

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 58483 / September 8, 2008

INVESTMENT ADVISERS ACT OF 1940
Release No. 2775 / September 8, 2008

Administrative Proceeding File No. 3-13169

In the Matter of John R. Blot (a/k/a Victor Morgan)

The U.S. Securities and Exchange Commission (Commission) announced today that it issued an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, and Notice of Hearing (Order) against John R. Blot (a/k/a Victor Morgan) (Blot). In the Order, the Division of Enforcement alleges that Blot, using the alias Victor Morgan, held himself out as an employee of the unregistered broker-dealer Blue Square Management, Inc. (Blue Square) from approximately January 2001 through March 2004. From February 2004 through at least November 2004, Blot also held himself out as an employee of Westwood Holdings, Inc. (Westwood), another unregistered broker-dealer based in New York City.

The Order alleges that, in a related criminal action, Blot pled guilty to one count of securities fraud before the United States District Court for the District of Connecticut in connection with his Blue Square activities. Blot was sentenced to a prison term of 36 months followed by three years of supervised release and ordered to pay restitution in the amount of \$1,844,000.

The Order alleges that the counts of the criminal information to which Blot pled guilty alleged, among other things, that beginning in or about January 2001 and continuing until in or about March 2004, Blot and his co-defendants cold-called potential investors across the country, claimed that they worked for a New York City-based venture capital firm called Blue Square, and solicited investments in the securities of a purported ATM management company. In telephone conversations and subsequent documents sent to investors, they falsely and fraudulently represented that investors would make significant profits in the near future due to an expected initial public offering and/or buy-out of the company. In truth, the purported ATM management company was a fictitious entity with no actual operations, no profits, and no planned IPO or buy-out.

The Order also alleges that Blot pled guilty to grand larceny in the third degree before the Supreme Court of the State of New York, New York County, in connection with his Westwood activities. Blot was sentenced to a prison term of one to three years, to run concurrently with his federal sentence.

The Order alleges that the People's complaint alleged, among other things, that beginning in December 2003, Blot and others participated in a scheme under the name of Westwood, which purported to sell legitimate stock opportunities to investors. From December 2003 through January 2005, approximately 90 people sent approximately \$1.2 million to Westwood to purchase what they thought were legitimate stocks but which were actually stocks in fictitious companies or fake stocks in real companies.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide the Respondent an opportunity to dispute these allegations, and to determine what, if any, remedial sanctions are appropriate and in the public interest. The Order requires the Administrative Law Judge to issue an initial decision no later than 210 days from the date of service of the Order Instituting Proceedings.