

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**

**Release No. 8657 / January 31, 2006**

**SECURITIES EXCHANGE ACT OF 1934**

**Release No. 53199 / January 31, 2006**

**ADMINISTRATIVE PROCEEDING**

**File No. 3-10437**

**In the Matter of**

**Hunter Adams,  
Jason A. Cohen,  
Steven M. Cohen,  
David Hirsch,  
Jonathan D. Winston,  
John J. Gremmo, III,  
James L. Bila,  
Christian W. Blake,  
Louis R. Facchini, Jr.,  
Roberto A. Mangiarano,  
Joseph P. Mannino,  
David M. Margules,  
James J. Pellizzi,  
David M. Pessa,  
Michael Pugliese,  
Christopher J. Russo,  
Howard I. Weinstein, and  
Robert J. Winston,**

**Respondents.**

**ORDER MAKING FINDINGS AND  
IMPOSING REMEDIAL SANCTIONS AND  
A CEASE-AND-DESIST ORDER PURSUANT  
TO SECTION 8A OF THE SECURITIES ACT  
OF 1933, AND SECTIONS 15(b)(6) AND 21C OF  
THE SECURITIES EXCHANGE ACT OF 1934,  
AS TO JOHN J. GREMMO, III**

**I.**

On March 8, 2001, the Securities and Exchange Commission (“Commission”) instituted public administrative proceedings, pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), and Sections 15(b)(6) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against John J. Gremmo, III (“Gremmo” or “Respondent”).

## II.

Respondent has submitted an Offer of Settlement (“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, and without admitting or denying the findings contained in this order, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933, and Sections 15(b)(6) and 21C of the Securities Exchange Act of 1934, as to John J. Gremmo, III (“Order”), as set forth below.

## III.

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

### Summary

This matter concerns the fraudulent offering of micro-cap securities by the management and registered representatives of a boiler-room operation, First United Equities Corporation (“First United”), a broker-dealer that, at the time of the fraud, was registered with the Commission. Specifically, from at least August 1995 through October 1997, First United management obtained undisclosed control over large blocks of certain micro-cap securities, and directed Gremmo, a registered representative and the trader of First United, and other registered representatives of First United, to use a variety of fraudulent devices to inflate artificially the demand for, and the market price of, these micro-cap securities. Thereafter, First United’s registered representatives engaged in systematic fraudulent conduct and deceptive sales practices in the offer or sale, and in connection with the purchase or sale, of the micro-cap securities to induce customers of First United to purchase the securities at the artificially inflated prices, in violation of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

### Respondent

1. From January 1995 through December 1997, Gremmo was a registered representative and the trader of First United. From December 1997 through December 1998, Gremmo was a registered representative of Glenn Michael Financial, Inc., a broker-dealer registered with the Commission. From January 1999 through February 1999, Gremmo was a registered representative of Comprehensive Capital Corporation, a broker-dealer registered with the Commission. From December 2000 through March 2001, Gremmo was a registered representative for Windham Securities, Inc., a broker-dealer registered with the Commission. Gremmo currently works as a Senior Area Manager for the International Profit Association. Gremmo, age 49, is a resident of West Gilgo Beach, New York.

2. Gremmo participated in the public offerings of Ashton Technology Group (“Ashton”) and National Medical Financial Services (“NMFS”) stocks, which are penny stocks.

### **Other Relevant Entity**

3. First United, a Delaware corporation with its principal place of business in New York, New York, was registered with the Commission as a broker-dealer between November 1994 and April 1998, when the Commission accepted First United's request for withdrawal of its broker-dealer registration. The corporation records of the State of Delaware indicate that First United's corporate charter was voided March 1, 1999 for failure to pay franchise taxes in 1997 and 1998. While registered as a broker-dealer, First United maintained offices initially in Garden City, New York, and then in New York City.

### **Background**

4. Between approximately August 1995 and at least October 1997 ("the relevant period"), First United was operated and controlled by respondents Jason Cohen, Steven Cohen, Jonathan Winston, and Hunter Adams (collectively, "First United Management"). In May 1996, First United was the principal underwriter on a firm commitment basis for an initial public offering ("IPO") of common stock and warrants of Ashton. First United also participated in an August 1995 IPO of the common stock of NMFS. On or after the effective dates of the IPOs of NMFS and Ashton, First United Management directed large, undisclosed blocks of NMFS and Ashton securities to be sold or otherwise placed into First United's inventory accounts or other accounts in the names of nominees and subject to arrangements that gave First United Management control over the sales of the securities and all or a portion of the proceeds.

5. During the relevant period, First United's registered representatives used a variety of fraudulent sales practices to (i) inflate artificially the market price of, and demand for, NMFS and Ashton securities and (ii) sell those securities to First United customers at inflated prices. Gremmo, as First United's trader, paired or "crossed" customer buy orders of NMFS and Ashton with sales of those securities at inflated prices from First United's inventory accounts or other accounts controlled by First United Management.

6. During the relevant period, on many occasions, First United's registered representatives did not process a customer sell order for either NMFS or Ashton securities unless Gremmo could pair or "cross" the sell order with a purchase of the same amount of the other security by that customer or the purchase of the same amount of the same security by another customer.

7. During the relevant period, Gremmo and the First United registered representatives profited from the sale of NMFS and Ashton securities at artificially inflated prices from First United's inventory accounts and other accounts that First United Management controlled. The arrangements for the sale of NMFS or Ashton securities by First United Management were not disclosed to First United customers at the time of their purchases of NMFS or Ashton securities or thereafter.

8. Gremmo was indicted, pleaded guilty to charges of conspiracy to commit securities fraud and securities fraud, and was sentenced on July 21, 2005, to 3 years of probation

and ordered to pay restitution in the amount of \$41 million in U.S. v. Jonathan Winston, et al., 00 CR 1248 (NGG).

9. As a result of the conduct described in paragraphs III.B.4-7 above, Gremmo willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

#### IV.

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

Accordingly, pursuant to Section 8A of the Securities Act and Sections 15(b)(6) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Gremmo shall cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;

B. Gremmo be, and hereby is, barred from association with any broker or dealer;

C. Any reapplication for association by Gremmo 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; and

D. Gremmo 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.

By the Commission.

Nancy M. Morris  
Secretary