

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933  
Rel. No. 9334 / July 11, 2012

SECURITIES EXCHANGE ACT OF 1934  
Rel. No. 67397 / July 11, 2012

Admin. Proc. File No. 3-13871

In the Matter of

RONALD S. BLOOMFIELD  
ROBERT GORGIA, and  
JOHN EARL MARTIN, SR.

ORDER DIRECTING ADDITIONAL  
BRIEFING

Ronald S. Bloomfield and John Earl Martin, Sr., registered representatives of Leeb Brokerage Services, Inc. ("Leeb"), a former registered broker-dealer, and Robert Gorgia, Leeb's Chief Compliance Officer ("CCO") and supervisor of its Anti-Money Laundering ("AML") compliance program, appeal from an administrative law judge's decision. The law judge found that, from early 2005 to mid-2007 ("relevant period"), Bloomfield and Martin willfully violated Sections 5(a) and 5(c) of the Securities Act of 1933<sup>1</sup> by selling large amounts of penny stocks to the public when no registration statement was filed or in effect as to those stocks and no exemption from registration was available. The law judge also found that Gorgia violated Sections 15(b)(4) and 15(b)(6) of the Securities Exchange Act of 1934<sup>2</sup> by failing reasonably to supervise Bloomfield, Martin, and a third Leeb registered representative with a view to detecting and preventing their Securities Act Section 5 violations. The law judge further found that Bloomfield, Martin, and Gorgia willfully aided and abetted and caused Leeb's failure to file Suspicious Activity Reports ("SARs"), as required by Exchange Act Section 17(a) and Exchange

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<sup>1</sup> 15 U.S.C. §§ 77e(a), 77e(c).

<sup>2</sup> 15 U.S.C. §§ 78o(b)(4), 78o(b)(6).

Act Rule 17a-8.<sup>3</sup> For these violations, the law judge issued cease-and-desist orders against Bloomfield, Martin, and Gorgia; barred them from association with a broker or dealer and from participation in a penny stock offering; imposed third-tier civil penalties of \$100,000 each; and ordered Bloomfield and Martin to disgorge their ill-gotten gains, plus prejudgment interest.

With respect to the remedy of disgorgement, Bloomfield and Martin contend that their alleged securities law violations "pertain solely to the Relevant Securities<sup>4</sup> purchased and sold during the Relevant Period." In their view, any disgorgement should not exceed the "gross commissions" earned on transactions in those securities. Relying on figures contained in Bloomfield Exhibit 1, they calculate that the gross commissions totaled \$150,117. Based on their own hearing testimony regarding the division of those commissions—55% to Martin and 5% to Bloomfield, they contend that Martin realized profits of \$82,564 and Bloomfield realized profits of \$7,506.

The Division of Enforcement ("Division"), on the other hand, contends that "[t]he pattern of conduct in the Uselton and Thimble accounts involved the sale to the public of dozens of securities, over an extended period of time, and Bloomfield's and Martin's failure to take steps to have Leeb file SARs with respect to this conduct helped enable the accounts to stay open and profitable." In its view, disgorgement should include the commissions earned on all transactions in the seven customer accounts at issue. Relying on figures contained in Division Exhibit 361, the Division contends that Bloomfield and Martin realized profits of \$272,342 and \$964,868, respectively, from transactions in the seven customer accounts at issue during the period from October 1, 2005 to June 1, 2007.

The Commission seeks further briefing on the issue of disgorgement. We direct the parties to address the following questions:

- (1) Do Bloomfield's and Martin's alleged Securities Act Section 5 violations relate solely to the securities specifically identified in the OIP?
- (2) What are the amounts of commissions earned by Bloomfield and Martin that may be attributed to the Securities Act Section 5 violations alleged in the OIP as wrongfully obtained profits of such alleged violations?

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<sup>3</sup> 15 U.S.C. § 78q(a) & 17 C.F.R. § 240.17a-8.

<sup>4</sup> In their brief, Bloomfield and Martin state that "[t]he term 'Relevant Securities' refers to the securities of the nine issuers sold by Martin that were placed into issue in the OIP [Order Instituting Proceedings] and at the hearing in this case." We note, however, that the OIP specifically identifies ten securities—Adrenaline Nation Entertainment, Inc., China Gold Corp., Equipment and System Engineering, Inc., Golden Apple Oil and Gas, Inc., Goldmark Industries, Inc., iPackets International, Inc., LOM Logistics, Inc., Nanoforce, Inc., Spooz, Inc., and Viyya Technologies, Inc.

- (3) Did Bloomfield's and Martin's conduct underlying the alleged Exchange Act Section 17(a) and Exchange Act Rule 17a-8 violations relate solely to the securities specifically identified in the OIP?
- (4) What are the amounts of commissions earned by Bloomfield and Martin that may be attributed to the Exchange Act Section 17(a) and Exchange Act Rule 17a-8 violations alleged in the OIP as wrongfully obtained profits of such alleged violations?
- (5) How did the conduct underlying the alleged Exchange Act Section 17(a) and Exchange Act Rule 17a-8 violations result in Bloomfield's and Martin's gaining those wrongfully obtained profits?
- (6) How are those wrongfully obtained profits a reasonable approximation of the amounts of Bloomfield's and Martin's unjust enrichment resulting from the alleged Exchange Act Section 17(a) and Exchange Act Rule 17a-8 violations?

Accordingly, IT IS ORDERED that, within ten days from the date of service of this order, the Division of Enforcement shall file a supplemental brief, not to exceed 5,000 words, responding to the questions set forth above, as well as any other issues that it deems relevant to the issue of disgorgement; and it is further

ORDERED that, within ten days from the date of service of the Division of Enforcement's supplemental brief, Ronald Bloomfield and John Earl Martin, Sr. shall file a supplemental brief, not to exceed 5,000 words, responding to the questions set forth above, as well as any other issues that they deem relevant to the issue of disgorgement; and it is further

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ORDERED that, within three days from the date of service of Ronald Bloomfield's and John Earl Martin, Sr.'s supplemental brief, the Division may file a reply brief not to exceed 2,500 words.

For the Commission by the Office of the General Counsel, pursuant to delegated authority.

Elizabeth M. Murphy  
Secretary