

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933

Release No. 8658 / January 31, 2006

SECURITIES EXCHANGE ACT OF 1934

Release No. 53200 / January 31, 2006

ADMINISTRATIVE PROCEEDING

File No. 3-10437

In the Matter of

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

Respondents.

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

I.

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

II.

Respondent has submitted an Offer of Settlement (“Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings contained in this order, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933, and Sections 15(b)(6) and 21C of the Securities Exchange Act of 1934, as to David Hirsch (“Order”), as set forth below.

III.

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

Summary

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

Respondent

1. From November 1994 through December 1997, Hirsch was a registered representative of First United. Hirsch currently works as a commercial mortgage originator for Mortgage Funding Corp. Hirsch, age 43, is a resident of Jericho, New York.

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

Other Relevant Entity

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

Background

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

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

6. During the relevant period, Hirsch and other registered representatives at First United (i) used high pressure sales tactics to induce investors to purchase NMFS and Ashton securities; (ii) distributed fraudulent scripts for use in soliciting buyers, overcoming customer objections, and dissuading investors from requesting prospectuses or other reports on NMFS or Ashton; and (iii) reiterated and emphasized that it was First United's policy that, once a First United customer purchased NMFS or Ashton, that customer could not sell his holdings in either stock unless the customer agreed to buy the other stock or another purchaser for the stock could be found.

7. During the relevant period, Hirsch and other First United registered representatives told their customers that there would be no commission charge on purchasing NMFS or Ashton securities, even though First United's registered representatives knew that they were paid undisclosed commissions, as well as prizes or other bonuses based on their volume of NMFS and Ashton sales.

8. During the relevant period, Hirsch and other First United registered representatives used a variety of deceptive and fraudulent sales practices to induce First United customers and other investors to purchase NMFS or Ashton securities at inflated prices. For example, Hirsch and other First United registered representatives made material misrepresentations and omissions concerning an investment in NMFS or Ashton. First United's registered representatives also misrepresented to customers that no First United client had ever lost money at the firm and that First United would compensate its clients for any of their losses incurred in investing in NMFS or Ashton.

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

10. During the relevant period, Hirsch and other First United registered representatives also effected unauthorized purchases of NMFS or Ashton securities in the accounts of existing First United customers. Moreover, once a customer received a confirmation of an unauthorized purchase of NMFS or Ashton securities, Hirsch and other First United registered representatives frequently attempted to compel the customer to pay for the unauthorized purchase by persuading the customer that an investment in NMFS or Ashton would be profitable.

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

12. Hirsch was indicted, pleaded guilty to charges of conspiracy to commit securities fraud and securities fraud, and was sentenced on April 2, 2003, to 3 years of probation, and ordered to pay restitution in the amount of \$75,568.75 in U.S. v. Jonathan Winston, et al., 00 CR 1248 (NGG).

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

IV.

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

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

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

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

C. Any reapplication for association by Hirsch will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order;

D. Hirsch shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$50,000 to the United States Treasury. Such payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies David Hirsch as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to David Rosenfeld, Division of Enforcement, Securities and Exchange Commission, Northeast Regional Office, 3 World Financial Center, New York, NY 10281; and

E. Hirsch be, and hereby is, barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

By the Commission.

Nancy M. Morris
Secretary