

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SECURITIES ACT OF 1933
Release No. 8588/July 15, 2005

SECURITIES EXCHANGE ACT OF 1934
Release No. 52042/July 15, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-10624

In the Matter of	:	ORDER MAKING FINDINGS AND IMPOSING
	:	SANCTIONS BY DEFAULT AGAINST
HUNTER ADAMS, et al.	:	ROBERT LISNOFF AND JOSEPH DIGIROLAMO

SUMMARY

This Order bars Robert Lisnoff (Lisnoff) and Joseph Digirolamo (Digirolamo) from association with a broker-dealer and from participating in an offering of penny stock and orders them to cease and desist from violations of the antifraud provisions of the securities laws. Their wrongdoing occurred in connection with the securities of Americom Networks International, Inc. (Americom), while they were associated with Preston Langley Asset Management (Preston Langley), a broker-dealer.

I. BACKGROUND

The Securities and Exchange Commission commenced this proceeding with an Order Instituting Proceedings (OIP) on October 18, 2001, pursuant to Section 8A of the Securities Act of 1933 (Securities Act) and Sections 15(b) and 21C of the Securities Exchange Act of 1934 (Exchange Act). The OIP alleges that Respondents Lisnoff and Digirolamo, while associated with Preston Langley, used a variety of fraudulent tactics to artificially inflate the demand for, and market price of, the securities of Americom, which were quoted on NASDAQ's Over-the-Counter Bulletin Board (OTC Bulletin Board), and to sell them to customers at inflated prices. Thus, the OIP alleges, Lisnoff and Digirolamo willfully violated, or caused the violation of, Securities Act Section 17(a) and Exchange Act Section 10(b) and Rule 10b-5, and Lisnoff willfully aided and abetted and caused violations of Exchange Act Section 15(c)(1) and Rules 15c1-2 and 15c1-8.

The proceeding was stayed pending the prosecution of a parallel criminal proceeding, United States v. Winston, 00 CR 1248 (NGG) (E.D.N.Y.). Hunter Adams, 76 SEC Docket 1084 (A.L.J. Nov. 27, 2001). The stay was lifted as to Lisnoff and Digirolamo on April 14, 2005, following their convictions in the criminal proceeding, and each was ordered to file an Answer to the

OIP by May 5, 2005, pursuant to 17 C.F.R. § 201.220.¹ Hunter Adams, Admin. Proc. No. 3-10624 (A.L.J. Apr. 14, 2005) (unpublished). Each failed to file an Answer. The Division of Enforcement (Division) filed a Motion for Default Judgment (Motion) as to Lisnoff and Digirolamo on June 28, 2005. Neither filed an opposition to the motion. Thus, each has failed to answer, to respond to a dispositive motion within the time provided, or otherwise to defend the proceeding within the meaning of 17 C.F.R. § 201.155(a)(2). Accordingly, each is in default, and the undersigned finds that the allegations in the OIP are true as to Lisnoff and Digirolamo. See 17 C.F.R. §§ 201.155(a), .220(f).

II. FINDINGS OF FACT

At all relevant times Lisnoff and Digirolamo were associated with a registered broker-dealer, Preston Langley, and participated in offerings of penny stock. Lisnoff was a registered representative and principal of Preston Langley from November 1996 to March 2001 and from October 1998 to March 2001 was its president and chairman. Digirolamo was a registered representative of Preston Langley from May 1997 to March 2001. In or about June 1998 associated persons of Preston Langley, including Lisnoff, manipulated Americom's stock price from \$0.50 to more than \$5 per share between June 25 and June 30, 1998, by posting increasing, fictitious, quotations for Americom's stock on the OTC Bulletin Board and falsely creating the appearance of active trading in the stock. Between approximately March 1997 and at least March 2001, Preston Langley was prohibited by the terms of its membership agreement with the NASD from effecting transactions in penny stocks in customer accounts, except for unsolicited trades.²

After manipulating the price above \$5 a share, Lisnoff and others instructed Preston Langley registered representatives, including Digirolamo, to use fraudulent sales practices to inflate the market price of and demand for Americom stock and to sell the stock to customers at inflated prices. Preston Langley practices included high pressure sales tactics, a "no net selling" policy, and payment of additional undisclosed compensation to registered representatives in connection with sales of Americom stock. Digirolamo and other registered representatives used a variety of deceptive and fraudulent sales practices to induce customers to purchase Americom securities at inflated prices. These included effecting unauthorized purchases of Americom securities in the accounts of existing customers, failing to disclose the additional compensation they received, and material misrepresentations and omissions concerning predictions about Americom's future stock price and claims of possessing inside information. Both Lisnoff and Digirolamo profited from this course of action.

¹ Lisnoff was served with the OIP on October 23, 2001, and Digirolamo, on October 22, 2001.

² Penny stock is defined under the Exchange Act as a stock that trades for under five dollars a share. See Exchange Act Section 3(a)(51) and Rule 3a51-1.

Official notice is taken, pursuant to 17 C.F.R. § 201.323, of Lisnoff's and Digirolamo's convictions in the parallel criminal proceeding arising out of the same facts at issue in this proceeding. Each was convicted of securities fraud and conspiracy to commit securities, mail, and wire fraud. Lisnoff's sentence included a prison term of thirty-seven months and restitution of \$16,570,671.75. Digirolamo's sentence included a prison term of twenty-four months and restitution of \$391,174.35.

III. CONCLUSIONS OF LAW

In using deceptive and fraudulent practices in connection with the offer and sale of Americom stock, Lisnoff and Digirolamo violated the antifraud provisions of the Securities and Exchange Acts – Securities Act Section 17(a) and Exchange Act Section 10(b) and Rule 10b-5. Additionally, both participated in offerings of penny stock at all relevant times within the meaning of Exchange Act Section 15(b)(6). Finally, as a principal of Preston Langley and a participant in the manipulative, deceptive, and fraudulent practices and policies of the firm, Lisnoff also aided and abetted and caused its violations of Exchange Act Section 15(c)(1) and Rules 15c1-2 and 15c1-8.

IV. SANCTION

The Division requests cease-and-desist orders and penny stock and broker-dealer bars against Lisnoff and Digirolamo.³

Lisnoff and Digirolamo will be barred from association with a broker or dealer. Also, they will be barred from participating in an offering of penny stock.⁴ Finally, each will be ordered to cease and desist from committing or causing any violations or future violations of Securities Act Section 17(a) and Exchange Act Section 10(b) and Rule 10b-5, and Lisnoff, of Securities Act Section 15(c)(1) and Rules 15c1-2 and 15c1-8. These sanctions will serve the public interest and the protection of investors, pursuant to Section 15(b) of the Exchange Act. They accord with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981).⁵ Lisnoff's and Digirolamo's unlawful conduct was recurring and egregious and involved a high degree of

³ The Division also requests disgorgement and civil penalties but states that the restitution ordered against each in the criminal proceeding far exceeds the amount of disgorgement and penalties that the Division would otherwise request. For this reason, disgorgement and civil penalties will not be ordered.

⁴ Thus, each will be barred from acting as a promoter, finder, consultant, or agent; or otherwise engaging 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.

⁵ When the Commission determines administrative sanctions, it considers:

scienter. Their convictions for related misconduct are aggravating factors. There are no mitigating circumstances.

VI. ORDER

IT IS ORDERED that, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act,

Robert Lisnoff CEASE AND DESIST from committing or causing any violations or future violations of Section 17(a) of the Securities Act and Sections 10(b) and 15(c)(1) of the Exchange Act and Rules 10b-5, 15c1-2, and 15c-8 thereunder; and

Joseph Digirolamo CEASE AND DESIST from committing or causing any violations or future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

IT IS FURTHER ORDERED that, pursuant to Section 15(b) of the Exchange Act,

Robert Lisnoff IS BARRED from association with a broker or dealer and from participating in an offering of penny stock; and

Joseph Digirolamo IS BARRED from association with a broker or dealer and from participating in an offering of penny stock.

Carol Fox Foelak
Administrative Law Judge

(. . . continued)

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

Steadman v. SEC, 603 F.2d at 1140 (quoting SEC v. Blatt, 583 F.2d 1325, 1334 n.29 (5th Cir. 1978)).