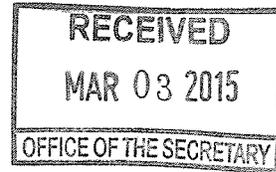


UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING

File No. 3-~~16153~~ 16143



In the Matter of

Kelly Black-White,

Respondent.

DIVISION OF ENFORCEMENT'S BRIEF IN SUPPORT OF  
IMPOSITION OF SANCTIONS

Dated: March 2, 2015

Respectfully submitted,

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

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16153**

<p><b>In the Matter of</b></p> <p><b>Kelly Black-White,</b></p> <p><b>Respondent.</b></p>
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**DIVISION OF ENFORCEMENT'S BRIEF IN SUPPORT OF**  
**IMPOSITION OF SANCTIONS**

**Introduction**

On September 22, 2014, the Commission issued an Order Instituting Proceedings (“OIP”) as to Kelly Black-White. The Division of Enforcement (“Division”) submits this brief in support of its motion for imposition of sanctions as to Ms. Black-White as to allegations in the OIP that she violated Section 10(b) of the Securities Exchange Act (“Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5(a), thereunder, 17 C.F.R. 240.10b-5. As relief, the Division seeks a) an Order pursuant to Section 21C of the Exchange Act, 15 U.S.C. § 78u-3, that Ms. Black-White cease-and-desist from committing or causing violations of and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5, thereunder, b) an Order pursuant to Section 15(b)(6) of the Exchange Act, 15 U.S.C. § 780(b)(6), barring Ms. Black-White 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, and c) an Order pursuant to Section 21C(f) of the Exchange Act, 15 U.S.C. § 78u-3(f), barring Ms. Black-White from serving as an officer and director of a public company.

The Division and Ms. Black-White have agreed on an approach for resolving this matter. The parties have agreed that the primary issue in the case is that of sanctions. Ms. Black-White will stipulate that she is liable for the violations alleged in the Order Instituting Proceedings (OIP) and the issue of sanctions is being presented, and briefed, to the Court. In addition to the OIP, attached here as Exhibit 1, the Division also submits a copy of the transcript of Ms. Black-White's change of plea ("COP") in a parallel criminal case (Exhibit 2).

### **Discussion**

#### **A. Ms. Black-White Violated Section 10(b) of the Exchange Act and Rule 10b-5(a), Thereunder**

##### **1. Elements of the Alleged Offenses**

The OIP alleges violations of the federal securities laws as to Ms. Black-White for her actions pursuant to the theory of "scheme liability" created by Section 10(b) of the Exchange Act and Rule 10b-5(a) thereunder. Exchange Act Rule 10b-5(a) states that it is unlawful for any person "[t]o employ any device, scheme, or artifice to defraud" in connection with the purchase or sale of a security. To establish scheme liability, courts generally require that the defendant commit a deceptive or fraudulent act or orchestrate a fraudulent scheme. *See, e.g., SEC v. Collins & Aikman Corp.*, 524 F.Supp.2d 477, 485-86 (S.D.N.Y. 2007); *see also, SEC v. Kearns*, 691 F.Supp.2d 601, 618 (D.N.J. 2010) (recognizing a claim for scheme liability where SEC alleged "(1) that the defendant committed a deceptive or manipulative act, (2) in furtherance of the alleged scheme to defraud, (3) with scienter,") (*quoting SEC v. Lucent Technologies, Inc.*, 610 F.Supp.2d 342 at 350 (D.N.J. 2009)); *see also VanCook v. SEC*, 653 F.3d 130, 138 (2d Cir.

2011) (elements of a violation of Section 10(b) are (1) employing a device, scheme or artifice to defraud, (2) with scienter, (3) in connection with the purchase or sale of securities, (4) by jurisdictional means).

To demonstrate violations of the antifraud provisions of the federal securities laws, including Rule 10b-5(a) of the Exchange Act, the Commission must show that a party acted with scienter. *Aaron v. SEC*, 446 U.S. 680, 691 (1980). *See also SEC v. Hasho*, 784 F.Supp. 1059, 1106 (S.D.N.Y. 1992). Scienter is a mental state embracing intent to deceive, manipulate or defraud. *Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 193 (1976). Circuit courts have concluded that scienter may also be established by a showing that a defendant acted with recklessness or sometimes “extreme recklessness,” both of which are characterized by an “extreme departure from the standards of ordinary care.” *See, e.g., SEC v. Infinity Group Company*, 212 F.3d 180, 192 (3d Cir. 2000) (requiring showing of conscious misbehavior or recklessness); *Dolphin & Bradbury, Inc. v. SEC*, 512 F.3d 634, 639 (D.C. Cir. 2007) (showing of extreme recklessness can satisfy scienter requirement).

## **2. The Allegations of the OIP Establish Ms. Black-White’s Violations**

As discussed above, the Division and Ms. Black-White have agreed on an approach for resolving this matter in Ms. Black-White stipulates that she is liable for the violations alleged in the Order Instituting Proceedings (OIP) and the issue of sanctions is presented, and briefed, to the Court. A summary of the allegations from the OIP follows.

During the relevant time frame, Ms. Black-White was president of Premier Funding Services, Inc. and Premier Media Services, Inc., which purported to provide investor and public relations services to small cap market companies. *OIP ¶ A(1)*. Four companies, all of which traded as penny stocks and with which Ms. Black-White participated in offerings of stock were

1<sup>st</sup> Global Financial Corp. (“1<sup>st</sup> Global”), ComCam International, Inc. (“ComCam”), Microholdings US, Inc. (“Microholdings”), and Symbollon Pharmaceuticals, Inc. (“Symbollon”). She also was a member of Symbollon’s Board of Directors. *OIP ¶ A(1)*. On September 12, 2013, Ms. Black-White pleaded guilty to one count of conspiracy to commit securities fraud and eleven counts of wire fraud in a parallel criminal case, *United States v. Kelly Black-White, et al.*, 11-CR-10416-DJC. *OIP ¶ A(1)*. On February 10, 2014, Ms. Black-White was sentenced in the criminal case to 12 months and one day of imprisonment to be followed by two years’ supervised release. She also was ordered to pay a fine of \$7,500 and to forfeit \$6,050. *OIP ¶ A(1)*.

The enforcement action here against Ms. Black-White closely tracks the criminal charges for which she was convicted. Both the criminal and civil charges arise out of a fraudulent scheme in which insiders of publicly-traded penny stock companies paid secret kickbacks to a purported corrupt hedge fund manager, who was in fact an undercover agent with the FBI (“Fund Manager”). In exchange for the kickbacks the Fund Manager purchased restricted stock of the penny stock companies on behalf of his purported hedge fund (“the Fund”), which did not actually exist. *OIP ¶ C.1*.

At some time prior to June 13, 2011, Ms. Black-White was told that the Fund Manager was willing to invest Fund money in the stock of companies in exchange for a fifty percent kickback that would go to the Fund Manager. On or about June 13, 2011, Ms. Black-White met with the Fund Manager, who offered to pay her a fee for introducing him to executives of publicly traded companies who would agree to pay a kickback to the Fund Manager in exchange for investing the Fund’s money in their companies. This would enable the Fund Manager to

keep for himself half of the money he was supposedly investing on behalf of the Fund. *OIP ¶ C.1.(b) and (c).*

In particular, Ms. Black-White was told that the Fund Manager was prepared to invest up to \$5 million of the Fund's money in various publicly traded companies, provided those companies secretly kicked back fifty percent of those funds – \$2,500,000 – to the Fund Manager. She was informed that the Fund was not to be informed of the kickbacks. Ms. Black-White was told that if the Fund purchased \$5 million of stock all at once, the transaction might attract attention at the Fund. In order to avoid detection, therefore, the Fund Manager said that he would invest the Fund's money gradually, in tranches, or installments, that would increase in size over time. *OIP ¶ C.1.(d) and (e).*

As a further means of concealing the nature of the transactions, the Fund Manager told Ms. Black-White that the kickback payments would be made to one or more nominee consulting companies that the Fund Manager purportedly controlled and about which the Fund did not know. The Fund Manager also told her that invoices would be issued by one of the Fund Manager's nominee companies in order to disguise the kickbacks. Ms. Black-White reached an agreement with the Fund Manager whereby he would pay her approximately ten percent of the kickbacks paid by any company executive whom she introduced to the Fund Manager. Prior to the June 13 meeting, Ms. Black-White had referred executives from at least two publicly traded companies, Symbollon and MicroHoldings, to the Fund Manager. After the June 13 meeting, Ms. Black-White referred individuals from 1st Global, ComCam, and two other companies to the Fund Manager. *OIP ¶ C.1.(f), (g), (h), and (i).*

Each of the executives whom Ms. Black-White referred to the Fund Manager agreed to, and did, pay a kickback to the Fund Manager in exchange for the Fund Manager causing the

Fund to invest in their respective companies' stock. In connection with the investments, each of the executives also caused stock certificates to be issued representing the purchase by the Fund of shares in their respective companies. The investments in the companies that Ms. Black-White referred to the Fund Manager were made by wire transfers from a bank account maintained in Massachusetts. The kickback payments from the various companies Ms. Black-White referred to the Fund Manager were made by wire transfers from the various companies to a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts. *OIP ¶ C.1. (j) and (k).*

Based on her agreement with the Fund Manager, on various dates between June 22, 2011 and July 5, 2011, Ms. Black-White received a portion of the kickbacks paid by company executives she had referred to the Fund Manager. Her shares of the kickbacks, which totaled \$6,050, were paid by wire transfer from a Citizens Bank account held by one of the Fund Manager's nominee companies in Massachusetts to JP Morgan Chase account number \*\*\*\*\*6930, a bank account held by Premier Funding & Financial Marketing, LLC and controlled by Ms. Black-White. *OIP ¶ C.1. (l).*

### **3. Ms. Black-White's Change of Plea in the Criminal Case Establishes Her Violations**

At a change of plea hearing before United States District Judge Casper on September 12, 2013, Ms. Black-White entered a plea of guilty to one count of conspiracy to commit securities fraud and eleven counts of wire fraud. *OIP ¶ A.1.* At the change of plea hearing the Assistant U.S. Attorney ("AUSA") representing the United States was asked by the Court to state the factual basis for Ms. Black-White's plea of guilty. *COP, p. 18, ln. 25 – p. 19, ln. 2.* The AUSA recited the factual basis for Ms. Black-White's change of plea as follows:

If this case were to go to trial, the government would

establish the following facts beyond a reasonable doubt: Kelly Black-White was in the business of assisting publicly traded companies and finding sources of funding, as well as promoting penny stocks. She also served on the board of directors of Sympollon Pharmaceuticals, a public company in the business of developing and marketing pharmaceuticals.

The evidence would show that in or about March 2011, Ms. Black-White learned of a potential funding opportunity for public companies involving an individual who purported to be a representative of a major investment fund. Unbeknownst to Ms. Black-White, the fund representative was, in fact, an undercover FBI agent, and the fund itself did not exist.

Ms. Black-White subsequently learned that the fund representative was willing to invest fund money in companies in exchange for those companies each sending 50 percent of the money back to the fund representative, and learned that the fund was unaware of the money kicking back to the fund representative.

On June 13, 2011, Ms. Black-White met with the fund representative herself and the fund representative again explained the scheme. She agreed with the fund representative that she would refer executives of publicly traded companies who would be willing to send money back to the fund representative in exchange for funding by his investment fund.

Ms. Black-White and the fund representative also agreed that she would receive a portion of the money sent back to him for her referrals.

The evidence would show that Ms. Black-White was informed of various measures that would be taken to conceal the scheme, for instance, because of an investment of the entire \$5 million at once might attract unwanted attention from the fund, Ms. Black-White was told that the funding of the companies would take place incrementally in increasing tranches of funding.

Ms. Black-White was also told and understood that as a further means of concealing the scheme, the payments back to the fund representative would not be paid to the fund representative directly but rather would be paid to sham nominee consulting companies that the representative purportedly controlled.

The evidence would show that in May and in June Ms. Black-White introduced at least four executives to the fund representative, including an executive with Symbollon, an executive with the company known as MicroHoldings, Albert Reda, an executive of a company known as 1st Global Financial, and executives of a company known as ComCam so that each of them could enter the funding arrangement and the scheme as described.

As a result of these meetings, these individuals agreed to participate on behalf of their companies in the scheme. These individuals received payments purportedly made from the fictitious fund and, as discussed, then made payments back to the sham consulting companies that the representative purportedly controlled.

In each case, these kicked-back payments amounted to 50 percent of the money that the fund had paid to the companies.

Specifically, as set forth in Counts Two through Eight, Eleven and Thirteen of the superseding indictment, Ms. Black-White caused a series of wires constituting such payments to and from the companies. The dates, the amounts, and the bank accounts involved in each of these wires are set forth in the superseding indictment.

...

...as a result of her introduction of these executives, Ms. Black-White received a portion of the kickbacks that were given to the fund representative. These kickbacks were sent or the money from these kickbacks were sent to Ms. Black-White by interstate wire transfer from a bank account purportedly belonging to one of the fund representative's sham consulting companies.

Specifically as set forth in Counts Nine and Ten of the superseding indictment, Ms. Black-White caused wires constituting such payments to be sent to an account in the name of Premier Funding and Financial Consulting, which was an account that she controlled.

*COP, p. 19, ln. 8 – p. 22, ln. 15.*

After the AUSA's recitation, Judge Casper inquired of Ms. Black-White whether "having heard a summary of what the government intended to prove and offer at trial, do you agree to the factual summary as it bears on the essential elements of the charges?" *COP*, p. 23, *lns.* 4-7.

Ms. Black-White replied with a single word, "Yes." *COP*, p. 23, *ln.* 8.

## **B. Sanctions**

### **1. A Cease-and-Desist Order Should Issue as to Ms. Black-White**

Under Section 21C(a) of the Exchange Act, the Commission is authorized to issue an order requiring a person who has violated a relevant statute, regulation or rule under its jurisdiction to cease and desist from committing or causing such a violation or any future violation of such statute, regulation or rule. 15 U.S.C. § 78u-3(a). Entry of a cease-and-desist order is not "automatic" upon proof of a past violation. *See KPMG Peat Marwick, LLP v. SEC*, Exchange Act Release No. 43862, 2001 SEC LEXIS 98, at\*101, \*114 (Jan. 19, 2001), *pet. denied*, 289 F.3d 109, 124-25 (D.C. Cir. 2002). There must be evidence of "some risk" of future violation before a cease-and-desist order is appropriate. *Id.* The risk need not be very great, however, to warrant issuing a cease-and-desist order and is less onerous than the "likelihood of future violations" standard for obtaining injunctive relief. *Id.* However, courts have held that the "some risk" standard still requires more proof than just that the respondent committed a prior violation. *See WHX Corp. v. SEC*, 362 F.3d 854, 859 (D.C. Cir. 2004).

In addition to risk of future violations, the Commission also considers the following factors to determine whether a cease-and-desist order is appropriate, with no one factor being dispositive: a) the seriousness of the violation; b) the isolated or recurrent nature of the violation; c) the violator's state of mind; d) the sincerity of any assurances against future violations; e) the recognition by the violator of the wrongful nature of his conduct; and f) the opportunity to

commit future violations. *In the Matter of Maria T. Giesige*, SEC Release No. ID-359, 2008 WL 4489677 (Oct. 7, 2008) (citing *KPMG Peat Marwick, LLP*, 54 SEC 1135, 1192 (2001)).

Here, each of the above factors weighs in favor of issuance of a cease-and-desist order as to Ms. Black-White. The violations of the securities laws were egregious; egregious enough to warrant both criminal and civil prosecution, with the imposition of a twelve month and one day prison sentence in the criminal case. The violations were not isolated. Ms. Black-White's involvement touched four different companies. Had the FBI not pulled the plug on the undercover operation there is no reason to believe Ms. Black-White would not have continued with the scheme. In addition, her state of mind reflects a high degree of scienter. She acted with full disclosure and understanding of the illegal nature of the conduct, and with the clear intention to illegally enrich herself. As to assurances against future violations, Ms. Black-White thus far has offered none.

Finally, the violations alleged against Ms. Black-White, and for which she was convicted in the criminal case, involve companies that trade in the relatively unregulated over-the-counter stock market. Those markets are easily accessible, offering ample opportunity for Ms. Black-White to commit future violations of the federal securities laws relating to trading in penny stocks. The cumulative weight of these factors easily meets the standard for "some risk" of future violations. Therefore, the issuance of a cease-and-desist order is both appropriate and necessary to ensure the highest possible barriers to a recurrence of these sorts of violations by Ms. Black-White.

## **2. A Permanent Penny Stock Bar Should Be Imposed as to Ms. Black-White**

Pursuant to Section 15(b)(6) of the Exchange Act, penny stock bars may be imposed in Commission actions "against any person participating in, or, at the time of the alleged

misconduct, who was participating in, an offering of penny stock.” 15 U.S.C. § 780(b)(6).

This definition includes “any person engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of, any

penny stock.” *Id.* Ms. Black-White acted to induce the purchase of securities by the

undercover FBI agent in four separate companies as part of a fraudulent scheme, and the

securities at issue in this matter qualified as “penny stocks” because they did not meet any of

the exceptions from the definition of a “penny stock,” as defined by Section 3(a)(51) of the

Exchange Act, 15 U.S.C. § 78c (a)(51), and Rule 3a51-1 thereunder, 17 C.F.R. 240.3a51-1.

Among other things, the securities were equity securities: (1) that were not an “NMS stock,” as

defined in Exchange Act Rule 600(b)(47), 17 C.F.R. 242.600(b)(47); (2) that traded below five

dollars per share during the relevant period; (3) whose issuer had net tangible assets and

average revenue below the thresholds of Exchange Act Rule 3a51-1(g)(1); and (4) did not meet

any of the other exceptions from the definition of “penny stock” contained in Rule 3a51-1 of

the Exchange Act.

Section 15(b)(6)(A) of the Exchange Act, 15 U.S.C. § 78o(b)(6)(A), authorizes the Commission to impose penny stock bars in administrative proceedings. Like the statutory authority for federal courts, section 15(b)(6)(A) authorizes the Commission to impose the bar on “any person participating, or, at the time of the alleged misconduct, who was participating, in an offering of any penny stock.” The Commission may do so if it finds that the bar is in the “public interest” and the person has violated, or has aided and abetted the violation of, the federal securities laws. 15 U.S.C. § 78o(b)(6)(A)(i) (referring to 15 U.S.C. § 78o(b)(4)(A),(D),(E)).

When deciding whether to impose a penny stock bar, federal courts and administrative judges generally consider factors that were first outlined in *Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979) as:

a) the egregiousness of the defendant's actions, b) the isolated or recurrent nature of the infraction, c) the degree of scienter involved, d) the sincerity of the defendant's assurances against future violations, e) the defendant's recognition of the wrongful nature of his conduct, and f) the likelihood that the defendant's occupation will present opportunities for future violations.

*Id.* at 1140 (citing *SEC v. Blatt*, 583 F. 2d 1325, 1334 n.29 (5th Cir. 1978); see also *SEC v. Patel*, 61 F.3d 137, 141 (2d Cir.1995) (listing same factors for office and director bar) (citation omitted); *SEC v. First Pacific Bancorp*, 142 F.3d 1186, 1193 (9th Cir. 1998) (same); see also *Clawson v. SEC*, 2005 WL 2174637, at \*2 (9th Cir. Sept. 8, 2005) (applying *Steadman* factors and denying petition seeking review of Commission decision imposing permanent penny stock bar); *SEC v. Indigenous Global Development Corp.*, 2008 WL 8853722, at \*18 (N.D. Cal. June 30, 2008) (applying *Steadman* factors and imposing permanent penny stock bar); *SEC v. Blackout Media Corp.*, 2012 WL 4051951, at \*3 (S.D.N.Y. Sept. 14, 2012) (applying *Patel* factors and imposing permanent penny stock bar); *SEC v. Boock*, 2012 WL 3133638, at \*2-3 (S.D.N.Y. Aug. 2, 2012) (applying *Patel* factors and imposing permanent penny stock bar); *In the Matter of Vladimir Bugarski et al.*, Admin. Proceeding File No. 3-14496 (Initial Decisions Release No. 66842 (April 20, 2012)) (applying *Steadman* factors and affirming initial decision imposing permanent penny stock bar, among other relief); *In the Matter of Peter Siris*, Admin. Proceeding File No. 3-15057 (Initial Decisions Release No. 477 (Dec. 31, 2012)) (applying *Steadman* factors and imposing permanent penny stock bar); *In the Matter of Stanley Brooks and Brookstreet Securities Corp.*, Admin. Proceeding File No. 3-14983 (Initial Decisions Release

No. 475 (Dec. 11, 2012) (same); *In the Matter of Robert Pribilski*, Admin. Proceeding File 3-14875 (Securities Exchange Act of 1934 Release No. 67915 (Sept. 24, 2012)) (same).

Obviously the *Steadman* factors track closely the factors looked to for determining the appropriateness of issuing a cease-and-desist order, discussed above. As with the above analysis relating to a cease-and-desist order, each of the above factors weighs in favor of issuance of a penny stock bar as to Ms. Black-White. The violations of the securities laws were egregious. The violations were not isolated. Ms. Black-White's state of mind reflects a high degree of scienter. She acted with full disclosure and understanding of the illegal nature of the conduct, and with the clear intention to illegally enrich herself. As to assurances against future violations, she has offered none, and nothing before, during or since her change of plea on the related criminal charges indicates any recognition or acknowledgment by her of the wrongful nature of her conduct. Finally, the violations alleged against Ms. Black-White, and for which she already has been convicted in the criminal case, involve companies that trade in the relatively unregulated over-the-counter stock market. Those markets are easily accessible, offering ample opportunity for Ms. Black-White to commit future violations of the federal securities laws relating to trading in penny stocks. The cumulative weight of these factors easily meets the standard for imposition of a penny stock bar against Ms. Black-White.

### **3. A Permanent Officer and Director Bar Should Be Imposed as to Ms. Black-White**

The Court has the authority to impose an officer and director bar as to Ms. Black-White. The Exchange Act gives the Court express authority to impose officer and director bars:

In any cease-and-desist proceedings under subsection (a), the Commission may issue an order to prohibit, conditionally or unconditionally, and permanently or for such period of time as it shall determine, any person who has violated

section 10(b) or the rules or regulations thereunder, from acting as an officer or director [of a public company] if the conduct of that person demonstrates unfitness to serve as an officer or director...

Exchange Act §21C(f), 15 U.S.C. § 78u-3(f).

A court is afforded substantial discretion in deciding whether to impose an officer and director bar and may consider a number of factors, including: "(1) the egregiousness of the underlying securities law violation; (2) the defendant's repeat offender status; (3) the defendant's role or position when he engaged in the fraud; (4) the defendant's degree of scienter; (5) the defendant's economic stake in the violation; and (6) the likelihood that misconduct will recur." *SEC v. Patel*, 61 F.3d 137, 141 (2d Cir. 1995). The *Patel* factors are matters that a court may consider, among other factors, in exercising its broad discretion whether to impose a bar, but the *Patel* factors are "neither mandatory nor exclusive," and a "district court may determine that some of those factors are inapplicable in a particular case and it may take other relevant factors into account." *SEC v. Bankosky*, 716 F.3d 45, 48 (2d Cir. 2013). In addition, in *SEC v. Bankosky* the Second Circuit accepted the Commission's argument that the *Steadman* factors (generally applicable to bars from association) also are "suggestive and non-exclusive indicators of unfitness to serve" as an officer or director. *Id.* at 49 (citing *Steadman v. SEC*, 603 F.2d 1126, 1140 (5<sup>th</sup> Cir. 1979)).

Most of the *Patel* factors are discussed above with respect to whether the court should order a penny stock bar as to Ms. Black-White. The same analysis applies in the context of an officer and director bar and, again, weighs heavily in favor of imposition of that bar as well. The *Patel* factors not discussed above include whether Ms. Black-White was a repeat offender, which she was not, although the scheme itself involved multiple companies. Another factor is the position held by Ms. Black-White at the time she engaged in the fraudulent conduct. She was a

member of Symbollon's Board of Directors. In other words, at the time she committed the fraud as to each of the four companies, she was serving as a director of a public company. This also weighs heavily in favor of a permanent bar being imposed. Finally, Ms. Black-White had a direct economic stake in the fraud. A kickback went to the seemingly corrupt Fund Manager; a payoff went to Ms. Black-White. Again, this weighs heavily in favor of a permanent officer and director bar.

### **Conclusion**

For the reasons discussed above, the Division submits that, as stipulated, Ms. Black-White violated Section 10(b) of the Exchange Act and Rule 10b-5(a), thereunder. The Division further submits that based on the evidence and legal standards referenced above, issuance by the Court of a cease-and-desist order, a penny stock bar and an officer and director bar as to Ms. Black-White are well-founded and appropriate.

Dated: March 2, 2015

Respectfully submitted,

  
//s// Martin F. Healey  
Martin F. Healey [REDACTED]  
Securities and Exchange Commission  
33 Arch Street, 23<sup>rd</sup> Floor  
Boston, MA 02025

COUNSEL FOR  
DIVISION OF ENFORCEMENT



# Exhibit 1

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 73163 / September 22, 2014**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16143**

**In the Matter of**

**KELLY BLACK-WHITE,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS PURSUANT  
TO SECTIONS 15(b) AND 21C 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 and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Kelly Black-White ("Respondent" or "Black-White").

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENT**

1. Respondent, age 53, is a resident of Mesa, Arizona. During the period May 2011 through July 2011 ("the Relevant Period"), Respondent was president of Premier Funding Services, Inc. and Premier Media Services, Inc., which purports to provide investor and public relations services to small cap market companies, including Symbollon Pharmaceuticals, Inc. ("Symbollon"), of which she was a member of the Board of Directors. Respondent participated in an offering of the stock of 1<sup>st</sup> Global Financial, Corp. ("1<sup>st</sup> Global"), ComCam International, Inc. ("ComCam"), Symbollon, and Microholdings US, Inc. ("Microholdings") which are penny stocks. Respondent pleaded guilty to one count of conspiracy to commit securities fraud and eleven counts of wire fraud on September 12, 2013 in *U.S. v. Kelly Black-White, et al.*, 11-CR-10416-DJC

(D. Mass.). On February 5, 2014, Respondent was sentenced to 12 months and one day of imprisonment, to be followed by two years' supervised release, and was ordered to pay a \$7,500 fine. She was ordered to forfeit \$6,050 on February 10, 2014.

## B. OTHER RELEVANT ENTITIES AND INDIVIDUALS

1. 1<sup>st</sup> Global Financial, Corp., a Nevada company with its principal place of business in Las Vegas, Nevada, is purportedly in the real estate investment or development business. 1<sup>st</sup> Global appears to have operated under several other company names in the past, including Global Debit Cash Card, Inc.; Venture Media Communications; Venturen.com, Inc.; and Mount McKinley Gold, Inc. Venturen.com, Inc. registered its common stock under Exchange Act Section 12(g) in 2000, and then filed a Form 15 on October 15, 2001 to terminate its Section 12(g) registration. On December 1, 2011, the Commission, pursuant to Exchange Act Section 12(k), suspended trading in the securities of 1<sup>st</sup> Global for a period of ten business days. 1<sup>st</sup> Global's stock had been quoted on OTC Pink under the symbol "FGBF," but its symbol changed to "PROD" on August 28, 2013. OTC Markets has discontinued quoting PROD stock and has applied the "caveat emptor" label to it.

2. ComCam International, Inc., a Delaware company with its principal place of business in West Chester, Pennsylvania, designs, manufactures, and sells video surveillance systems. ComCam's common stock is currently quoted on the OTCQB under the symbol "CMCJ." Its common stock was registered with the Commission under Exchange Act Section 12(g), but the company filed a notice of termination of its registration on March 19, 2012. On December 1, 2011, the Commission, pursuant to Section 12(k) of the Exchange Act, suspended trading in the securities of ComCam for a period of ten business days.

3. Sybollon Pharmaceuticals, Inc., a Delaware corporation formerly known as Sybollon Corp. with its principal place of business in Medfield, Massachusetts, is engaged in the development and commercialization of proprietary iodine-based agents and antimicrobials. Sybollon's common stock is registered with the Commission pursuant to Exchange Act Section 12(g), but the last periodic report filed by the company was its March 31, 2011 Form 10-Q filed on May 16, 2011. On December 1, 2011, the Commission, pursuant to Exchange Act Section 12(k), suspended trading in the securities of Sybollon for a period of ten business days. Sybollon's common stock was previously quoted on the OTC Markets under the symbol "SYMBA," but OTC Markets has discontinued quoting SYMBA stock and has applied the "caveat emptor" label to it.

4. Microholdings US, Inc. was an Oklahoma corporation with its principal place of business in Vancouver, Washington, that described itself as "a Public Holding Company positioned for new mergers or acquisitions." It is now defunct. Its common stock was quoted on the OTC Pinks under the symbol MCHU. It never registered an offering of securities under the Securities Act or a class of securities under the Exchange Act. On December 1, 2011, the Commission filed a civil injunctive action

against Microholdings alleging that it violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

5. Albert Reda (“Reda”), age 67, a resident of Tustin, California, was Treasurer of 1<sup>st</sup> Global and a member of its Board of Directors during the Relevant Period. On November 4, 2013, Reda was found guilty after a jury trial of one count of wire fraud and one count of mail fraud in *U.S. v. Reda, et al.*, 11-CR-10416-DJC (D. Mass.). On March 11, 2014, Reda was sentenced to 26 months’ imprisonment, to be followed by one years’ supervised release. He was also ordered to pay a fine of \$6,000 and to forfeit \$16,000.

6. Stephen Stuart (“Stuart”), age 50, is a resident of Monrovia, Maryland. During the Relevant Period, Stuart was a consultant to and shareholder of ComCam. On October 24, 2013, Stuart pleaded guilty to one count of wire fraud and one count of mail fraud in *U.S. v. Stuart, et al.*, 11-CR-10416-DJC (D. Mass.). He was sentenced on February 12, 2014 to 16 months’ probation, the first two months to be served in community confinement followed by home detention for a period of six months. He was also ordered to pay a fine of \$2,000, and, on February 14, 2014, was ordered to forfeit \$17,000.20.

7. Donald Gilbreath, age 57, is a resident of West Chester, Pennsylvania. During the Relevant Period, Gilbreath was the Chairman and Chief Executive Officer of ComCam. On June 13, 2012, Gilbreath was charged by criminal information with one count of conspiracy to commit securities fraud and pleaded guilty to that charge on June 29, 2012 in *U.S. v. Donald Gilbreath*, 12-CR-10186 (D. Mass.). Gilbreath was sentenced on December 19, 2013 to 18 months’ probation and was ordered to pay a fine of \$2,000 and to forfeit \$17,000.

8. Edward Henderson (“Henderson”), age 71, is a resident of Lincoln, Rhode Island. During the Relevant Period, Henderson held himself out as a “promoter” or “finder” with respect to small companies who are seeking venture capital or other sources of funding. On January 11, 2012, Henderson pleaded guilty to one count of wire fraud in *U.S. v. Edward Henderson*, 11-CR-10393-WGY (D. Mass.). On November 26, 2013, Henderson was sentenced to one year’s probation and was ordered to forfeit \$12,650.

### C. KICKBACK SCHEME

#### 1. Black-White Receives a Portion of the Kickback Monies

a. These proceedings arise out of a fraudulent scheme in which insiders of publicly-traded penny stock companies paid secret kickbacks to a purported corrupt hedge fund manager, who was in fact an undercover agent with the Federal Bureau of Investigation (“Fund Manager”), in exchange for the Fund Manager’s purchase of restricted stock of the penny stock companies on behalf of his purported hedge fund (“the Fund”), which did not actually exist.

b. At some time prior to June 13, 2011, Henderson told Black-White that the Fund Manager was willing to invest Fund money in the stock of companies in exchange for a fifty percent kickback that would go to the Fund Manager.

c. On or about June 13, 2011, Black-White met with the Fund Manager (the "June 13 Black-White Meeting"). At the June 13 Black-White Meeting, the Fund Manager offered to pay Black-White a fee for introducing the Fund Manager to executives of publicly traded companies who would agree to pay a kickback to the Fund Manager in exchange for investing the Fund's money in their companies, enabling the Fund Manager to keep for himself half of the money he was supposedly investing on behalf of the Fund.

d. In particular, Black-White was told that the Fund Manager was prepared to invest up to \$5 million of the Fund's money in various publicly traded companies, provided those companies secretly kicked back fifty percent of those funds – \$2,500,000 – to the Fund Manager. Black-White was informed that the Fund was not to be informed of the kickbacks.

e. Black-White was told that if the Fund purchased \$5 million of stock all at once, the transaction might attract attention at the Fund. In order to avoid detection, therefore, the Fund Manager said that he would invest the Fund's money gradually, in tranches, or installments, that would increase in size over time.

f. As a further means of concealing the nature of the transactions, the Fund Manager told Black-White that the kickback payments would be made to one or more nominee consulting companies that the Fund Manager purportedly controlled and about which the Fund did not know. The Fund Manager also told Black-White that invoices would be issued by one of the Fund Manager's nominee companies in order to disguise the kickbacks.

g. Black-White reached an agreement with the Fund Manager whereby he would pay Black-White approximately ten percent of the kickbacks paid by any company executive whom Black-White introduced to the Fund Manager.

h. Prior to the June 13 Black-White Meeting, Black-White had referred executives from at least two publicly traded companies, Symbollon and MicroHoldings, to the Fund Manager so that those executives could enter into a funding/kickback agreement with the Fund Manager.

i. After the June 13 Black-White Meeting, Black-White referred the following individuals and companies to the Fund Manager so that they could enter into a funding/kickback arrangement with the Fund Manager: Reda, and his company 1<sup>st</sup> Global; Stuart and Gilbreath and their company, ComCam; and executives from two other companies.

j. Each of the executives whom Black-White referred to the Fund Manager agreed to, and did, pay a kickback to the Fund Manager in exchange for the Fund Manager causing the Fund to invest in their respective companies' stock. In connection with the investments, each of the executives also caused stock certificates to be issued representing the purchase by the Fund of shares in their respective companies.

k. The investments in the companies that Black-White referred to the Fund Manager were made by wire transfers from a bank account maintained in Massachusetts. The kickback payments from the various companies Black-White referred to the Fund Manager were made by wire transfers from the various companies to a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts.

l. Based on her agreement with the Fund Manager, on various dates between June 22, 2011 and July 5, 2011, Black-White received a portion of the kickbacks paid by company executives she had referred to the Fund Manager. Black-White's shares of the kickbacks, which totaled \$6,050, were paid by wire transfer from a Citizens Bank account held by one of the Fund Manager's nominee companies in Massachusetts to JP Morgan Chase account number \*\*\*\*\*6930, a bank account held by Premier Funding & Financial Marketing, LLC and controlled by Black-White.

2. The 1<sup>st</sup> Global Scheme

a. Some time prior to June 29, 2011, Black-White arranged for Reda to meet with the Fund Manager to discuss funding for 1<sup>st</sup> Global.

b. On or about June 29, 2011, Reda met with the Fund Manager (the "June 29 Reda Meeting"). The Fund Manager explained to Reda that he was prepared to invest Fund monies of up to \$5 million in 1<sup>st</sup> Global stock in exchange for a secret fifty percent kickback, enabling the Fund Manager to keep for himself half of the money he was supposedly investing on behalf of the Fund.

c. At the June 29 Reda Meeting, the Fund Manager also explained the mechanics of the funding, informing Reda that while the Fund Manager could commit to an investment of \$5 million of the Fund's money, with \$2.5 million being kicked back to the Fund Manager, the Fund Manager did not want to invest the entire amount at once. Therefore, the Fund Manager told Reda he would invest the money over time in tranches, or installments, of increasing amounts.

d. At the June 29 Reda Meeting, the Fund Manager further discussed with Reda the mechanics of how monies would be kicked back to the Fund Manager. The Fund Manager arranged with Reda that 1<sup>st</sup> Global would execute a consulting agreement with one of the nominee consulting companies that the Fund Manager purportedly controlled, but that the Fund Manager would not actually provide any consulting services. Reda was told that invoices would be issued by one of the Fund Manager's nominee companies to 1<sup>st</sup> Global in order to disguise the kickbacks.

e. At the June 29 Reda Meeting, Reda agreed to the funding/kickback arrangement.

f. On various dates between June 30, 2011 and July 5, 2011, Reda sent the Fund Manager documents related to the kickback transaction, including a consulting agreement between 1<sup>st</sup> Global and one of the Fund Manager's nominee consulting companies and stock purchase agreements between 1<sup>st</sup> Global and the Fund.

g. On or about July 5, 2011, in accordance with wiring instructions provided by Reda, \$32,000 was sent by wire transfer from a bank account maintained in Massachusetts, purportedly belonging to the Fund, to a 1<sup>st</sup> Global corporate bank account outside of Massachusetts. This wire transfer represented the first tranche of funding to 1<sup>st</sup> Global.

h. On or about July 5, 2011, Reda caused a stock certificate representing the purchase by the Fund of 1<sup>st</sup> Global shares to be sent to the Fund Manager.

i. On or about July 6, 2011, Reda caused a total of \$16,000 to be sent by wire transfer from a 1<sup>st</sup> Global corporate bank account outside of Massachusetts to a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts. This wire transfer represented Reda's kickback to the Fund Manager from the first tranche of funding to 1<sup>st</sup> Global.

### 3. The ComCam Scheme

a. On or about June 29, 2011, Stuart and Gilbreath met with the Fund Manager ("the June 29 ComCam Meeting"). The Fund Manager explained to Stuart and Gilbreath that he was prepared to invest Fund monies of up to \$5 million in ComCam stock in exchange for a secret fifty percent kickback, thereby enabling the Fund Manager to keep half of the money he was supposedly investing on behalf of the Fund.

b. At the June 29 ComCam Meeting, the Fund Manager also explained the mechanics of the funding, informing Stuart and Gilbreath that, while the Fund Manager could commit to an investment of \$5 million of the Fund's money, with \$2.5 million being kicked back to the Fund Manager, the Fund Manager did not want to invest the entire amount at once. Therefore, the Fund Manager told Stuart and Gilbreath that he would invest the money over time in tranches, or installments, of increasing amounts.

c. At the June 29 ComCam Meeting, the Fund Manager further discussed with Stuart and Gilbreath the mechanics of how monies would be kicked back to the Fund Manager. He arranged with Stuart and Gilbreath that ComCam would execute a consulting agreement with one of the nominee consulting companies that he purportedly controlled, but that the Fund Manager would not actually provide any consulting services. Stuart and Gilbreath were told that invoices would be issued by the Fund Manager's nominee company to ComCam in order to disguise the kickbacks.

d. At the June 29 ComCam Meeting, Stuart and Gilbreath agreed to the funding/kickback arrangement.

e. On various dates between June 30, 2011 and July 8, 2011, Gilbreath sent the Fund Manager documents related to the kickback transaction, including a consulting agreement between ComCam and one of the Fund Manager's nominee consulting companies, stock purchase agreements between ComCam and the Fund, and a phony invoice for non-existent consulting services purportedly rendered by the Fund Manager's nominee company.

f. On or about July 5, 2011, in accordance with wiring instructions provided by Gilbreath, \$34,000.20 was sent by wire transfer from a bank account maintained in Massachusetts, purportedly belonging to the Fund, to a ComCam corporate bank account outside of Massachusetts. This wire transfer represented the first tranche of funding to ComCam.

g. On or about July 6, 2011, Stuart and Gilbreath caused a total of \$17,000 to be sent by wire transfer from a ComCam corporate bank account outside of Massachusetts to a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts. This wire transfer represented Gilbreath's and Stuart's kickback to the Fund Manager from the first tranche of funding to ComCam.

h. On or about July 8, 2011, Stuart and Gilbreath caused a stock certificate representing the purchase by the Fund of 65,385 ComCam shares to be sent to the Fund Manager.

#### D. VIOLATIONS

1. As a result of the conduct described above, Black-White willfully violated Section 10(b) of the Exchange Act and Rule 10b-5(a) thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

### 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 and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement, and civil penalties pursuant to Section 21B of the Exchange Act; and

C. Whether, pursuant to Section 21C of the Exchange Act, Respondent should be ordered to cease and desist from committing or causing violations of and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, whether, pursuant to Section 21C(f) of the Exchange Act, Respondent should be prohibited, conditionally or unconditionally, and permanently or for such period of time as shall be determined, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, whether Respondent should be ordered to pay a civil penalty pursuant to Section 21B(a) of the Exchange Act, and whether

Respondent should be ordered to pay disgorgement pursuant to Sections 21B(e) and 21C(e) 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 be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent 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 Respondent fails to file the directed answer, or fails 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), 201.221(f) and 201.310.

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

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to 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.

By the Commission.

  
Jill M. Peterson  
Assistant Secretary



# Exhibit 2

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UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

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UNITED STATES OF AMERICA,

Plaintiff,

Criminal Action  
No. 11-10416-DJC

v.

KELLY BLACK-WHITE,

September 12, 2013  
2:56 p.m.

Defendant.

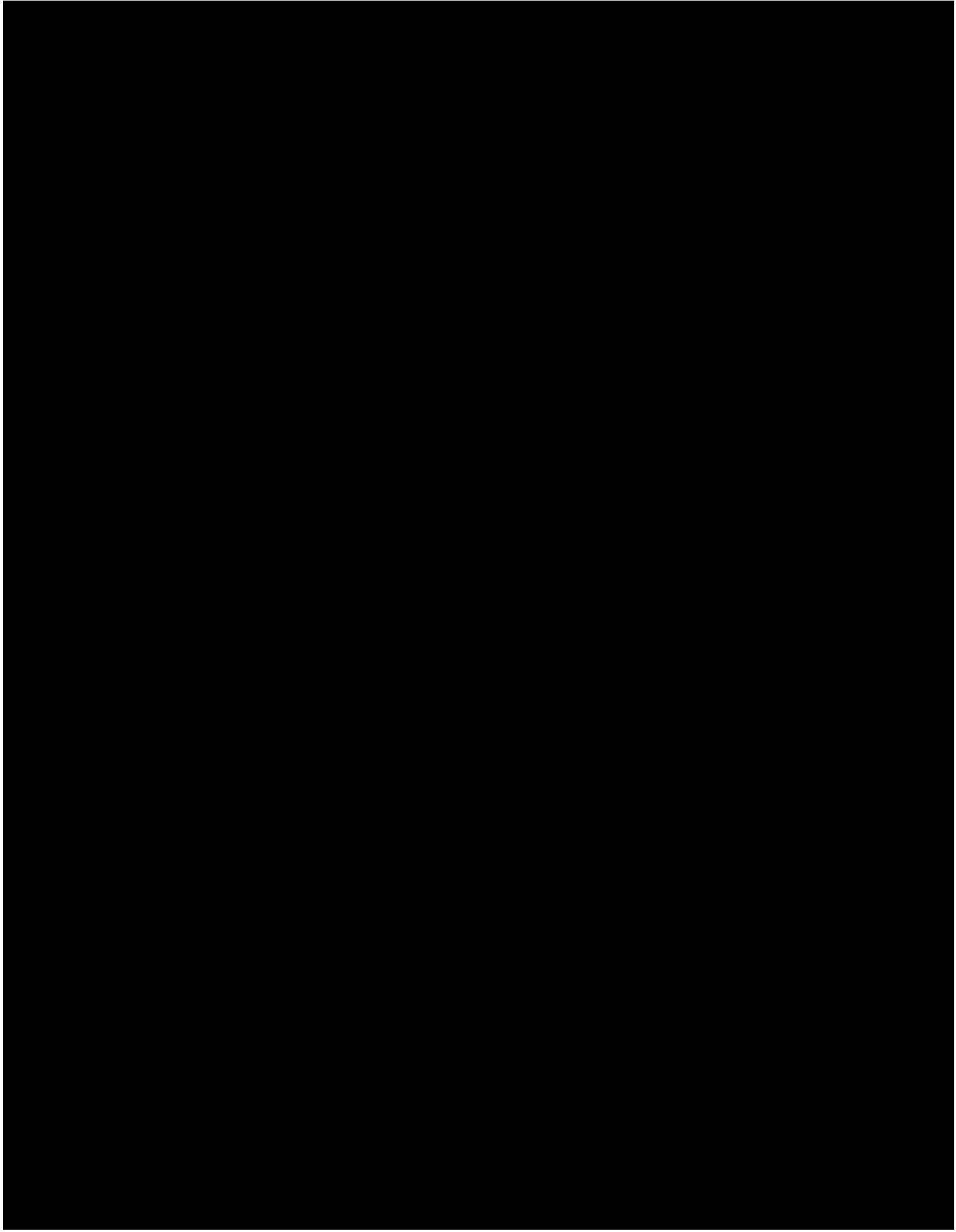
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TRANSCRIPT OF CHANGE OF PLEA  
BEFORE THE HONORABLE DENISE J. CASPER  
UNITED STATES DISTRICT COURT  
JOHN J. MOAKLEY U.S. COURTHOUSE

[REDACTED]

DEBRA M. JOYCE, RMR, CRR  
Official Court Reporter  
John J. Moakley U.S. Courthouse

[REDACTED]





1 THE COURT: Counsel, if that's all in order,  
2 Ms. Black-White, you can take the witness stand. Mr. Fuller,  
3 you're free to stand next to her during the colloquy.

4 (Defendant sworn in by the clerk.)

5 THE COURT: Ms. Black-White, do you understand that  
6 you're now under oath and that if you answer any of my  
7 questions falsely, your answers may later be used against you  
8 in another prosecution for perjury or making false statements?

9 THE DEFENDANT: Yes, ma'am.

02:28 10 THE COURT: And I'm going to ask you to move the  
11 microphone closer to you, just so I can hear you and Ms. Joyce,  
12 our court reporter, can hear you.

13 Ms. Black-White, the reason I've asked Mr. Fuller to  
14 stand next to you is if you have any questions for your counsel  
15 at any point during my questions to you, I'll give you a moment  
16 to consult with him, okay?

17 THE DEFENDANT: Yes, your Honor.

18 THE COURT: What's your full name?

19 THE DEFENDANT: Kelly Marie Black-White.

02:28 20 THE COURT: How old are you?

21 THE DEFENDANT: Fifty-three.

22 THE COURT: How far did you go in school?

23 THE DEFENDANT: Community college.

24 THE COURT: Are you a citizen of the United States ?

25 THE DEFENDANT: Yes.

1 THE COURT: Have you been treated recently for any  
2 mental illness or psychiatric or psychological problem of any  
3 kind?

4 THE DEFENDANT: No.

5 THE COURT: Have you been treated recently for any  
6 drug addiction, drug problem, or alcohol problem of any kind?

7 THE DEFENDANT: No.

8 THE COURT: As you sit here today, are you under the  
9 influence of any medication, prescription or otherwise, any  
02:29 10 drug or alcoholic beverage of any kind?

11 THE DEFENDANT: No.

12 THE COURT: Now, have you received a copy of the  
13 indictment, the superseding indictment, against you in this  
14 case?

15 THE DEFENDANT: Yes.

16 THE COURT: Do you understand the charges against you?

17 THE DEFENDANT: Yes.

18 THE COURT: Do you understand that Count One charges  
19 you with conspiracy to commit securities fraud in violation of  
02:29 20 Title 18, United States Code 1349, and that the other counts,  
21 Counts Two through Eleven and Thirteen, charge you with wire  
22 fraud in violation of Title 18, United States Code 1343?

23 THE DEFENDANT: Yes.

24 THE COURT: Have you fully discussed the charges  
25 against you and the facts and circumstances of your case with

1 your counsel, Mr. Fuller?

2 THE DEFENDANT: Yes.

3 THE COURT: Mr. Fuller, I'll direct this question to  
4 you. Have you communicated all formal offers from the  
5 prosecution to accept a plea on terms and conditions that may  
6 be favorable to your client?

7 MR. FULLER: Yes, your Honor.

8 THE COURT: Ms. Black-White, are you fully satisfied  
9 with the counsel, representation, and advice that your counsel,  
02:30 10 Mr. Fuller, has given you in this case?

11 THE DEFENDANT: Yes.

12 THE COURT: As I asked counsel before, I understand  
13 that there is a plea agreement in this case that you've entered  
14 into with the United States, and actually, I'm going to ask  
15 Ms. Hourihan to give you the original copy of that agreement.

16 Ms. Black-White, placed before you is a plea agreement  
17 dated September 11, 2013. Did you sign this agreement?

18 THE DEFENDANT: Yes.

19 THE COURT: I'll ask you to turn to the last -- I  
02:30 20 believe what's the last page, page 11.

21 Is that your signature?

22 THE DEFENDANT: Yes.

23 THE COURT: Did you have an opportunity to read the  
24 agreement and discuss it with Mr. Fuller before you signed it?

25 THE DEFENDANT: Yes.

1 THE COURT: Does this agreement contain all the terms  
2 to which you've agreed?

3 THE DEFENDANT: Yes.

4 THE COURT: Do you understand the terms of this  
5 agreement?

6 THE DEFENDANT: Yes.

7 THE COURT: Do you understand that this is the only  
8 agreement that you have with the United States, with the United  
9 States government?

02:31 10 THE DEFENDANT: Yes.

11 THE COURT: Has anyone made any promise or assurance  
12 to you that is not in the plea agreement to persuade you to  
13 accept this agreement?

14 THE DEFENDANT: No.

15 THE COURT: Has anyone made any other or different  
16 promise or assurance to you of any kind in an effort to get you  
17 to plead guilty in this case?

18 THE DEFENDANT: No.

19 THE COURT: Has anyone threatened you in any way to  
02:31 20 persuade you to accept this agreement?

21 THE DEFENDANT: No.

22 THE COURT: Do you understand that the terms of the  
23 plea agreement as to your sentence are merely recommendations  
24 to me; that is, I could, after I see the presentence report and  
25 hear counsel at sentencing, I could reject those

1 recommendations without permitting you to withdraw your guilty  
2 plea and impose a sentence that may be more severe than what  
3 you anticipate?

4 THE DEFENDANT: Yes.

5 THE COURT: You understand that?

6 THE DEFENDANT: Yes.

7 THE COURT: Has anyone attempted in any way to force  
8 you to plead guilty in this case?

9 THE DEFENDANT: No.

02:32 10 THE COURT: Do you understand that the offenses to  
11 which you are pleading guilty are felony offenses?

12 THE DEFENDANT: Yes.

13 THE COURT: Do you understand that if I accept your  
14 plea, you'll be judged guilty of those offenses?

15 THE DEFENDANT: Yes.

16 THE COURT: Do you understand that by being judged  
17 guilty, you may lose certain valuable civil rights, including  
18 the right to vote, the right to hold public office, the right  
19 to serve on a jury, and the right to possess a gun or any kind  
02:32 20 of firearm?

21 THE DEFENDANT: I didn't understand the voting.

22 MR. FULLER: May I?

23 THE COURT: Yes, yes, and you can move the microphone  
24 away, counsel.

25 (Defendant conferred with counsel.)

1 THE COURT: Ms. Black-White, I'm just going to repeat  
2 the question.

3 Do you understand that by being judged guilty, you may  
4 lose valuable civil rights, including the right to vote, the  
5 right to hold public office, the right to serve on a jury, and  
6 the right to possess a gun or any kind of firearm?

7 THE DEFENDANT: Yes.

8 THE COURT: Mr. Christofferson, can you please state  
9 the maximum statutory penalties for each of the counts here?

02:33 10 MR. CHRISTOFFERSON: Yes, your Honor.

11 With respect to Count One, which is the conspiracy to  
12 commit securities fraud pursuant to 18 USC, Section 1349, the  
13 maximum penalties are 25 years of imprisonment; \$250,000 fine  
14 or double the gain or loss, whichever is greater; five years of  
15 supervised release; a \$100 special assessment; and forfeiture  
16 as alleged in the indictment.

17 Then with respect to the wire fraud counts, which are  
18 Counts Two through Eleven and Thirteen, pursuant to 18 USC,  
19 Section 1343, each carries a maximum term of imprisonment of 20  
02:34 20 years; a maximum fine of \$250,000 or double the gain or loss,  
21 whichever is greater; three years of supervised release; \$100  
22 special assessment; and forfeiture, as alleged.

23 THE COURT: Thank you.

24 Ms. Black-White, do you understand that I'll have the  
25 authority to give you a term of imprisonment of up to 25 years

1 on Count One and up to 20 years on each of the other counts  
2 pending against you?

3 THE DEFENDANT: Yes, ma'am.

4 THE COURT: Do you understand that in addition to any  
5 prison term, I'll have the authority to give you a term of  
6 supervised release of up to five years on Count One, which is  
7 the conspiracy to commit securities fraud, and up to three  
8 years on each of the other counts, the wire fraud counts?

9 THE DEFENDANT: Yes, your Honor.

02:35 10 THE COURT: Do you understand that if you later  
11 violate the conditions of any supervised release term that I  
12 impose, you can be given additional time in prison?

13 THE DEFENDANT: Yes, your Honor.

14 THE COURT: On each of the counts that are charged  
15 against you, do you understand that I will also have the  
16 authority to fine you up to \$250,000 or twice the gross gain or  
17 loss, whichever is greater?

18 THE DEFENDANT: Yes, your Honor.

19 THE COURT: Do you also understand that in addition to  
02:35 20 the other penalties I've mentioned, you'll be required to pay a  
21 \$100 special assessment on each count for a total of \$1,200?

22 THE DEFENDANT: Yes, your Honor.

23 THE COURT: In addition, in the indictment you're  
24 charged with forfeiture -- or there are forfeiture allegations  
25 made against you. Do you understand that by pleading guilty,

1 there may be certain forfeiture consequences, and you may be  
2 required to forfeit certain property to the United States?

3 MR. FULLER: Your Honor, may I?

4 THE COURT: Yes.

5 (Defendant conferred with counsel.)

6 THE DEFENDANT: Yes, your Honor.

7 THE COURT: Well, let me ask Mr. Christofferson, is  
8 there also possible restitution here?

9 MR. CHRISTOFFERSON: Your Honor, given the nature of  
02:36 10 this particular case, which involves, as you'll hear when we go  
11 over the statement of facts, an FBI sting-type operation, we  
12 really seek the money through the forfeiture provision, which  
13 is contained in the plea agreement, and there's an agreed upon  
14 amount in the forfeiture provision in paragraph 10.

15 THE COURT: So no restitution, counsel?

16 MR. FULLER: Correct.

17 THE COURT: Ms. Black-White, do you understand all the  
18 possible consequences of pleading guilty; that is, a term of  
19 imprisonment, a term of supervised release, a fine, special  
02:37 20 assessment, the loss of certain civil rights that I described  
21 to you, and forfeiture?

22 THE DEFENDANT: Yes.

23 THE COURT: I now want to talk to you about the  
24 sentencing guidelines and how they might affect your sentence  
25 in this case.

1           The guidelines have been issued by the United States  
2           Sentencing Commission for judges to follow when determining the  
3           sentence in a criminal case. These guidelines are no longer  
4           mandatory, so I do not have to follow them, but they are  
5           important and I do have to consider them in deciding what  
6           sentence is reasonable here.

7           Have you and Mr. Fuller talked about the sentencing  
8           guidelines and how they might apply in your case?

9           THE DEFENDANT: Yes.

02:37 10           THE COURT: Do you understand that I'll not be able to  
11           determine your guideline sentence until after Probation has  
12           prepared a presentence report?

13           THE DEFENDANT: Yes.

14           THE COURT: Do you understand that that report will  
15           contain information about you, your background and the crimes  
16           that you committed in this case?

17           THE DEFENDANT: Yes.

18           THE COURT: Do you understand that that report will  
19           also contain a recommended application of the advisory  
02:38 20           sentencing guidelines?

21           THE DEFENDANT: Yes.

22           THE COURT: Do you understand that both you and your  
23           counsel and counsel for the government will have the  
24           opportunity to review that report, challenge any facts reported  
25           in it, and challenge any recommended application of the

1 guidelines?

2 THE DEFENDANT: Yes.

3 THE COURT: Do you understand, as I suggested before,  
4 that even though I'm not required to follow the sentencing  
5 guidelines, I am required to consider them?

6 THE DEFENDANT: Yes.

7 THE COURT: Do you understand that under the current  
8 guidelines system, I may have the authority to depart or vary  
9 from the advisory sentencing guideline range and give you a  
02:38 10 sentence that's either more or less severe than what the  
11 guidelines otherwise call for?

12 THE DEFENDANT: Yes, your Honor.

13 THE COURT: Do you understand that because I'm not  
14 required to follow the sentencing guidelines, I have the legal  
15 authority to sentence you anywhere up to the maximum statutory  
16 sentence, provided that any sentence I impose is reasonable  
17 under the facts and circumstances of your case?

18 THE DEFENDANT: Yes, your Honor.

19 THE COURT: Do you understand that you will not be  
02:39 20 permitted to withdraw your guilty plea because your sentence is  
21 longer than what you expected?

22 THE DEFENDANT: Yes, your Honor.

23 THE COURT: That is, to the extent that your attorney  
24 or government counsel may have predicted what your sentence  
25 would be, you will not be permitted to withdraw your guilty

1 plea because you're unhappy with the sentence that I ultimately  
2 impose?

3 THE DEFENDANT: Yes, your Honor.

4 THE COURT: Mr. Christofferson, are there statutory  
5 victims here?

6 MR. CHRISTOFFERSON: No, your Honor.

7 THE COURT: Do you understand that under the usual  
8 circumstances, Ms. Black-White, you or the government or both  
9 parties may have the right to appeal any sentence that I  
10 impose?

02:39

11 THE DEFENDANT: Yes, ma'am.

12 THE COURT: Do you understand that under the plea  
13 agreement, which I think is still in front of you, on page 4,  
14 section 6, you have given up or waived certain of your  
15 appellate rights?

16 THE DEFENDANT: Yes, your Honor.

17 THE COURT: That is, you've given up the right to  
18 challenge your conviction on direct appeal or in a collateral  
19 challenge and you've given up certain of your rights to appeal  
20 any sentence I impose?

02:40

21 THE DEFENDANT: Yes, your Honor.

22 THE COURT: I do now want to turn to certain rights  
23 that you give up by not going to trial and pleading guilty in  
24 this case.

25 Ms. Black-White, do you understand that you have the

1 right to plead not guilty to any of the offenses charged  
2 against you and go to trial?

3 THE DEFENDANT: Yes, your Honor.

4 THE COURT: Do you understand that you have the right  
5 to a trial by a jury?

6 THE DEFENDANT: Yes, your Honor.

7 THE COURT: Do you understand that at that trial you'd  
8 be presumed to be innocent and the government would have to  
9 prove your guilt beyond a reasonable doubt?

02:41 10 THE DEFENDANT: Yes, your Honor.

11 THE COURT: Do you understand that at any trial you'd  
12 have the right to the assistance of counsel for your defense?

13 THE DEFENDANT: Yes, your Honor.

14 THE COURT: Do you understand that you'd have the  
15 right to see and hear the witnesses against you and have them  
16 cross-examined in your defense?

17 THE DEFENDANT: Yes, your Honor.

18 THE COURT: Do you understand that you would have the  
19 right, if you chose to exercise it, to testify and to put on  
02:41 20 evidence in your own defense?

21 THE DEFENDANT: Yes, your Honor.

22 THE COURT: Do you understand that you'd have the  
23 right to require witnesses to come to court to testify in your  
24 defense?

25 THE DEFENDANT: Yes, your Honor.

1 THE COURT: Do you understand that you'd have the  
2 right to refuse to testify and refuse to put on any evidence  
3 unless you voluntarily elected to do so?

4 THE DEFENDANT: Yes.

5 THE COURT: And if you did -- do you understand that  
6 if you chose not to testify, not to put on any evidence and  
7 just put the government to its proof, those facts could not be  
8 used against you?

9 THE DEFENDANT: Yes.

02:41 10 THE COURT: Do you understand that by entering a  
11 guilty plea here today, if I accept your plea, there will be no  
12 trial and all the rights that I've just described to you that  
13 go with a trial you will have given up?

14 THE DEFENDANT: Yes.

15 THE COURT: I asked you at the beginning of my  
16 questions to you about whether or not you understood the  
17 charges against you in this case. Let me just mention again,  
18 you're charged in Count One with conspiracy to commit  
19 securities fraud, and in that count it's charged that, together  
02:42 20 with others known and unknown to the grand jury, you conspired  
21 and attempted to knowingly execute a scheme or artifice to  
22 defraud persons in connection with the securities of an issuer  
23 with a class of securities registered under the Securities Act  
24 and to obtain by means of materially false and fraudulent  
25 pretenses, representations, and promises money and property in

1 connection with the purchase and sale of securities of an  
2 issuer with a class of securities registered, as I said. Do  
3 you understand that?

4 THE DEFENDANT: I need to talk to Steven.

5 (Defendant conferred with counsel.)

6 MR. FULLER: Your Honor, is there any water available?

7 (Discussion off the record.)

8 MR. FULLER: Could she just have a moment?

9 THE COURT: Sure.

02:45 10 (Defendant conferred with counsel.)

11 THE COURT: Counsel, Ms. Black-White, are you ready to  
12 proceed?

13 THE DEFENDANT: Yes. Yes, your Honor.

14 THE COURT: I'll let you swallow.

15 Would you like me to repeat my last question?

16 THE DEFENDANT: Yes.

17 THE COURT: I was asking you about your understanding  
18 of Count One, which charges you with conspiracy to commit  
19 securities fraud, and I was asking you whether or not you  
02:47 20 understood that in order for the government to prove this count  
21 against you at trial, they would have to show that, as alleged,  
22 you having -- excuse me, you, together with others known and  
23 unknown to the grand jury, conspired and attempted to knowingly  
24 execute a scheme or artifice to defraud persons in connection  
25 with the securities of an issuer with a class of securities

1 registered under the Securities Act and to obtain by means of  
2 materially false and fraudulent pretenses, representations, and  
3 promises money and property in connection with the purchase and  
4 sale of those securities.

5 Do you understand that that's what the government  
6 would have to prove against you beyond a reasonable doubt?

7 THE DEFENDANT: Yes.

8 THE COURT: As to Counts Two through Eleven and  
9 Thirteen, all of which charge you with wire fraud in violation  
02:48 10 of Title 18 United States Code 1343, if this case were to  
11 proceed to trial, the government would have to prove, as  
12 alleged, that you, having devised and intending to devise a  
13 scheme or artifice to defraud and to obtain money and property  
14 by means of materially false and fraudulent pretenses,  
15 representations, and promises for the purpose of executing such  
16 scheme and artifice, transmitted and caused or caused to be  
17 transmitted in interstate commerce certain wire communications  
18 in and out of bank accounts as listed and alleged in the  
19 indictment for each of those counts. Do you understand that?

02:49 20 THE DEFENDANT: Yes.

21 THE COURT: And do you understand that each of these  
22 elements would have to be proven by the government beyond a  
23 reasonable doubt?

24 THE DEFENDANT: Yes.

25 THE COURT: I'm now going to ask Mr. Christofferson to

1 state the factual basis for the plea; that is, what the  
2 government expected to prove if this case had gone to trial.

3 I want you, Ms. Black-White, to listen very carefully,  
4 because when he's done, I'm going to ask you if you agree to  
5 the essential elements of the crimes charged.

6 Mr. Christofferson.

7 MR. CHRISTOFFERSON: Thank you, your Honor.

8 If this case were to go to trial, the government would  
9 establish the following facts beyond a reasonable doubt: Kelly  
02:50 10 Black-White was in the business of assisting publicly traded  
11 companies and finding sources of funding, as well as promoting  
12 penny stocks. She also served on the board of directors of  
13 Symbollon Pharmaceuticals, a public company in the business of  
14 developing and marketing pharmaceuticals.

15 The evidence would show that in or about March 2011,  
16 Ms. Black-White learned of a potential funding opportunity for  
17 public companies involving an individual who purported to be a  
18 representative of a major investment fund. Unbeknownst to  
19 Ms. Black-White, the fund representative was, in fact, an  
02:50 20 undercover FBI agent, and the fund itself did not exist.

21 Ms. Black-White subsequently learned that the fund  
22 representative was willing to invest fund money in companies in  
23 exchange for those companies each sending 50 percent of the  
24 money back to the fund representative, and learned that the  
25 fund was unaware of the money kicking back to the fund

1 representative.

2 On June 13, 2011, Ms. Black-White met with the fund  
3 representative herself and the fund representative again  
4 explained the scheme. She agreed with the fund representative  
5 that she would refer executives of publicly traded companies  
6 who would be willing to send money back to the fund  
7 representative in exchange for funding by his investment fund.

8 Ms. Black-White and the fund representative also  
9 agreed that she would receive a portion of the money sent back  
02:51 10 to him for her referrals.

11 The evidence would show that Ms. Black-White was  
12 informed of various measures that would be taken to conceal the  
13 scheme, for instance, because of an investment of the entire \$5  
14 million at once might attract unwanted attention from the fund,  
15 Ms. Black-White was told that the funding of the companies  
16 would take place incrementally in increasing tranches of  
17 funding.

18 Ms. Black-White was also told and understood that as a  
19 further means of concealing the scheme, the payments back to  
02:51 20 the fund representative would not be paid to the fund  
21 representative directly but rather would be paid to sham  
22 nominee consulting companies that the representative  
23 purportedly controlled.

24 The evidence would show that in May and in June  
25 Ms. Black-White introduced at least four executives to the fund

1 representative, including an executive with Symbolon, an  
2 executive with the company known as MicroHoldings, Albert Reda,  
3 an executive of a company known as 1st Global Financial, and  
4 executives of a company known as ComCam so that each of them  
5 could enter the funding arrangement and the scheme as  
6 described.

7 As a result of these meetings, these individuals  
8 agreed to participate on behalf of their companies in the  
9 scheme. These individuals received payments purportedly made  
02:52 10 from the fictitious fund and, as discussed, then made payments  
11 back to the sham consulting companies that the representative  
12 purportedly controlled.

13 In each case, these kicked-back payments amounted to  
14 50 percent of the money that the fund had paid to the  
15 companies.

16 Specifically, as set forth in Counts Two through  
17 Eight, Eleven and Thirteen of the superseding indictment,  
18 Ms. Black-White caused a series of wires constituting such  
19 payments to and from the companies. The dates, the amounts,  
02:53 20 and the bank accounts involved in each of these wires are set  
21 forth in the superseding indictment.

22 If your Honor would prefer that for the record I  
23 recite each of them as set forth, I'm happy to do that or else  
24 we can do it by reference to the indictment.

25 THE COURT: I think reference to the indictment is

1 fine.

2 Mr. Fuller, do you agree?

3 MR. FULLER: Yes.

4 MR. CHRISTOFFERSON: Your Honor, also as a result of  
5 her introduction of these executives, Ms. Black-White received  
6 a portion of the kickbacks that were given to the fund  
7 representative. These kickbacks were sent or the money from  
8 these kickbacks were sent to Ms. Black-White by interstate wire  
9 transfer from a bank account purportedly belonging to one of  
02:53 10 the fund representative's sham consulting companies.

11 Specifically as set forth in Counts Nine and Ten of  
12 the superseding indictment, Ms. Black-White caused wires  
13 constituting such payments to be sent to an account in the name  
14 of Premier Funding and Financial Consulting, which was an  
15 account that she controlled.

16 If the government's case were to proceed to trial, the  
17 government's evidence would include, among other things,  
18 documentary evidence, including bank records evidencing the  
19 funding and kickbacks and the bogus documents created to  
02:54 20 conceal the transactions by the executives that Ms. Black-White  
21 referred; testimony of witnesses who dealt with Ms. Black-White  
22 with regard to this kickback arrangement and her referral of  
23 executives to the fund representative; recordings of telephone  
24 calls between Ms. Black-White and other witnesses who dealt  
25 with her with regard to the arrangement and her referral of

1 executives to the fund representative; and finally, videotaped  
2 evidence of the meeting between Ms. Black-White and the fund  
3 representative.

4 THE COURT: Ms. Black-White, having heard a summary of  
5 what the government intended to prove and offer at trial, do  
6 you agree to the factual summary as it bears on the essential  
7 elements of the charges?

8 THE DEFENDANT: Yes.

9 THE COURT: Ms. Black-White, are you pleading guilty  
02:55 10 today to the charges in the indictment against you because  
11 you're, in fact, guilty of those charges?

12 THE DEFENDANT: Yes.

13 THE COURT: Mr. Christofferson, is there any reason  
14 why the Court should not take the change of plea at this point?

15 MR. CHRISTOFFERSON: No. Thank you, your Honor.

16 THE COURT: Mr. Fuller, same question?

17 MR. FULLER: No, your Honor.

18 THE COURT: Ms. Hourihan, you can take the change of  
19 plea.

02:55 20 THE CLERK: Ms. Black-White, if you can please stand.

21 Ms. Black-White, you have been named in 12 counts in a  
22 superseding indictment charging you in Count One with  
23 conspiracy to commit securities fraud in violation of Title 18,  
24 United States Code, Section 1349; and in Counts Two through  
25 Eleven and Thirteen of the superseding indictment charging you

1 with wire fraud in violation of Title 18, United States Code,  
2 Section 1343. How do you now plead to Counts One through  
3 Eleven and Thirteen of the superseding indictment, guilty or  
4 not guilty?

5 THE DEFENDANT: Guilty.

6 THE COURT: You may be seated.

7 Ms. Black-White, based on the colloquy and the proffer  
8 of facts that the government planned to offer, I find that you  
9 are fully competent and capable of entering an informed plea,  
02:56 10 that you're aware of the nature of the charges against you and  
11 the consequences of your plea, and that the guilty plea is a  
12 knowing and voluntary plea supported by an independent basis in  
13 fact containing each of the essential elements of the offenses  
14 charged in the superseding indictment. I, therefore, accept  
15 your plea, and you're adjudged guilty of those offenses.

16 I'm going to ask you and your counsel, Mr. Fuller, to  
17 return to counsel table.

18 Thank you.

19 MR. FULLER: Your Honor, would you like the  
02:57 20 original --

21 THE COURT: Yes, if you can hand that up to  
22 Ms. Hourihan.

23 MR. FULLER: May I approach?

24 THE COURT: Thank you.

25 MR. FULLER: Your Honor, there's also a letter from

1 Probation that we were just handed, and there's an error in it.

2 THE COURT: Okay. I'll take that up at the end.

3 Counsel, does this need to be sealed on the record,  
4 the plea agreement?

5 MR. CHRISTOFFERSON: I think that's probably  
6 appropriate, your Honor.

7 THE COURT: Okay.

8 MR. FULLER: What's the question?

9 MR. CHRISTOFFERSON: If the plea agreement ought to be  
02:57 10 sealed.

11 THE COURT: Okay. It shall be, counsel.

12 MR. CHRISTOFFERSON: Thank you, your Honor.

13 THE COURT: I'll take that as an oral motion to seal.

14 MR. CHRISTOFFERSON: Thank you, your Honor.

15 THE COURT: It's allowed, counsel.

16 Ms. Black-White, as I mentioned before, what will  
17 happen now is the Probation Office will prepare a presentence  
18 report which will assist me in determining what the appropriate  
19 sentence is in this case. You'll be asked to give information  
02:58 20 for that report, and Mr. Fuller may be present for your  
21 interview, if you wish. It's very important that the  
22 presentence report be accurate in all respects. It will not  
23 only affect what sentence you receive, but it may also affect  
24 what happens to you after you're sentenced, so even minor  
25 mistakes should be corrected.

1           You'll have a chance to review the report, as will  
2 your counsel, and file any objections to it before I see you  
3 for sentencing.

4           Both you and your counsel will have the opportunity to  
5 address me at the time of your sentencing.

6           I'll refer you to Probation to start the presentence  
7 investigation.

8           Ms. Hourihan, a date for sentencing?

9           THE CLERK: December 4th at 2:00 p.m.

02:58 10          THE COURT: Counsel?

11          MR. FULLER: Your Honor, because of some scheduling  
12 issues, we were looking to move it into January, after January  
13 24th.

14          THE COURT: No objection, counsel?

15          MR. CHRISTOFFERSON: No objection, your Honor.

16          THE CLERK: After January 24th?

17          MR. FULLER: Yes.

18          THE CLERK: January 29th at 2:00.

19          MR. FULLER: Thank you, your Honor.

02:59 20          MR. CHRISTOFFERSON: Thank you, your Honor.

21          THE COURT: Okay.

22          Counsel, Mr. Fuller, I think you were referring to  
23 what was handed to us from Pretrial Services dated September  
24 12, 2013 just giving me an update on compliance with  
25 conditions.

1           Let me ask, Mr. Christofferson, I'm assuming  
2 conditions will continue, is that the government's position?

3           MR. CHRISTOFFERSON: Yes, your Honor.

4           THE COURT: Was there something --

5           MR. FULLER: Your Honor, there's just an error in item  
6 number 6. Judge Sorokin allowed travel within the contiguous  
7 48 states.

8           THE COURT: Okay.

9           MR. FULLER: It's not limited to court in  
02:59 10 Massachusetts and District of Arizona.

11          THE COURT: And that's already been imposed or --

12          MR. FULLER: Correct. I think that was originally  
13 what was stated in the order in Arizona when she was arrested,  
14 but when we did the appearance here, for all the defendants in  
15 the case, it was within the 48 states.

16          THE COURT: Okay.

17          PROBATION OFFICER: He is correct, your Honor. I  
18 apologize for that, and for being late.

19          THE COURT: With that clarification, counsel, I assume  
03:00 20 you're fine with the original conditions reflected now in this  
21 letter with your revision to number 6?

22          MR. FULLER: Thank you, your Honor.

23          THE COURT: So those conditions will stay in place,  
24 and I'll see you for sentencing.

25          Anything else before we recess?

1 MR. CHRISTOFFERSON: No. Thank you, your Honor.

2 THE COURT: Mr. Fuller?

3 MR. FULLER: No. Thank you, your Honor.

4 THE COURT: Thank you.

5 Thank you.

6 (Court adjourned at 3:00 p.m.)

7 - - - - -

8 CERTIFICATION

9 I certify that the foregoing is a correct transcript  
10 of the record of proceedings in the above-entitled matter to  
11 the best of my skill and ability.

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/s/Debra M. Joyce  
Debra M. Joyce, RMR, CRR  
Official Court Reporter

September 24, 2013  
Date

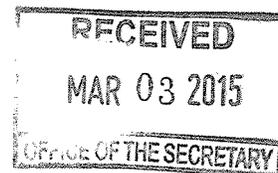


UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
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ENFORCEMENT  
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March 2, 2015



Via Overnight Delivery

Brent J. Fields  
Securities and Exchange Commission  
Office of the Secretary  
100 F Street, N.E.  
Washington DC 20549

**Re:** In the Matter of Kelly Black-White, Respondent  
Administrative Proceeding File No. 3-16143

Dear Secretary Fields:

Enclosed please find an original and three copies of the Division of Enforcement's Brief in Support of Imposition of Sanctions.

Very truly yours,

Martin F. Healey  
Regional Trial Counsel  
Division of Enforcement

Enclosures

cc: Honorable Carol Fox Foelak (w/enclosure, via Electronic Mail)  
Kelly Black-White (w/ enclosure, via Overnight Delivery)