

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9957 / September 30, 2015

SECURITIES EXCHANGE ACT OF 1934
Release No. 76055 / September 30, 2015

INVESTMENT COMPANY ACT OF 1940
Release No. 31853 / September 30, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16875

In the Matter of

Edward T. Borg and Brian J. Mulkeen

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933, 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 A CEASE-
AND-DESIST ORDER**

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 Section 8A of the Securities Act of 1933 (“Securities Act”), 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 Edward T. Borg and Brian J. Mulkeen (collectively “Respondents”).

II.

In anticipation of the institution of these proceedings, the 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 in which the Commission is a party, and without admitting or denying the findings contained in the Order, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings,

pursuant to Section 8A of the Securities Act of 1933, 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 a Cease-and-Desist Order (“Order”), as set forth below.

III.

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

Summary

Edward Borg, a former owner, officer and registered representative of a small now-defunct broker-dealer, All Funds, Inc. (“All Funds”), periodically manipulated the market for Natural Alternatives International, Inc.’s (“NAII”) common stock between 2003 through 2011. Borg engaged in manipulative trading to support the price of NAII stock and to give the false appearance of investor interest. He directed trading in several of his customers’ accounts, personally invested heavily in NAII and had several of his customers invest heavily in NAII, often in high concentrations (more than 90% of the account’s total value) and frequently on margin. In connection with one All Funds customer, Borg recommended that she invest in NAII almost exclusively, which was not suitable in light of her investment objectives. During this period, Borg personally owned as much as 22.5 percent of NAII’s outstanding stock, and customers at All Funds, combined with Borg’s personal holdings, owned as much as 55 percent of the outstanding shares of NAII. Borg did not report any of his holdings as required by the federal securities laws until March 9, 2012, when he filed a Schedule 13G, and Forms 3 and 4—all of which understated the number of shares he beneficially owned.

Borg made cross-trades and matched trades in thinly-traded NAII stock at prices that he typically determined (usually at the offer) between customer accounts at All Funds where he essentially controlled trading in the accounts. He also executed numerous wash sales and matched orders, which distorted the trading volume for NAII, supported the price of NAII, and made the stock appear to be more liquid than it really was.

Before All Funds closed in 2012, a number of Borg’s customers moved their accounts to LPL Financial LLC (“LPL”), where Borg became a registered representative, and tried to continue his manipulation of NAII stock. After leaving LPL, Borg arranged for many of his customers to transfer their accounts to TD Ameritrade (“TDA”). Although Borg was no longer a registered representative, he convinced several of his customers to give him authority to trade on their behalf in their accounts at TDA. Borg controlled the trading in their accounts until TDA refused to process orders Borg placed in his former customers’ accounts and asked Borg and most of his

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.

former customers to close or transfer their accounts due to TDA's concerns about the propriety of the trading in those accounts. At both LPL and TDA, Borg placed telephone calls in which he impersonated several of his customers (in recorded calls) to maintain control of NAII stock and to prevent LPL or TDA from selling the customers' shares of NAII in the market.

Although Borg did not report any of his holdings in NAII until 2012, three of his largest customers (the "investment group") reported their holdings in NAII in 2001. The investment group was a "person" subject to Section 13(d)(1) and members of the investment group explicitly affirmed that they were members of a group in that filing and amendments to it. A group is deemed to acquire the beneficial ownership of all of its members. Consequently, the Schedule 13D did not accurately report the number of shares beneficially owned by the group because Borg was an undisclosed member of the group and shares he personally owned were not reported.

The first two members of the investment group filed a Schedule 13D on November 5, 2001. The Schedule 13D stated:

The persons filing this Report now believe that (a) the Common Stock is significantly under-valued, (b) steps taken by the Company to date to enhance stockholder value have been insufficient

The persons filing this Report are examining all of their options with respect to the possibility of taking actions which they believe will enhance stockholder value. Such actions could include proposing that management pursue a financial transaction to improve stockholder value, including a merger, reorganization or liquidation, encouraging, participating or leading a proxy contest to change the Company's Board of Directors and/or encouraging, participating in or making a tender offer to acquire control of the Company.

Borg did not report his beneficial ownership of NAII stock at this time.

Later, after he personally owned more than 10% of NAII's stock (starting in 2005), Borg should have reported all of his purchases and sales of NAII stock even though the acquisitions and dispositions were equal. Anyone reviewing Borg's Form 4 filings (if he had filed them) would have observed that he was frequently buying and selling NAII stock, with the number of shares he sold often approximating the number of shares he bought. Since NAII was a relatively illiquid company, the Form 4 filings would have shown that Borg's trades were a significant portion of the total trading volume for NAII, which would have raised questions about Borg's trades and the true liquidity of the stock.

Borg's manipulation of the market for NAII and other misconduct described above went unchecked because Borg's long-time associate, Brian Mulkeen, was his designated supervisor at All Funds and failed to supervise him in any meaningful way. Mulkeen reviewed and approved all of Borg's personal trades as well as the trades that Borg directed on behalf of his customers at All Funds. Notwithstanding repeated red flags that Borg was engaging in wash trades among his

personal accounts at All Funds and matched orders among his customers' accounts, Mulkeen failed to take any action. In addition, Mulkeen failed to follow-up on red flags of questionable suitability for at least one customer who had an extreme concentration of NAI in her account. Finally, in the course of his review of Borg's personal trading in NAI, Mulkeen learned that Borg was the beneficial owner of substantial amounts of NAI and told Borg to file ownership reports for NAI. However, Mulkeen took no action when Borg failed to file any of these reports during the next four years.

Respondents

1. **Edward T. Borg**, age 63, is currently a resident of Jupiter, Florida. Before he moved to Florida in 2008, Borg lived in Congers, New York. From December 1974 through February 2012, he was an owner, officer and registered representative for All Funds, Inc., a brokerage firm established by his father. He worked as a registered representative for LPL from September 2011 until April 2012. After he left LPL, he retired, but obtained trading authority over a number of his customers' accounts at TDA until TDA refused to allow Borg to trade for his prior customers and asked Borg and most of his customers to transfer or close their accounts. In 1979, the National Association of Securities Dealers, Inc. ("NASD") suspended Borg for 60 days, censured him and fined him \$5,000 jointly and severally with his father, All Funds, and Brian Mulkeen (who was found to have failed to exercise reasonable supervision over Borg) for excessive trading in an account in which Borg also made unsuitable investment recommendations.

2. **Brian J. Mulkeen**, age 59, is a resident of Monroe, New York. He was President, Comptroller, Chief Compliance Officer, and Borg's direct supervisor at All Funds, where he worked from December 1976 until September 2011. In addition, Mulkeen was an employee of Balanced Estate Agency, another company that Borg inherited from his father, which sold insurance and provided real estate placement services. When All Funds closed, he moved to LPL until October 2012 when he moved to Invest Financial Corporation, where he currently works as a registered representative.

Other Relevant Entities

3. **Natural Alternatives International, Inc.**, a Delaware corporation with its headquarters in San Marcos, California, was founded by its current CEO, Mark LeDoux, in 1980. It formulates, manufactures, and markets nutritional supplements. It provides private-label manufacturing services to companies that market and distribute vitamins, minerals, nutritional supplements and other health care products. Its common stock is registered pursuant to Section 12(b) of the Exchange Act and listed on NASDAQ under the symbol NAI, which closed at \$5.78 on June 26, 2015.

4. **All Funds, Inc.**, a New York corporation, was founded on April 16, 1956 by Edward Borg, Sr., who died in 1988. It was registered as a broker-dealer with the Commission from May 7, 1956 to February 7, 2012, when its notice of withdrawal from registration as a broker or dealer became effective, and it was dissolved on July 6, 2012. It was an introducing firm with a fully disclosed clearing agreement with National Financial Services LLC. ("NFS").

Background

A. As a Beneficial Owner, Borg Controlled almost 55 % of the Outstanding Shares of NAII

5. Borg first learned of NAII when he read a study about people who used beta-alanine, an amino acid produced and distributed by NAII, to allow them to exercise longer. He thought that this product could become popular so he reviewed NAII's financial statements and annual reports. He believed that NAII was undervalued and should be taken private or acquired by another company.

6. Over time, Borg purchased shares of NAII for himself and a number of his customers, resulting in All Funds' customers and Borg owning up to 55 percent of the outstanding stock of NAII. Borg's customers generally approved of investments in NAII based upon Borg's recommendation without discussion of specific trades. In some instances, customers only learned of their investment in NAII after Borg had already purchased NAII stock for them. Some customers also discovered that Borg gradually sold all of the securities they owned to buy NAII until it was the only security they owned. For every customer, Borg had the power to dispose of shares of NAII, and therefore possessed the requisite investment power as determined under Rule 13d-3(a)(2) to make him the beneficial owner of such shares for purposes of Section 13(d) of the Exchange Act.

B. Borg Developed a Selective Ownership Reporting Strategy

7. Two of Borg's largest customers, Customer A and Customer A's Trust, acquired more than 5% of NAII's common stock by August 13, 2001. Borg told Customer A that he should disclose his ownership of NAII. Borg had his attorneys prepare a Schedule 13G to sign, which Customer A signed and sent back to Borg, who caused it to be filed with the Commission. Borg, who is a trustee of the trust, had another trustee sign the same Schedule 13G on behalf of Customer A's Trust. Borg did not sign the Schedule, and the Schedule did not include Borg's holdings in NAII or disclose his involvement with the investment group. In the Schedule 13G, Customer A's Trust reported that it owned 224,000 shares of NAII common stock or 3.9% of the outstanding shares of the company, and Customer A reported that he owned an additional 180,700 shares of NAII or 3.2% of the outstanding shares of the company, for a total of 7.1% of the outstanding shares of NAII.

8. To draw attention to NAII as an attractive take-over target, Customer A and Customer A's Trust filed a Schedule 13D (instead of a Schedule 13G) with the Commission, which was amended four times from 2001 through 2006, including an amendment signed on December 5, 2001, adding Customer B to the investment group. The group also filed Forms 3 and 4 because the group eventually owned more than 10% of NAII's outstanding stock. Despite the fact that he personally owned 22 percent of NAII's outstanding stock between 2001 and 2006 (and, for purposes of Exchange Act Rule 13d-3(a)(2), beneficially owned even more), Borg did not sign any

of these filings or disclose his holdings in NAIH or his involvement with the investment group, although Borg decided which documents to file and when to file them.

9. In the Schedule 13D, signed on October 29, 2001, Customer A disclosed that he had purchased additional shares of NAIH, bringing his total to 208,200 shares or 3.6% of NAIH. However, the most significant information included in that Schedule was that the group stated that, if management failed to act, then the group might take any of the following actions:

[P]roposing that management pursue a financial transaction to improve stockholder value, including a merger, reorganization, or liquidation, encouraging participating or leading a proxy contest to change the Company's Board of Directors and/or encouraging participating in or making a tender offer to acquire control of the Company.

C. Borg Manipulated the Market for NAIH

1. Borg Supported the Price of NAIH through Matched Orders and Cross-trades Between Customers at All Funds

10. From 2003 through 2011, Borg executed NAIH trades between customers at All Funds to avoid having his customers trade with investors in the open market. So, if one customer wanted to sell NAIH, Borg tried to find another customer to buy those shares. In this manner, the order did not go to the market for execution at a price he did not control. Instead, Borg typically set the price for the purchase order and for the sell order that he crossed, typically at the offer price. Borg also matched some trades by using limit orders for one or both of his customers. For large orders, Borg often used the after-hours market to execute trades because that gave him greater control over the trade.

2. Borg Executed 1,062 Manipulative Trades to Make the Market for NAIH Appear to be More Liquid than It Was and to Support the Price and Volume

11. From 2003 through 2011, Borg manipulated the market for NAIH stock by executing 843 matched orders and 219 wash sales. "A matched order is an 'order to buy and sell the same security, at about the same time, in about the same quantity, and at about the same price.'" SEC v. Masri, 523 F Supp.2d 361, 367 n8 (SDNY 2007) (quoting Black's Law Dictionary 1124 (7th ed. 1999)); see also Exchange Act Section 9(a)(1) (unlawful to enter any order for a security knowing that another order for the same security has been or will be entered at substantially the same time and of substantially the same size and price to create a false or misleading appearance of active trading). Wash sales "are transactions involving no change in beneficial ownership." Voss v. SEC, 222 F.3d 994, 996 (D.C. Cir. 2000) (citing Ernst & Ernst v. Hochfelder, 425 U.S. 185, 205 (1976)); see also Exchange Act Section 9(a)(1)) (unlawful to effect any transaction that involves no change in beneficial ownership to create a false or misleading appearance of active trading). These trades inflated the trading volume for NAIH and made the stock appear to be more liquid than it really was. Borg engaged in these trades for the purpose of

creating a false or misleading appearance of active trading in NAI and knew that his trading would have this result.

12. Over the years, Borg's manipulative trades included more investors. In October 2003, Borg used a simple strategy of wash sales to trade NAI between his taxable account and his Keogh account. In December 2003, Borg began to match trades with his wife's accounts. In 2005, Borg added a corporate entity that he owned and controlled to trade with himself. In 2006, Borg started using customer accounts that he controlled to place matched orders. He refined this strategy in 2009 to include multiple accounts to execute matched trades.

D. Borg Made Unsuitable Investment Recommendations to One Customer and Purchased Extreme Concentrations of NAI for Other Customers

13. One of Borg's customers at All Funds, who was unsophisticated in financial matters, opened an account with Borg in 1992. When she opened her account, she invested in Treasury bills and corporate bonds in accordance with her primary investment objective, which was income. Her secondary objective was safety. By 2008 she was retired, with a total net worth of approximately \$400,000 (essentially her home and the land it is on) and typically earned \$10,000 a year. By January 1, 2009, at Borg's recommendation, she sold her fixed income securities and purchased NAI, which has never paid any dividend, and was the only security in her IRA account. By January 31, 2010, she owned 53,220 shares of NAI in another, taxable account (94% of the total value) because Borg had sold all her Treasury bills and most of her equities, including: General Electric, Microsoft, and Time Warner. By July 23, 2012, this customer had a margin debt of \$260,626 and received a margin call from TDA. Until she received this margin call, she had not understood the risk of investing all her funds, plus funds borrowed on margin, in a single thinly-traded stock. Borg sold 21,200 shares of NAI to satisfy the call. He subsequently made an undocumented loan to her of \$140,000 to pay off her margin balance so she could transfer her account from TDA to Charles Schwab without having to sell additional shares of NAI. This customer has not made a trade in her account at Charles Schwab. Between 2008 and 2010, Borg recommended that this customer sell her investments and purchase NAI as the exclusive holding in her accounts. These recommendations were unsuitable in light of her investment objectives. Borg knew that recommending substantial purchases of NAI was unsuitable for the customer's needs and failed to disclose the risks of having a concentrated position in this single, thinly traded security.

14. Another of Borg's customers, three brothers with one account, invested \$200,000 with Borg approximately 30 years ago. They did not monitor the account and gave Borg complete freedom to invest that money, which was a small portion of their net worth. They understood that Borg would make speculative investments that could be "home runs." They did not realize that the account: (1) had margin debt in excess of \$100,000; (2) had decreased significantly in value, to approximately \$81,000, before it was transferred from All Funds; or (3) held 19,815 shares of NAI, which was the only security in the account.

15. Similarly, Borg purchased highly concentrated positions of NAI (more than 90% of the account value) for several members of his wife's family, who had accounts at All Funds.

E. NFS Refused to Renew Its Clearing Agreement with All Funds

16. Toward the end of 2010, NFS began to increase the margin requirement for NAII because All Funds' customers had acquired such a concentrated position in NAII. To satisfy NFS' higher margin requirements, Borg made cross trades between customer accounts for six or seven weeks. However, Borg's trading did not alleviate NFS' concerns because it did not reduce the overall concentration of NAII shares held in All Funds' customer accounts. To satisfy NFS's concern, Borg would have had to sell shares of NAII for himself and/or his customers, which he appears to have been unwilling to do, or he would have needed to obtain additional funds or securities from his customers, which he appears to have been unable to do. Consequently, on December 23, 2010, NFS informed All Funds that NFS would not renew its contract to clear for All Funds when the clearing agreement expired in December 2011. Borg decided to close All Funds and withdraw its registration as a broker or dealer. He also decided to move his customers to LPL where he and Mulkeen accepted employment as registered representatives. Mulkeen primarily handled the transfer of accounts, which took several months, from September 2011 through January 2012.

F. Borg Was Unable to Continue His Manipulation of NAII at LPL

17. Borg became a registered representative at LPL on September 16, 2011, while All Funds was transferring customer accounts. Ultimately, Borg became the registered representative for 86 accounts at LPL, almost all of which held concentrated positions in NAII. In fact, a number of customers held NAII as the only position in their accounts.

18. A few months after All Funds completed the transfer of customer accounts to LPL, Borg's supervisor at LPL became concerned with the concentration of NAII in Borg's customers' accounts. He confronted Borg on March 5, 2012, because he was concerned that Borg had not disclosed his own "large position in NAII" and had a customer account for a trust for which Borg was a trustee, which had a significant position in NAII—224,200 shares, representing 98% of the total value of the account.

19. After their meeting, Borg's supervisor informed LPL management that he was no longer willing to supervise Borg. Consequently, LPL decided to terminate Borg's association with the firm, effective on April 18, 2012. LPL also initiated an internal review of Borg and his accounts. On November 1, 2012, LPL filed an amended U5 with FINRA reporting unspecified improprieties in Borg's customer accounts, including unauthorized discretionary trading by Borg and the impersonation of customers after Borg left LPL. LPL provided a copy of the amended U5 to Borg so he could provide a response, but Borg did not provide any response.

20. On March 9, 2012, Borg, filed a Schedule 13G for his ownership of more than 5% of NAII and Forms 3 and 4 for his ownership of more than 10% of NAII. In each of these filings, Borg acknowledged that the filing was several years past due. Each of these filings also

understated the number of shares Borg beneficially owned because, among other things, he failed to include shares held by the Borg Trust, whose trading he controlled, and shares held by a company he owned and controlled. None of the filings disclosed that he was a member of an investment group he formed in 2001, and which, including the shares Borg beneficially owned, held more than 10% of NAI from December 5, 2001 through March 9, 2012.

21. When Borg left LPL and retired, he persuaded a number of his customers at LPL to transfer their accounts to TDA. Two sisters living in Italy did not transfer their accounts. In July 2012, the sisters had margin calls in each of their LPL accounts. On July 23, 2012, Borg called LPL in two separate calls and impersonated each sister. For one sister, Borg placed a day only limit order to sell 8,000 shares of NAI at \$5.40. For the other, he placed a day only limit order to sell 8,500 shares of NAI at \$5.56. The execution of these orders resulted in sales that resolved the margin issue in their accounts and kept LPL from selling NAI to cover the margin deficiency.

G. Borg Was Unable to Continue His Manipulation of NAI at TDA

22. A small group of Borg's former customers gave Borg authority to trade on their behalf in the accounts that they transferred to TDA. Borg also placed orders for several trust accounts at TDA as a trustee for those trusts. Soon, TDA, like LPL, became concerned with the concentration of NAI in trust accounts over which Borg had control as trustee and in the accounts of his former customers.

23. In July 2012, TDA refused to accept orders from Borg when he tried to place them in his former customers' accounts. TDA also sent account termination letters to Borg and his former customers notifying them that they had 30 days to transfer or close their accounts. The letter stated that, if the customers did not transfer or close their accounts, TDA would liquidate the holdings in the accounts and remit the proceeds to the account owners.

24. Borg transferred his accounts and his wife's accounts from TDA. However, several customers, including his wife's family, decided to transfer their accounts to another brokerage firm. Borg could no longer trade in their accounts.

25. As TDA's deadline for transfer or liquidation approached, Borg became increasingly concerned that some customers were not going to transfer their accounts and fearful that TDA might sell their shares of NAI. The sale of a large number of shares at the same time could negatively affect the price of the stock, potentially triggering margin calls leading to additional sales, which might further decrease the price of NAI stock. While attempting to transfer former customers' accounts to another brokerage firm, Borg made several telephone calls in which he impersonated several former customers. When TDA confronted Borg and told him that they had been monitoring his phone calls and knew that he was impersonating customers, Borg, in a recorded call, lied and said he had never impersonated anyone.

26. Two of Borg's impersonation calls demonstrate his attempt to use multiple trade orders to create a false appearance of trading activity combined with an effort to increase the price of NAI stock. In one call, Borg placed two back-to-back orders to buy NAI stock through market

orders. First, he placed an order to buy 1,200 shares of NAI as a market order. Then, he immediately placed a second order to buy 400 more shares of NAI as another market order. The TDA telephone broker placed the orders but asked Borg why he had placed two small market orders, which each had a \$44.99 commission, instead of one order with a single commission. The broker noted that the caller, Borg, had been placing multiple buy orders on the stock and warned him that this could be viewed as market manipulation. Borg responded by telling the broker that NAI stock had already traded 4,000 shares that day and was only up \$.02, so his order should not be considered manipulative. Borg's response shows that he was closely monitoring NAI trades and was aware of the impact of the trades on the price of NAI stock.

27. In the other call, Borg placed four back-to-back orders for NAI stock for the same customer. First, Borg placed a day only limit order to buy 1,000 shares of NAI at \$6.00. Then, Borg immediately placed another day only limit order to buy 500 shares of NAI at \$6.10. When that order was entered, Borg immediately placed a third day only limit order to buy 500 shares of NAI at \$6.15. Finally, Borg placed another day only limit order to buy 300 shares of NAI at \$6.17. None of these orders were executed because TDA had restricted trading in that customer's account.

H. Lax Supervision at All Funds Led to a Failure to Prevent or Detect Borg's Manipulative Trading in NAI, Borg's Unsuitable Recommendations to a Customer, and Borg's Failure to Report His Holdings in NAI

28. Borg was an owner of a small brokerage firm that his father founded and where he served as the only producing broker of significance, generating more than 80% of All Funds' revenue. No one at All Funds prevented or detected his manipulation of the market for NAI and his other misconduct previously described because his long-time associate, Brian Mulkeen, was his designated supervisor at All Funds and failed to supervise him with a view to preventing the violations of the securities laws described above. Mulkeen reviewed and approved all of Borg's personal trades as well as the trades that Borg directed on behalf of his customers at All Funds. Notwithstanding repeated red flags that Borg was engaging in wash trades among his personal accounts at All Funds and matched orders among his customers' accounts, Mulkeen failed to take appropriate action. In addition, Mulkeen failed to follow-up on red flags of questionable suitability for at least one customer who had an extreme concentration of NAI in her account. Finally, in the course of his review of Borg's personal trading in NAI, Mulkeen learned that Borg was the beneficial owner of substantial amounts of NAI and told Borg to file ownership reports for NAI. However, Mulkeen took no action when Borg failed to file any of these reports during the next four years.

29. Mulkeen was responsible for approving all trade orders before transmitting them for execution. Mulkeen also was responsible for reviewing customer accounts for suitability.

30. All Funds' written supervisory procedures specifically prohibited brokers from effecting "wash" transactions. All Funds' supervisory manual stated (in pertinent part):

Wash Transactions are prohibited. Entering a buy and sell order for the same security for the same customer or the same beneficial owner could be termed a “wash sale” and is not permissible. All trades are reviewed daily by Brian Mulkeen.

Mulkeen failed to follow this procedure and approved hundreds of wash sales.

31. By December 2003, Borg began to place matched orders with his wife’s accounts. In 2006, Borg started using customer accounts over which he had de facto control to execute matched trades. Mulkeen reviewed all of these matched orders and approved them. If Mulkeen had reasonably followed up on the red flags reflecting Borg’s wash trades and matched orders, it is likely that he would have prevented and detected Borg’s manipulation of NAI, which violated Securities Act Section 17(a) and Exchange Act Sections 9(a)(1) and 10(b) and Rule 10b-5 thereunder.

32. Further, Mulkeen failed reasonably to conduct adequate suitability reviews of a customer’s account. During a period of over two years, Mulkeen failed to address red flags in the customer’s account indicating that Borg was liquidating all of her investments to purchase NAI. If Mulkeen had followed up on these red flags, it is likely that he would have prevented and detected Borg’s unsuitable recommendations, which violated Exchange Act Section 10(b) and Rule 10b-5 thereunder.

33. Because Mulkeen reviewed every order and all account statements, including orders and account statements of Borg’s personal trading, he knew the number of shares of NAI that Borg owned through accounts at All Funds. By 2008, Mulkeen knew that Borg owned more than five percent of NAI. Mulkeen told Borg he should contact his attorneys to report his holdings. However, Borg never reported his holdings in NAI while he worked at All Funds. During that four year period, as Borg increased his holdings in NAI over ten percent, Mulkeen took no action to ensure Borg complied with the federal securities laws and report the number of shares he beneficially owned in NAI. If Mulkeen had reasonably followed up on his direction that Borg report his holdings in NAI, it is likely that Mulkeen would have prevented or detected Borg’s violations of Exchange Act Sections 13(d) and 16(a) and Rules 13d-1, 13d-2 and 16a-3 thereunder.

Violations

34. As a result of the conduct described above, Borg willfully violated Section 17(a) of the Securities Act, and Sections 9(a)(1) and 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities, and Sections 13(d) and 16(a) of the Exchange Act and Rules 13d-1, 13d-2 and 16a-3 thereunder.

35. As a result of the conduct described above, pursuant to Sections 15(b)(4)(E) and 15(b)(6) of the Exchange Act, Mulkeen failed reasonably to supervise Borg with a view to preventing and detecting Borg’s willful violations of Section 17(a) of the Securities Act, and

Sections 9(a)(1), 10(b), 13(d) and 16(a) of the Exchange Act and Rules 10b-5, 13d-1, 13d-2 and 16a-3.

Undertakings

36. Borg has undertaken, immediately upon the entry of this Order, to forgo entering any orders to buy or sell any security for the accounts of other individuals, except his wife and children.

37. Borg has undertaken: (i) within ten (10) days of the entry of this Order, to report his current holdings in NAI to the Commission, as required by Sections 13 and 16 of the Exchange Act and the rules promulgated thereunder, by filing an accurate and complete Schedule 13D or amended Schedule 13G, as appropriate; and (ii) going forward to timely file Forms 4 and 5, and any other forms, statements or reports, to the extent those forms become due after the entry of this Order.

38. In determining whether to accept Borg's Offer, the Commission has considered his undertakings in paragraphs 36 and 37 above.

IV.

In view of the foregoing, the Commission deems it appropriate, and in the public interest to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 8A of the Securities Act, Sections 15(b) and 21C of the Exchange Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Borg

1. Respondent Borg cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, and Sections 9(a)(1), 10(b), 13(d) and 16(a) of the Exchange Act and Rules 10b-5, 13d-1, 13d-2 and 16a-3 thereunder.

2. Respondent Borg be, and hereby is:

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

(b) 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

(c) barred from participating in any offering of a 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.

3. Any reapplication for association by Borg 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.

4. Respondent Borg shall, within 30 days of the entry of this Order pay disgorgement of \$145,727.50, prejudgment interest of \$48,575.19 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). 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:

(a) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(b) 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

(c) 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; and

(d) Payments by check or money order must be accompanied by a cover letter identifying Borg 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 Gerald Hodgkins, Division of Enforcement,

Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

5. Respondent Borg shall pay a civil money penalty of \$1,300,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: \$325,000 within thirty (30) days of the entry of this Order, \$487,500 within 180 days of the entry of this Order, and \$487,500 within 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:

(a) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(b) 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

(c) 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; and

(d) Payments by check or money order must be accompanied by a cover letter identifying Borg 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 Gerald Hodgkins, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

6. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Borg agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of his payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Borg agrees that he shall, within 30 days after entry of a final order

granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Borg by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

7. Respondent shall comply with the undertakings enumerated in Paragraphs 36 and 37 of Section III above.

B. Mulkeen

1. Respondent Mulkeen 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.

2. Any reapplication for association by Mulkeen 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.

3. Respondent Mulkeen shall, within 30 days of the entry of this Order, pay a civil money penalty of \$50,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). 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:

(a) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(b) 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

(c) 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; and

(d) Payments by check or money order must be accompanied by a cover letter identifying Mulkeen 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 Gerald Hodgkins, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

4. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Mulkeen agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of his payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Mulkeen agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Mulkeen by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondents, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by each Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by each Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary