

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 58954 / November 14, 2008**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13168**

**In the Matter of**

**VIKTOR NOVOSSELOV**  
**(A/K/A DAVID**  
**MARKOWITZ),**

**Respondent.**

**ORDER MAKING FINDINGS AND**  
**IMPOSING REMEDIAL SANCTIONS**

**I.**

In these proceedings instituted on September 8, 2008, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”), against Viktor Novosselov (also known as David Markowitz) (“Novosselov” or “Respondent”), Novosselov has submitted an Offer of Settlement (“Offer”) which the Securities and Exchange Commission (“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 herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Sections II.2 and II.4 below, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions (“Order”), as set forth below.

**II.**

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

1. Assuming the alias David Markowitz, Novosselov held himself out as the president and chief executive officer of unregistered broker-dealer Blue Square Management, Inc. (“Blue Square”) from approximately January 2001 through February 2004. During this period,

Blue Square operated as a purported New York City-based venture capital firm specializing in underwriting initial public offerings. Neither Blue Square nor Novosselov were registered in any capacity with either the Commission or the National Association of Securities Dealers (“NASD,” now known as FINRA). Novosselov, 41 years old, resided in the New York City metropolitan area prior to his current incarceration.

2. On April 9, 2007, a judgment was entered by consent against Novosselov, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”), Sections 10(b), 15(a) and 15(c) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Viktor Novosselov, et al., Civil Action Number 3:05-CV-951, in the United States District Court for the District of Connecticut.

3. The Commission’s complaint alleged, among other things, that:

a. Novosselov orchestrated a fraudulent offering of “pre-IPO” stock via the purported New York City-based venture capital firm Blue Square. Between approximately January 2001 and February 2004, one or more persons identifying themselves as David Markowitz, an officer of Blue Square, cold-called potential investors across the country and solicited their investments in the securities of a fictitious ATM management company. Blue Square provided investors with false and misleading statements that erroneously led investors to believe that their investments would quickly generate high returns due to an expected initial public offering and/or buy-out proposal. In fact, neither the promised initial public offering nor the highly anticipated buy-out ever materialized, as the purported ATM management company was entirely fictitious and had no actual operations.

b. After raising approximately \$3.7 million from over 280 investors, Blue Square disconnected its phone lines and vacated its offices without leaving any forwarding information. Investors were unable to contact anyone at Blue Square after that time.

c. With the aid of a fraudulent New York State driver’s license bearing the name David Markowitz and a photo image of himself, Novosselov opened and controlled Blue Square’s bank accounts. Novosselov quickly and systematically dissipated investors’ funds by transferring the monies to several accounts and withdrawing cash from those accounts via regular check and ATM withdrawals. None of the money was used for the benefit of investors.

d. By engaging in the above conduct, Novosselov violated the antifraud provisions of the federal securities laws, as well as provisions of the federal securities laws requiring the registration of broker-dealers and the registration of securities offered for sale.

4. On November 10, 2005, Novosselov pled guilty to one count of conspiracy to commit mail fraud, securities fraud and money laundering in violation of Title 18 of the United States Code Section 371 and one count of securities fraud in violation of Title 15 of the United States Code Sections 77q(a) and 77x, before the United States District Court for the District of Connecticut, in United States v. Viktor Novosselov, Crim. Information No. 3:05-CR-00019. On

April 11, 2007, a judgment in the criminal case was entered against Novosselov, and on April 24, 2007, an amended judgment was entered against him in the same case. Novosselov was sentenced to a prison term of 54 months followed by three years of supervised release and ordered to pay restitution in the amount of \$3,602,425.

5. The counts of the criminal information to which Novosselov pled guilty alleged, among other things, that Novosselov defrauded investors and obtained money and property by means of materially false and misleading statements, that he used the United States mails to send false and misleading promotional materials and account statements, and that he caused commercial interstate carriers to deliver investors' checks to him.

### **III.**

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Novosselov be, and hereby is barred from association with any broker or dealer.

Any reapplication for association by the Respondent 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.

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

Florence E. Harmon  
Acting Secretary