

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 73172 / September 22, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16152

In the Matter of

ALBERT REDA,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS PURSUANT
TO SECTIONS 15(b) AND 21C OF THE
SECURITIES EXCHANGE ACT OF
1934**

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”) against Albert Reda (“Respondent” or “Reda”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Respondent, age 67, a resident of Tustin, California, was Treasurer of 1st Global Financial, Inc. (“1st Global”) and a member of its Board of Directors. During the period June 30, 2011 through July 6, 2011, Respondent participated in an offering of the stock of 1st Global, which is a penny stock. On November 4, 2013, Respondent was found guilty after a jury trial of one count of wire fraud and one count of mail fraud in *U.S. v. Reda, et al.*, 11-CR-10416-DJC (D. Mass.). On March 11, 2014, Respondent was sentenced to 26 months’ imprisonment, to be followed by one year’s supervised release. He was also ordered to pay a fine of \$6,000 and to forfeit \$16,000.

B. OTHER RELEVANT ENTITIES AND INDIVIDUALS

1. 1st Global Financial, Inc. a Nevada corporation with its principal place of business in Las Vegas, Nevada is purportedly in the real estate investment or development business. Reda was a member of 1st Global's Board of Directors and its Treasurer. 1st Global appears to have operated under several other company names in the past, including Global Debit Cash Card, Inc.; Venture Media Communications; Venturennet.com, Inc.; and Mount McKinley Gold, Inc. Venturennet.com, Inc. registered its common stock under Exchange Act Section 12(g) in 2000, and then filed a Form 15 on October 15, 2001 terminate its Section 12(g) registration. On December 1, 2011, the Commission, pursuant to Exchange Act Section 12(k), suspended trading in the securities of 1st Global for a period of ten business days. 1st Global's stock had been quoted on OTC Pink under the symbol "FGBF," but its symbol changed to "PROD" on August 28, 2013. OTC Markets has discontinued quoting PROD stock and has applied the "caveat emptor" label to it.

2. Kelly Black-White ("Black-White"), age 53, a resident of Mesa, Arizona, was president of Premier Funding Services, Inc. and Premier Media Services, Inc., which purport to provide investor and public relations services to small cap market companies. Black-White pleaded guilty to one count of conspiracy to commit securities fraud and eleven counts of mail fraud on September 12, 2013 in *U.S. v. Kelly Black-White, et al.*, 11-CR-10416-DJC (D. Mass.). On February 5, 2014, Black-White was sentenced to 12 months and one day of imprisonment, to be followed by two years' supervised release, and was ordered to pay a \$7,500 fine. She was ordered to forfeit \$6,050 on February 10, 2014.

C. KICKBACK SCHEME

1. These proceedings arise out of a fraudulent scheme in which insiders of publicly-traded penny stock companies paid secret kickbacks to a purported corrupt hedge fund manager, who was in fact an undercover agent with the Federal Bureau of Investigation ("Fund Manager"), in exchange for the Fund Manager's purchase of restricted stock of the penny stock companies on behalf of his purported hedge fund ("the Fund"), which did not actually exist.

2. At some time prior to June 29, 2011, Black-White arranged for Reda to meet with the Fund Manager to discuss funding for 1st Global.

3. On or about June 29, 2011, Reda met with the Fund Manager (the "June 29 Meeting"). The Fund Manager explained to Reda that he was prepared to invest Fund monies of up to \$5 million in 1st Global stock in exchange for a secret fifty percent kickback to him, enabling the Fund Manager to keep for himself half of the money he was supposedly investing on behalf of the Fund.

4. At the June 29 Meeting, the Fund Manager also explained the mechanics of the funding, informing Reda that while the Fund Manager could commit to an investment of \$5 million of the Fund's money, with \$2.5 million being kicked back to the Fund

Manager, the Fund Manager did not want to invest the entire amount at once. Therefore, the Fund Manager told Reda he would invest the money over time in tranches, or installments, of increasing amounts.

5. At the June 29 Meeting, the Fund Manager further discussed with Reda the mechanics of how monies would be kicked back to the Fund Manager. The Fund Manager arranged with Reda that 1st Global would execute a consulting agreement with a nominee consulting company that the Fund Manager purportedly controlled, but that the Fund Manager would not actually provide any consulting services. Reda was told that invoices would be issued by the Fund Manager's nominee company to 1st Global in order to disguise the kickbacks.

6. At the June 29 Meeting, Reda agreed to the funding/kickback arrangement.

7. On various dates between June 30, 2011 and July 5, 2011, Reda sent the Fund Manager documents related to the kickback transaction, including a consulting agreement between 1st Global and the Fund Manager's nominee consulting company and stock purchase agreements between 1st Global and the Fund.

8. On or about July 5, 2011, in accordance with wiring instructions provided by Reda, \$32,000 was sent by wire transfer from a bank account maintained in Massachusetts, purportedly belonging to the Fund, to a 1st Global corporate bank account outside of Massachusetts. This wire transfer represented the first tranche of funding to 1st Global.

9. On or about July 5, 2011, Reda caused a stock certificate representing the purchase by the Fund of 1st Global shares to be sent to the Fund Manager.

10. On or about July 6, 2011, Reda caused a total of \$16,000 to be sent by wire transfer from a 1st Global corporate bank account outside of Massachusetts to a Citizens bank account held in the name of the Fund Manager's nominee company in Massachusetts. This wire transfer represented Reda's kickback to the Fund Manager from the first tranche of funding to 1st Global.

D. VIOLATIONS

1. As a result of the conduct described above, Reda willfully violated Section 10(b) of the Exchange Act and Rule 10b-5(a) thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

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 and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement, and civil penalties pursuant to Section 21B of the Exchange Act; and

C. Whether, pursuant to Section 21C of the Exchange Act, Respondent should be ordered to cease and desist from committing or causing violations of and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, whether, pursuant to Section 21C(f) of the Exchange Act, Respondent should be prohibited, conditionally or unconditionally, and permanently or for such period of time as shall be determined, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, whether Respondent should be ordered to pay a civil penalty pursuant to Section 21B(a) of the Exchange Act, and whether Respondent should be ordered to pay disgorgement pursuant to Sections 21B(e) and 21C(e) 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 not earlier than 30 days and not later than 60 days from service of this Order 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 Respondent shall file an Answer 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 Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him 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 Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 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.

By the Commission.

Jill M. Peterson
Assistant Secretary