

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 86093 / June 12, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19198

In the Matter of

ANTHONY G. BLUMBERG,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Anthony G. Blumberg (“Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) 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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraph III.2. below and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Respondent Blumberg was the Chief Executive Officer of ConvergEx Global Markets (“CGM”) and ConvergEx Global Markets Limited (“CGM Limited”) from October 2006 until his discharge in October 2011. During the relevant period of October 2006 through October 2011, CGM was a business unit of G-Trade Services, LLC (“G-Trade”), a broker-dealer registered with the Commission, and CGM Limited was a Bermuda broker-dealer regulated by the Bermuda Monetary Authority. From 1995 through 2011, Blumberg was associated with broker-dealers registered with the Commission, and during the relevant period of October 2006 through October 2011, was a registered representative associated with G-Trade. Blumberg, 53 years old, is a resident of New Jersey.

2. On May 29, 2019, a final judgment was entered by consent against Blumberg, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 15(c)(1) of the Exchange Act, in the civil action entitled *Securities and Exchange Commission v. Anthony G. Blumberg*, Civil Action Number 14-4962-KM-MAH, in the United States District Court for the District of New Jersey.

3. The Commission’s complaint alleged that from at least October 2006 through October 2011, Blumberg participated in a fraudulent scheme to conceal from customers of CGM the routine practice of routing their orders for the purchase or sale of securities to an offshore affiliate, CGM Limited, which would take substantial mark-ups and mark-downs on customer’s trades in addition to the disclosed commissions they paid to CGM. Blumberg participated in the scheme by directing employees who reported to him to mislead customers about this practice, including by falsifying trading data provided to customers who inquired about details of their securities transactions, suspending the practice of taking mark-ups or mark-downs when customers were monitoring execution prices, and using technological tools to prevent customers from discovering that mark-ups or mark-downs had been taken on their trades in markets where such mark-ups or mark-downs would otherwise have been obvious. As a result of the scheme, numerous customers paid millions of dollars in additional charges that were kept hidden from them.

4. On August 7, 2018, Blumberg pleaded guilty to one count of conspiracy to commit securities fraud and wire fraud, in violation of 18 U.S.C. § 1349, before the United States District Court for the District of New Jersey in *United States v. Anthony Blumberg*, Crim. No. 14-00458-JLL. On December 10, 2018, a judgment in the criminal case was entered against Blumberg. He was sentenced to a prison term of one day, followed by three years of supervised release.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent’s Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, that Respondent 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; and pursuant to Section 15(b)(6) of the Exchange Act Respondent be, and hereby is 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.

Any reapplication for association by the Respondent 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.

By the Commission.

Vanessa A. Countryman
Acting Secretary