent and detect the improper sharing of commissions between its registered representatives, such as Giaquinto, and persons who were not registered with the Commission in any capacity. In addition, Lightspeed failed to establish reasonable policies and procedures to guide its employees' responses to red flags suggesting that a registered representative, such as Giaquinto,

² From May 2008 through December 2009, the Initial Lightspeed Registered Representative received commission payment checks from Lightspeed and endorsed these checks over to the Visionary Owners. Then from January 2010 through November 2011, Giaquinto, a Visionary Owner and Lightspeed registered representative, received commission payment checks from Lightspeed and endorsed them over to the other Visionary Owners.

might be sharing commissions with an unregistered entity or person. If Lightspeed had adopted reasonable policies and procedures to monitor for commission-sharing between its registered representatives and others or to guide its employees in identifying and responding to red flags indicating inappropriate commission-sharing, it is likely that Lightspeed would have prevented and detected Giaquinto's aiding and abetting violations of Section 15(a)(1).

19. Actman supervised Giaquinto from January 2010 through November 2011. As described above, Actman was contacted by Medvin, not Giaquinto, to establish commission rates for the Visionary Customers. Further, Actman knew prior to January 2010 and through the remainder of the Relevant Period that Giaquinto was affiliated with Visionary. In May 2010, Actman contacted Medvin and told him that Lightspeed would not continue to pay Giaquinto a share of the commissions related to the trading by the Visionary Proprietary Traders so long as Giaquinto remained an owner of Visionary.

20. Although Lightspeed did stop paying Giaquinto commissions related to certain Visionary Proprietary Traders trading, Lightspeed's payments of commissions related to the Visionary Customers' trading continued through November 2011 with no changes to Giaquinto's ownership interest in Visionary. Giaquinto also continued to share the commission payments with Visionary and the other Visionary Owners. Actman failed to take any other steps to address the red flags that suggested that Giaquinto was sharing commissions with Visionary and the other Visionary Owners. If Actman had followed up on these red flags, it is likely that he would have prevented and detected Giaquinto's aiding and abetting violations of Section 15(a)(1).

G. DONDERO'S MANIPULATIVE TRADING SCHEME

21. During the Relevant Period, Dondero repeatedly manipulated the markets of U.S. listed and over-the-counter stocks by engaging in the practice of layering. Layering concerns the use of non-bona fide orders, or orders that the trader does not intend to have executed, to induce others to buy or sell the security at a price not representative of actual supply and demand. More specifically, Dondero placed buy (or sell) orders that he intended to have executed, and then immediately entered numerous non-bona fide sell (or buy) orders for the purpose of attracting interest to the bona fide order. Dondero placed these non-bona fide orders to induce, or trick, other market participants to execute against the initial, bona fide order. Immediately after the execution against the bona fide order, Dondero cancelled the open, non-bona fide orders. He typically then repeated this strategy on the opposite side of the market to close out the position.

22. Using this strategy, Dondero induced other market participants to trade in a particular security by placing and then cancelling layers of orders in that security, creating fluctuations in the national best bid or offer of that security, increasing order book depth, and using the non-bona fide orders to send false signals regarding the demand for such security, which the other market participants misinterpreted as reflecting true demand. Dondero's orders were intended to deceive and did deceive other market participants into buying (or selling) stocks from (or to) Dondero at prices that had been artificially raised (or lowered) by Dondero.

Example of Layering by Dondero

23. Dondero's trading in the stock of First Capital, Inc. (FCAP) from 9:34:24 to 9:54:09 on May 8, 2009, illustrates his pattern of layering. At 9:34:25, Dondero placed an order to buy 100 shares of FCAP at \$16.20 per share. Prior to Dondero placing his order, the inside bid was \$14.01 and the inside ask was \$17.00. Dondero's buy order raised the National Best Bid ("NBB") from \$14.01 to \$16.20. At 9:34:29, Dondero placed an order to sell 2,000 shares of FCAP at \$16.21 per share. This order did not change the National Best Offer ("NBO") because Dondero used an order type that allowed him to not display his order to other market participants; thus, the NBO remained at \$17.00.

24. At 9:34:31, Dondero placed two orders to buy a total of 1,000 shares of FCAP at \$16.20. He immediately cancelled these orders and placed another order at 9:34:35 to buy 100 shares of FCAP for \$15.10. The NBB at this point was still \$16.20, established by Dondero's open orders. At 9:36:49, Dondero again placed two orders to buy a total of 1,000 shares of FCAP at \$16.20 and then immediately cancelled those orders. At 9:36:51, Dondero placed an order to buy 100 shares of FCAP at \$16.10 and then cancelled his only other outstanding buy order at \$16.20. At this point, the NBB was \$16.10, representing Dondero's open orders. Apparently realizing that his bona-fide sell order was not getting executed, he then cancelled his outstanding sell order of 2,000 shares at \$16.21. At 9:36:56, he placed a new non-displayed order to sell 2,000 shares of FCAP for \$16.11 per share, one cent higher than his current order to buy. At 9:36:57, he placed four orders to buy a total of 2,000 shares of FCAP at \$16.10, cancelling one of those 500 share orders. At 9:36:59, 500 shares of Dondero's outstanding sell order were sold at \$16.11 per share. At 9:37:00, he then placed three additional 500 share buy orders at \$16.10. At 9:37:01, 300 shares of his 2,000 share sell order were sold at \$16.11. He then proceeded to cancel most of his outstanding buy orders.

25. For twenty minutes, Dondero's orders constituted the best bid, dropping it over time to \$16.00. He cancelled buy orders during this time, but always had at least one buy order open. The purpose of maintaining an open bid appears to be that it prevents the best bid from falling substantially. During this time, he placed non-displayed sell orders near the best bid in the range of \$16.01 to \$16.21. He managed to sell 1,700 shares for an average price of \$16.06. He purchased no shares during this time. When Dondero cancelled all of his remaining buy orders at 9:54:07, the NBB returned to \$14.01. The best offer was \$16.50 at this time. During this time, Dondero placed 36 buy orders while only placing 9 sell orders. Dondero covered his short position the next day yielding him approximately \$2,919 in profits.

26. Dondero engaged in this manipulative strategy repeatedly, placing hundreds of thousands of orders during the Relevant Period with the intent to change the NBB or NBO while at times cancelling greater than 90 percent of his orders.

27. The manipulative trading comprised almost 100 percent of Dondero's profitable trading and resulted in profits of \$984,398.

H. VIOLATIONS

Visionary and the Visionary Owners Willfully Violated Exchange Act Section 15(a)(1)

28. As a result of the conduct described above, Visionary and the Visionary Owners willfully³ violated Section 15(a)(1) of the Exchange Act by operating as an unregistered broker-dealer.⁴ In particular, while not registered in any capacity with the Commission, Visionary and the Visionary Owners solicited the Visionary Customers to engage in securities trading through accounts at Lightspeed, and received transaction-based compensation related thereto.

Giaquinto Willfully Aided and Abetted and Caused Visionary's and Visionary Owners' Violations of Exchange Act 15(a)(1)

29. As a result of the conduct described above, from January 2010 through November 2011, Giaquinto willfully aided and abetted and caused Visionary's and the Visionary Owners' violations of Section 15(a)(1) of the Exchange Act by knowingly or recklessly facilitating Visionary's and Dondero's, Heiss's, and Medvin's operation of an unregistered broker-dealer.

Lightspeed Willfully Aided and Abetted and Caused Visionary's and the Visionary Owners' Violations of Exchange Act 15(a)(1)

30. As a result of the conduct described above, Lightspeed willfully aided and abetted and caused Visionary and the Visionary Owners' violations of Section 15(a)(1) of the Exchange Act by knowingly or recklessly facilitating Visionary and the Visionary Owners' operation of an unregistered broker-dealer.

Lightspeed Failed Reasonably to Supervise Giaquinto

31. As a result of the conduct described above, Lightspeed failed reasonably to supervise Giaquinto while he was a registered representative associated with Lightspeed within the meaning of Section 15(b)(4)(E) of the Exchange Act with a view to preventing and detecting his violation of the federal securities laws.

³ A willful violation of the securities laws means merely “that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

⁴ Prior to becoming associated with Lightspeed in January 2010, Giaquinto, as a Visionary Owner, violated Section 15(a)(1) of the Exchange Act by receiving a portion of Lightspeed payments that were based on the trading of the Visionary Customers.

Actman Failed Reasonably to Supervise Giaquinto

32. Supervisors have a heightened duty to supervise and act decisively in investigating and taking appropriate action in response to red flags indicating possible fraud or other irregularity. From January 2010 through November 2011, Actman supervised Giaquinto while he was a registered representative associated with Lightspeed.

33. As a result of the conduct described above, Actman failed reasonably to supervise Giaquinto within the meaning of Section 15(b)(4)(E) of the Exchange Act, as incorporated by reference in Section 15(b)(6) of the Exchange Act, with a view to preventing and detecting his violation of the federal securities laws.

Dondero Violated Exchange Act Sections 9(a)(2) and 10(b) and Rule 10b-5 Thereunder⁵

34. As a result of the conduct described above, Dondero willfully violated Section 9(a)(2) of the Exchange Act, which makes it unlawful “to effect, alone or with one or more other persons, a series of transactions in any security . . . creating actual or apparent active trading in such security, or raising or depressing the price of such security, for the purpose of inducing the purchase or sale of such security by others.”

35. As a result of the conduct described above, Dondero willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which make it unlawful, in connection with a purchase or sale of securities, to: (1) employ any device, scheme or artifice to defraud; (2) make material misstatements of fact or omit to state material facts; or (3) engage in any act or practice that operates as a fraud or deceit.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents’ Offers.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondents Visionary and Lightspeed shall cease and desist from committing or causing any violations and any future violations of Section 15(a)(1) of the Exchange Act.

B. Respondents Dondero, Giaquinto, Heiss, and Medvin shall cease and desist from committing or causing any violations and any future violations of Section 15(a)(1) of the Exchange Act.

⁵ Unlike Section 15(a)(1) of the Exchange Act, which does not require scienter (*see SEC v. Nat’l Executive Planners, Ltd.*, 503 F. Supp. 1066, 1073 (M.D.N.C. 1980)), Sections 9(a)(2) and 10(b) of the Exchange Act require proof of scienter.

C. Respondent Dondero shall cease and desist from committing or causing any violations and any future violations of Sections 9(a)(2) and 10(b) of the Exchange Act and Rule 10b-5 thereunder.

D. Respondents Giaquinto, Heiss, and Medvin be, and hereby are:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and

barred from participating in any offering of 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

with the right to apply for reentry after two (2) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

E. Respondent Dondero be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and

barred from participating in any offering of 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.

F. Respondent Actman be, and hereby is, barred from association in a supervisory capacity with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, with the right to apply for reentry after one year to the appropriate self-regulatory organization, or if there is none, to the Commission.

G. Respondent Lightspeed is censured.

H. Any reapplication for association by Respondents Actman, Dondero, Giaquinto, Heiss, and Medvin 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 Respondents Actman, Dondero, Giaquinto, Heiss, and Medvin, 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.

I. Respondent Lightspeed shall pay disgorgement of \$330,000 and prejudgment interest of \$43,316.54 for a total of \$373,316.54, plus agreed upon post-Order interest of \$4,592.16, for a total of \$377,908.70, to the United States Treasury. Payment of disgorgement and interest shall be made in five (5) installments according to the following schedule:

- Payment 1, in the amount of \$125,000, due within ten (10) days of the entry of this Order.
- Payment 2, in the amount of \$63,916.00, due within ninety (90) days of the entry of this Order.
- Payment 3, in the amount of \$63,456.78, due within one hundred eighty (180) days of the entry of this Order.
- Payment 4, in the amount of \$62,997.57, due within two hundred seventy (270) days of the entry of this Order.
- Payment 5, in the amount of \$62,538.35, due within three hundred sixty (360) days of the entry 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, plus any additional interest accrued pursuant to SEC Rule of Practice 600, shall be due and payable immediately, without further application.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;⁶
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal

⁶ The minimum threshold for transmission of payment electronically is \$1,000,000. For amounts below the threshold, respondents must make payments pursuant to option (2) or (3) above.

money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Lightspeed as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sanjay Wadhwa, Associate Director, Division of Enforcement, U.S. Securities and Exchange Commission, 3 World Financial Center, Suite 400, New York, NY 10281-1022.

J. Respondent Lightspeed shall pay a civil money penalty in the amount of \$100,000 plus agreed upon post-Order interest of \$308.22, for a total of \$100,308.22, to the United States Treasury. Payment of penalty and interest shall be made in five (5) installments according to the following schedule:

- Payment 1, in the amount of \$50,000, due within ten (10) days of the entry of this Order.
- Payment 2, in the amount of \$12,623.29, due within ninety (90) days of the entry of this Order.
- Payment 3, in the amount of \$12,592.47, due within one hundred eighty (180) days of the entry of this Order.
- Payment 4, in the amount of \$12,561.64, due within two hundred seventy (270) days of the entry of this Order.
- Payment 5, in the amount of \$12,530.82, due within three hundred sixty (360) days of the entry of this Order.

If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;⁷
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

⁷ See *supra* note 5.

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Lightspeed as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sanjay Wadhwa, Associate Director, Division of Enforcement, U.S. Securities and Exchange Commission, 3 World Financial Center, Suite 400, New York, NY 10281-1022.

K. Respondents Giaquinto, Heiss, and Medvin each shall, within ten (10) days of the entry of this Order, pay disgorgement of \$118,601.96 plus prejudgment interest of \$14,391.32 for a total of \$132,993.28 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;⁸
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Giaquinto, Heiss, or Medvin as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sanjay Wadhwa, Associate Director, Division of Enforcement, U.S. Securities and Exchange Commission, 3 World Financial Center, Suite 400, New York, NY 10281-1022.

L. Respondents Giaquinto, Heiss, and Medvin each shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$35,000 to the United States

⁸ See *supra* note 5.

Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;⁹
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

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Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Giaquinto, Heiss, or Medvin as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sanjay Wadhwa, Associate Director, Division of Enforcement, U.S. Securities and Exchange Commission, 3 World Financial Center, Suite 400, New York, NY 10281-1022.

M. Respondent Dondero shall, within (10) days of the entry of this Order, pay disgorgement of \$1,102,999.96 plus prejudgment interest of \$46,792 for a total of \$1,149,791.96 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;¹⁰
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center

⁹ See *supra* note 5.

¹⁰ See *supra* note 5.

Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Dondero as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sanjay Wadhwa, Associate Director, Division of Enforcement, U.S. Securities and Exchange Commission, 3 World Financial Center, Suite 400, New York, NY 10281-1022.

N. Respondent Dondero shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$785,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;¹¹
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Dondero as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sanjay Wadhwa, Associate Director, Division of Enforcement, U.S. Securities and Exchange Commission, 3 World Financial Center, Suite 400, New York, NY 10281-1022.

O. Respondent Actman shall pay a civil money penalty in the amount of \$10,000 plus agreed upon post-Order interest of \$46.23, for a total of \$10,046.23, to the United States Treasury. Payment of penalty and interest shall be made in five (5) installments according to the following schedule:

¹¹ See *supra* note 5.

- Payment 1, in the amount of \$2,500, due within ten (10) days of the entry of this Order.
- Payment 2, in the amount of \$1,893.49, due within ninety (90) days of the entry of this Order.
- Payment 3, in the amount of \$1,888.87, due within one hundred eighty (180) days of the entry of this Order.
- Payment 4, in the amount of \$1,884.25, due within two hundred seventy (270) days of the entry of this Order.
- Payment 5, in the amount of \$1,879.62, due within three hundred sixty (360) days of the entry of this Order.

If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;¹²
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

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Accounts Receivable Branch
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6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Actman as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sanjay Wadhwa, Associate Director, Division of Enforcement, U.S. Securities and Exchange Commission, 3 World Financial Center, Suite 400, New York, NY 10281-1022.

By the Commission.

Jill M. Peterson
Assistant Secretary

¹² See *supra* note 5.