

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
September 14, 2004

ADMINISTRATIVE PROCEEDING
File No. 3-11647

In the Matter of

MICHAEL I. NNEBE,
NELSON C. WALKER,
and HILDRETH J.
FLEMING, JR.,

Respondents.

ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS AND
NOTICE OF HEARING PURSUANT TO
SECTION 15(b) 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 proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Michael I. Nnebe (“Nnebe”), Nelson Walker (“Walker”), and Hildreth J. Fleming, Jr. (“Fleming”) (collectively, the “Respondents”).

II.

After an investigation, the Division of Enforcement alleges that:

A. **Respondents**

1. **Nnebe**, age 43, was the President, Chief Executive Officer, and the principal shareholder of Fargo Holdings, Inc. (“Fargo”) from July 1997 through November 1999. From October 1991 through July 1997, Nnebe was also a registered representative associated with several broker-dealers registered with the Commission, including Meyers Pollock Robbins, Inc. (“Meyers Pollock”) and Hanover Sterling & Company, Ltd., two now defunct broker-dealers. Nnebe held Series 7, 24, and 63 licenses.

2. **Walker**, age 50, worked at Fargo from approximately October 1998 through November 1999, where he cold-called investors to solicit purchases of Fargo stock and supervised a group of cold-callers who also offered and sold Fargo stock. From January 1994 to February 1997, Walker was a registered representative with several broker-dealers registered with the Commission, including L.B. Saks, Inc. and Alden Capital Markets, Inc. Walker held Series 7 and 63 licenses.

3. **Fleming**, age 30, worked at Fargo from approximately November 1998 through November 1999, where he cold-called investors to solicit purchases of Fargo stock. Between 1994 and November 1998, Fleming worked as a salesperson at several broker-dealers registered with the Commission, including Meyers Pollock. Fleming has never held any securities licenses and has always used aliases when selling stock.

B. **Injunctive Action**

1. On March 15, 2004, the United States District Court for the Southern District of New York granted a default judgment against, among others, Nnebe, Walker, and Fleming in SEC v. Nnebe, et al., 01 Civ. 5247 (S.D.N.Y.) (“Injunctive Action”), which, inter alia: (a) permanently enjoined the Respondents from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) and Sections 10(b) of the Exchange Act, and Rule 10b-5 thereunder, and, with respect to Walker and Fleming, Section 15(a) of the Exchange Act; (b) permanently enjoined the Respondents from participating in any offering of penny stock; and (c) ordered the Respondents to pay the following monetary relief: Nnebe was ordered to disgorge \$2,407,966, representing \$1,906,240.35 in ill-gotten gains derived from his fraudulent conduct plus pre-judgment interest of \$182,809.32, and pay a civil penalty in the amount of \$220,000; Walker was ordered to disgorge \$241,659.81, representing \$191,305 in ill-gotten gains derived from his fraudulent conduct plus pre-judgment interest of \$50,354.81, and pay a civil penalty in the amount of \$110,000; and Fleming was ordered to disgorge \$18,948.26, representing \$15,000 in ill-gotten gains derived from his fraudulent conduct plus pre-judgment interest of \$3,948.26, and pay a civil penalty in the amount of \$75,000.

2. In the Injunctive Action, the Commission alleged, inter alia: (a) that from at least July 1997 through at least November 1999, Respondents induced the investing public to buy shares of stock issued by Fargo, a non-operating Delaware corporation that purported to be a day-trading firm and/or a manufacturer of blue jeans, in an unregistered and non-exempt offering; (b) that Respondents solicited investors through a series of false or misleading statements including, inter alia, that Fargo would be imminently conducting an IPO and investors could resell their private placement shares at a substantial profit; (c) that Nnebe prepared false and misleading written offering memoranda about Fargo’s business and the use of Fargo’s offering proceeds and that Respondents distributed the offering memoranda to investors even though Respondents knew or were reckless in not knowing that the materials contained material misstatements and omissions; and (d) that Walker and Fleming were not registered as, or affiliated with, a broker-dealer at the time they sold shares of Fargo.

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 proceedings be instituted to determine:

- A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford the Respondents an opportunity to establish any defenses to such allegations; and
- B. What, if any, remedial action is appropriate and in the public interest against the Respondents pursuant to Section 15(b) 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 convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 200 of the Commission's Rules of Practice, 17 C.F.R. § 201.200.

IT IS FURTHER ORDERED that the Respondents 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 any of the Respondents fail to file the directed answer, or fail 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), 221(f), and 201.310.

This Order shall be served forthwith upon the Respondents personally or by certified mail.

IT IS FURTHER ORDERED that an Administrative Law Judge shall issue an initial decision with respect to this matter no later than 210 days from the date of the service of this Order, as provided by 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.

For the Commission, by the Secretary pursuant to delegated authority.

Jonathan G. Katz
Secretary