

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 78077 / June 14, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17290

In the Matter of

**2 WEST, INC., MIJUST, INC.,
KAKIDS, INC., ALTON
PARTNERS, INC., OLD FARM,
INC., BLOOMFIELD, INC.,
KATZ IMPORTS, INC., AND
TODD B. KATZ,**

Respondents.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against 2 West, Inc. (“2 West”), Mijust, Inc. (“Mijust”), KAKids, Inc. (“KAKids”), Alton Partners, Inc. (“Alton Partners”), Old Farm, Inc. (“Old Farm”), Bloomfield, Inc. (“Bloomfield”), Katz Imports, Inc. (“Katz Imports”), and Todd B. Katz (“Katz”) (collectively, “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 Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing 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

1. These proceedings arise out of violations of Rule 105 of Regulation M under the Exchange Act by Todd B. Katz, a Pennsylvania resident, and various unregistered entities controlled by Katz and through which Katz conducted his securities trading. Rule 105 prohibits selling short an equity security that is the subject of certain public offerings and purchasing the offered security from an underwriter or broker or dealer participating in the offering, if such short sale was effected during the restricted period as defined therein.

2. From January 27, 2010 through November 10, 2014, Katz violated Rule 105 in connection with 130 separate offerings, in each case by selling short shares of the issuer during the restricted period, and then purchasing shares in those offerings. Katz directed the trading in approximately 69 separate accounts. Some of the accounts were in his own name, but the majority of the accounts were in the name of family members and in the name of entities he controlled and through which he conducted his securities trading, specifically 2 West, Alton Partners, Bloomfield, Katz Imports, KAKids, Mijust, and Old Farm.

3. Katz is responsible for all of the trading that forms the basis of the Rule 105 violations. He conducted all of the short selling activity in the accounts in his own name and in the accounts of 2 West, a Florida corporation co-owned by Katz. He used other accounts that he controlled to purchase shares in the subject offerings.

4. These violations collectively resulted in profits to Respondents of \$1,275,985.

Respondents

5. **Todd B. Katz**, age 56, is a resident of Blue Bell, Pennsylvania, and owns a business located in Philadelphia. He has not previously worked in the financial services industry, held a securities license, or been associated with a hedge fund, broker-dealer, investment company or investment adviser.

6. **2 West, Inc.** was incorporated in Florida in 1996, and its principal place of business is in Miami, Florida. 2 West has never been registered with the Commission in any capacity. During the relevant period, Katz was a co-owner and Vice President of 2 West.

7. **Mijust, Inc.** was incorporated in Pennsylvania in 2010, and its principal place of business is in Blue Bell, Pennsylvania. Mijust has never been registered with the Commission in any capacity. During the relevant period, Katz was the sole owner and President of Mijust.

8. **KAKids, Inc.** was incorporated in Pennsylvania in 2010, and its principal place of

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.

of business is in Blue Bell, Pennsylvania. KAKids has never been registered with the Commission in any capacity. During the relevant period, Katz was the sole owner and President of KAKids.

9. **Alton Partners, Inc.** was incorporated in Florida in 1997, and its principal place of business is in Miami, Florida. Alton Partners has never been registered with the Commission in any capacity. During the relevant period, Katz was a co-owner and Vice President of Alton Partners.

10. **Old Farm, Inc.** was incorporated in Florida in 2000, and its principal place of business is in Miami, Florida. Old Farm has never been registered with the Commission in any capacity. During the relevant period, Katz was a co-owner and Vice President of Old Farm.

11. **Bloomfield, Inc.** was incorporated in Florida in 1997, and its principal place of business is in Miami, Florida. Bloomfield has never been registered with the Commission in any capacity. During the relevant period, Katz was a co-owner and Vice President of Bloomfield.

12. **Katz Imports, Inc.** was incorporated in Pennsylvania in 1988, and its principal place of business is in Philadelphia, Pennsylvania. Katz Imports has never been registered with the Commission in any capacity. During the relevant period, Katz was the sole owner and President of Katz Imports.

Legal Framework

13. Rule 105 makes it unlawful for a person to purchase equity securities in certain public offerings from an underwriter, broker, or dealer participating in the offering if that person sold short the security that is the subject of the offering during the restricted period defined in the rule, absent an exception. 17 C.F.R. § 242.105; *see Short Selling in Connection with a Public Offering*, Rel. No. 34-56206, 72 Fed. Reg. 45094 (Aug. 10, 2007) (effective Oct. 9, 2007). The Rule 105 restricted period is the shorter of the period: (1) beginning five business days before the pricing of the offered securities and ending with such pricing; or (2) beginning with the initial filing of a registration statement or notification on Form 1-A or Form 1-E and ending with the pricing. 17 C.F.R. §§ 242.105(a)(1) and (a)(2).

14. The Commission adopted Rule 105 “to foster secondary and follow-on offering prices that are determined by independent market dynamics and not by potentially manipulative activity.” 72 Fed. Reg. 45094. Rule 105 is prophylactic and prohibits the conduct irrespective of the short seller’s intent in effecting the short sale. *Id.*

Respondents’ Violations of Rule 105 of Regulation M

15. From January 27, 2010 to November 10, 2014, Katz, through accounts he controlled, purchased offering shares in at least 130 separate offerings. In each instance, he also sold short shares of the issuer prior to the pricing of the offering, during the Rule 105 restricted period. The relevant trading took place across 69 distinct accounts at seven different broker-dealers.

16. As a result of these violations, Respondents received profits totaling approximately \$1,275,985.

17. The profits consisted of the following:

A. First, Respondents improperly profited from the difference between the proceeds from their improper restricted period short sales, and the amounts they paid on an equivalent number of shares received in the offerings of the same issuer's shares. These unlawful profits totaled \$684,873.

B. Second, in those offerings where the number of shares they received in the offerings exceeded the number of shares they sold short during the restricted period (also known as the "overage"), Respondents improperly obtained an additional benefit in that they obtained the offering shares at a discount to the market price of the issuer's shares. Respondents received benefits from their violative conduct in the form of market discounts totaling \$573,120.

C. Third, Respondents improperly benefitted in certain offerings where the offering price exceeded the price at which they had sold the stock short during the restricted period. Because they purchased their offering shares at a discount to the market price, they avoided losses in connection with these offerings in an amount that totaled \$17,992.

18. For example, on December 6, 2010, Respondents sold short 320,000 shares of Citigroup Inc. ("C"), at an average price of \$4.3969. Later that day, after the close of the market, a follow-on offering of C was priced at \$4.35. Respondents purchased a total of 2,055,600 shares in the offering. The difference between Respondents' proceeds from the restricted period short sales of C shares and the amount Respondents paid for the equivalent number of shares purchased in the offering was \$15,008. Respondents obtained an additional improper benefit of \$415,502.64 by purchasing the remaining 1,735,600 offering shares at a discount to the market price of \$4.5894.

19. As another example, on October 25, 2011, Respondents sold short 10,000 shares of GNC Holdings Inc. ("GNC"), at an average price of \$24.4518. Later that day, after the close of the market, a follow-on offering of GNC was priced at \$24.75. Respondents purchased a total of 4,960 shares in the offering. Although the offering price exceeded the price at which the Respondents had sold short the stock during the restricted period, Respondents received an improper benefit in the amount of \$346.20 by obtaining a number of shares equal to the number the Respondents had sold short at a discount from the market price, which was \$24.8198.

20. As another example, on April 10, 2014, Respondents sold short 5,000 shares of Arthur J. Gallagher & Co. ("AJG") at an average price of \$43.7960. Later that day, after the close of the market, a follow-on offering of AJG was priced at \$43.25. Respondents purchased 16,850 shares in the offering. The difference between Respondents' proceeds from the restricted period short sales of AJG shares and the amount Respondents paid for the equivalent number of shares purchased in the offering was \$2,730. Respondents obtained an additional improper benefit of \$8,887.50 by purchasing the remaining 11,850 offering shares at a discount to the market price of \$44.00.

21. The 130 offerings in which Respondents violated Rule 105 are identified on Exhibit A to this Order.

IV.

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondents cease and desist from committing or causing any violations and any future violations of Rule 105 of Regulation M of the Exchange Act.

B. Respondents shall pay, jointly and severally, disgorgement of \$1,275,985, prejudgment interest of \$42,062, and a civil money penalty of \$707,132—for a total amount of \$2,025,179—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 of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. If timely payment is not made on the civil money penalty, additional interest shall accrue pursuant to 31 U.S.C. §3717. Payment shall be made in the following installments:

1. \$506,295 within 10 days of entry of this Order;
2. \$379,721 within 90 days of entry of this Order;
3. \$379,721 within 180 days of entry of this Order;
4. \$379,721 within 270 days of entry of this Order; and
5. \$379,721 within 360 days of 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, prejudgment interest, and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application.

Payments must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents 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) Respondents 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 the Respondents 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 W. Hodgkins, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549.

C. 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, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they 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 Respondents 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 Respondent Katz, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Katz 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 Respondent Katz 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

EXHIBIT A

	Issuer	Symbol	Pricing Date	Pricing Time
1	Arch Coal Inc.	ACI	6/3/11	Before open
2	American Capital Agency Corp.	AGNC	1/13/11	After close
3	Adecoagro S.A.	AGRO	1/30/13	After close
4	American International Group Inc.	AIG	5/6/12	After close
5	Arthur J. Gallagher & Co.	AJG	4/10/14	After close
6	AK Steel Holding Corp.	AKS	9/11/14	Before open
7	Apollo Residential Mortgage Inc.	AMTG	4/17/12	Before open
8	Apache Corp.	APA	7/22/10	After close
9	Ares Capital	ARCC	1/27/10	Before open
10	Atlas Resource Partners LP	ARP	6/10/13	After close
11	ArQule Inc.	ARQL	4/11/12	Before open
12	Atlantic Power Corp.	AT	10/13/11	After close
13	Breitburn Energy Partners LP	BBEP	9/6/12	Before open
14	Brandywine Realty TR	BDN	4/5/13	Before open
15	Blackrock Inc.	BLK	5/22/12	After close
16	BancorpSouth Inc.	BXS	1/18/12	After close
17	Citigroup Inc.	C	12/6/10	After close
18	Cardtronics Inc.	CATM	8/18/10	After close
19	CF Industries Holdings Inc.	CF	4/15/10	After close
20	Cobalt International Energy	CIE	4/11/11	After close
21	Cobalt International Energy	CIE	2/23/12	After close
22	Cloud Peak Energy Inc.	CLD	12/15/10	After close
23	Cliffs Natural Resources Inc.	CLF	6/7/11	After close
24	Cliffs Natural Resources Inc.	CLF	2/14/13	After close
25	Colony Capital Inc.	CLNY	4/1/11	Before open
26	CenterPoint Energy Inc.	CNP	6/9/10	After close
27	Consol Energy Inc.	CNX	3/25/10	After close
28	Cott Corp.	COT	8/12/10	Before open
29	Cubic Corp.	CUB	5/16/13	Before open
30	CVR Refining LP	CVRR	5/14/13	After close
31	DDR Corp.	DDR	1/12/12	Before open
32	Dollar General Corp.	DG	12/8/10	After close
33	Dollar General Corp.	DG	9/8/11	After close

EXHIBIT A

	Issuer	Symbol	Pricing Date	Pricing Time
34	Dollar General Corp.	DG	6/5/12	After close
35	Dollar General Corp.	DG	3/27/12	After close
36	Dollar General Corp.	DG	12/6/11	After close
37	Danaher Corp.	DHR	6/14/11	After close
38	Digital Realty Trust Inc.	DLR	6/2/10	After close
39	Digital Realty Trust Inc.	DLR	6/26/12	After close
40	Dunkin Brands Group Inc.	DNKN	3/30/12	Before open
41	Physicians Realty Trust	DOC	5/20/14	After close
42	Dynegy Inc.	DYN	10/7/14	After close
43	Enterprise Products Partner	EPD	12/1/10	Before open
44	Equity Residential	EQR	11/28/12	After close
45	Envision Healthcare Holding	EVHC	7/10/14	After close
46	Evercore Partners Inc. Class A	EVR	6/16/11	After close
47	Excel Trust Inc.	EXL	6/23/11	after close
48	ExlService Holdings	EXLS	9/13/11	After close
49	Express Inc.	EXPR	12/8/11	After close
50	Express Inc.	EXPR	12/9/10	After close
51	Express Inc.	EXPR	4/6/11	After close
52	First Horizon National Corp.	FHN	12/14/10	Before open
53	Five Star Quality Care	FVE	6/15/11	After close
54	Green Mountain Coffee	GMCR	5/5/11	After close
55	GNC Holdings Inc.	GNC	10/25/11	After close
56	Health Care REIT	HCN	9/21/10	Before open
57	Health Care REIT	HCN	3/1/11	After close
58	HCP Inc.	HCP	3/23/11	Before open
59	HCP Inc.	HCP	12/14/10	After close
60	Hartford Financial Services Group	HIG	3/17/10	After close
61	Hornbeck Offshore Services	HOS	11/9/11	After close
62	Hatteras Financial Corp.	HTS	9/21/10	Before open
63	Invesco Mortgage Capital Inc.	IVR	1/23/13	Before open
64	Invesco Mortgage Capital Inc.	IVR	3/22/11	Before open
65	James River Coal Co.	JRCC	3/24/11	Before open
66	KAR Auction Services Inc.	KAR	6/5/13	After close

EXHIBIT A

	Issuer	Symbol	Pricing Date	Pricing Time
67	Kemet Corp.	KEM	12/14/10	After close
68	Kodiak Oil & Gas Corp. (Whiting Canadian Holding)	KOG	11/18/11	Before open
69	Michael Kors Holdings Ltd.	KORS	2/20/13	After close
70	Kennedy-Wilson Holdings Inc.	KW	3/14/13	After close
71	Linn Energy LLC	LINE	2/28/11	After close
72	Linn Energy LLC	LINE	1/12/12	After close
73	Laredo Petroleum Inc.	LPI	10/11/12	After close
74	LPL Investment Holdings	LPLA	5/1/12	After close
75	Molycorp Inc.	MCP	6/9/11	After close
76	Massey Energy Co. (Alpha Appalachia Holdings)	MEE	3/23/10	After close
77	MetLife Inc.	MET	8/2/10	After close
78	MetLife Inc.	MET	3/2/11	After close
79	MacQuarie Infrastructure Co.	MIC	5/2/13	After close
80	Mosaic Company	MOS	5/19/11	After close
81	Newcastle Investment Corp,	NCT	9/21/11	After close
82	Newcastle Investment Corp,	NCT	1/7/13	After close
83	Targa Resources Partners LP	NGLS	11/15/12	After close
84	Nielson Holdings NV	NLSN	2/15/13	Before open
85	Nielson Holdings NV	NLSN	5/14/13	Before open
86	Nielson Holdings NV	NLSN	3/20/12	After close
87	Noranda Aluminum Holding	NOR	12/6/10	After close
88	Northern Tier Energy LP	NTI	4/30/13	After close
89	Ocwen Financial Corp.	OCN	11/10/11	Before open
90	Och-Ziff Capital Management	OZM	11/18/11	Before open
91	Penske Auto Group Inc.	PAG	2/3/10	After close
92	Plains Group Holdings LP	PAGP	11/10/14	After close
93	Petroleo Brasileiro SA ADR	PBR	9/24/10	Before open
94	Petroleo Brasileiro SA ADR	PBR/A	9/24/10	Before open
95	Sprott Physical Gold Trust	PHYS	1/31/12	Before open
96	Pike Corporation	PIKE	5/15/13	After close
97	PNC Financial Corp.	PNC	2/3/10	Before open
98	PPL Corporation	PPL	4/11/11	After close
99	PPL Corporation	PPL	6/22/10	After close

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	Issuer	Symbol	Pricing Date	Pricing Time
100	PPL Corporation	PPL	4/10/12	Before open
101	Primo Water Corp,	PRMW	6/17/11	Before open
102	Pioneer Natural Resources Co.	PXD	2/14/13	After close
103	Raymond James Financial Inc.	RJF	2/14/12	After close
104	Spirit Airlines Inc.	SAVE	1/20/12	Before open
105	Sabra Health Care REIT Inc	SBRA	7/27/11	Before open
106	Spectra Energy Corp.	SE	12/11/12	After close
107	Seaworld Entertainment Inc.	SEAS	4/3/14	After close
108	Senior Housing Prop Trust	SNH	12/9/10	After close
109	Spectrum Brands Holdings Inc.	SPB	7/15/11	Before open
110	Simon Property Group Inc.	SPG	3/8/12	After close
111	Splunk Inc.	SPLK	7/19/12	After close
112	Sensata Technologies Holding	ST	2/18/11	Before open
113	SunTrust Banks Inc.	STI	3/18/11	After close
114	Sun Communities Inc.	SUI	3/12/13	After close
115	Travel Centers of America	TA	5/23/11	After close
116	Triangle Capital Corp.	TCAP	8/23/11	After close
117	Fresh Market Inc.	TFM	6/13/12	Before open
118	TICC Capital Corp.	TICC	11/30/10	After close
119	Tesoro Logistics LP	TLLP	1/8/13	After close
120	Thermo Fisher Scientific Inc.	TMO	6/7/13	Before open
121	Tim Participacoes SA	TSU	10/4/11	After Close
122	Verisk Analytics Inc.	VRSK	9/28/10	Before open
123	Walter Investment Management Corp.	WAC	10/18/12	Before open
124	Wesco Aircraft Holdings Inc.	WAIR	5/22/13	After close
125	Warner Chilcott PLC - Class A	WCRX	3/10/11	After close
126	Williams Companies Inc.	WMB	12/12/12	After close
127	Wabash National Corp.	WNC	5/25/10	Before open
128	WNS Holdings Limited	WNS	2/9/12	After close
129	Weyerhaeuser Co.	WY	6/18/13	After close
130	YPF Sociedad Anonima ADR	YPF	3/23/11	Before open