

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

SECURITIES ACT OF 1933  
Release No. 8595/July 28, 2005

SECURITIES EXCHANGE ACT OF 1934  
Release No. 52144/July 28, 2005

ADMINISTRATIVE PROCEEDING  
File No. 3-10624

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In the Matter of	:	ORDER MAKING FINDINGS AND IMPOSING
	:	SANCTIONS BY DEFAULT AGAINST
HUNTER ADAMS, et al.	:	HUNTER ADAMS, JOSEPH MANNINO,
	:	JAMES BILA, AND LEONARD BILA

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**SUMMARY**

This Order bars Hunter Adams (Adams), Joseph Mannino (Mannino), James L. Bila (J. Bila), and Leonard Bila (L. Bila) 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 (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 Adams, Mannino, J. Bila, and L. Bila (Respondents), 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, Respondents willfully violated, or caused the violation of, Securities Act Section 17(a) and Exchange Act Section 10(b) and Rule 10b-5, and Adams also willfully aided and abetted and caused violations of Securities Act Sections 5(a) and 5(c) and 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, No. 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 J. Bila and L. Bila on May 26, 2005, following their convictions in the criminal proceeding, and each was ordered to file an Answer to the OIP by June 23, 2005, pursuant to 17 C.F.R. § 201.220.<sup>1</sup> Hunter Adams, Admin. Proc. No. 3-10624 (A.L.J. May 26, 2005) (unpublished). The stay was lifted as to Adams and Mannino on April 1, 2004, and Mannino was order to file an Answer to the OIP by May 7, 2004.<sup>2</sup> Hunter Adams, Admin. Proc. No. 3-10624 (A.L.J. April 1, 2004) (unpublished). Adams's Answer was due by May 4, 2004.<sup>3</sup> All four Respondents failed to file an Answer. The Division of Enforcement (Division) filed a Motion for Default Judgment (Motion) as to Respondents on July 15, 2005. None filed an opposition to the Motion. Thus, each Respondent 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 Adams, Mannino, J. Bila, and L. Bila. See 17 C.F.R. §§ 201.155(a), .220(f).

## II. FINDINGS OF FACT

At all relevant times the four Respondents were associated with a registered broker-dealer, Preston Langley, and participated in offerings of penny stock. Adams was a de facto control person of Preston Langley from April 1997 to March 2001. Mannino, J. Bila, and L. Bila were registered representatives of Preston Langley from April 1997 to March 2001. In or about June 1998, Adams and others coordinated and directed a private securities offering of common stock of Americom. Adams used nominee accounts to acquire a majority of the outstanding unrestricted shares of Americom, and together with shares purchased by another associated person in the private securities offering, Adams was able to use Preston Langley to control trading in Americom stock.

Shortly after the private securities offering, associated persons of Preston Langley, including Adams, 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.<sup>4</sup>

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<sup>1</sup> J. Bila was served with the OIP on October 23, 2001, and L. Bila, on January 30, 2003.

<sup>2</sup> Mannino was served with the OIP on January 31, 2003.

<sup>3</sup> Adams was served with the OIP on April 14, 2004, after the stay was lifted as to him. His Answer was due within twenty days of service, that is, May 4, 2004. OIP at 6.

<sup>4</sup> 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.

After manipulating the price above \$5 a share, Adams and others instructed Preston Langley registered representatives, including Mannino, J. Bila, and L. Bila, 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. Mannino, J. Bila, L. Bila, 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. All four Respondents profited from this course of action.

Official notice is taken, pursuant to 17 C.F.R. § 201.323, of the four Respondents’ convictions in the parallel criminal proceeding arising out of the same facts at issue in this proceeding. Each was convicted on charges that included conspiracy to commit securities, mail, and wire fraud. Adams’s sentence included a prison term of 108 months and restitution of \$100,000,000. Mannino’s sentence included a prison term of thirty months and restitution of \$1,001,177.60. J. Bila’s sentence included a prison term of twenty-seven months and restitution of \$1,744,478.57. L. Bila’s sentence included a prison term of twenty-seven months and restitution of \$1,453,247.35.

### **III. CONCLUSIONS OF LAW**

In using deceptive and fraudulent practices in connection with the offer and sale of Americom stock, the four Respondents 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, the four Respondents participated in offerings of penny stock at all relevant times within the meaning of Exchange Act Section 15(b)(6). Additionally, by his actions described above, including with reference to the stock of the private offering, Adams violated Securities Act Sections 5(a) and 5(c). Finally, as a control person of Preston Langley and a participant in the manipulative, deceptive, and fraudulent practices and policies of the firm, Adams also aided and abetted and caused Preston Langley’s 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 the four Respondents.<sup>5</sup>

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<sup>5</sup> 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

Respondents will be barred from association with a broker or dealer.<sup>6</sup> Also, they will be barred from participating in an offering of penny stock.<sup>7</sup> Finally, each Respondent 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 Adams, of Securities Act Sections 5(a) and 5(c) and Exchange 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).<sup>8</sup> Respondents' unlawful conduct was recurrent and egregious and involved a high degree of 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,

(. . . continued)

penalties that the Division would otherwise request. For this reason, disgorgement and civil penalties will not be ordered.

<sup>6</sup> The Division notes that Adams, Mannino, and J. Bila have been barred from association with a broker-dealer, by default, in another administrative proceeding. However, it notes, the previous sanctions involved a different security and a different broker-dealer. Also, the Division notes, imposition of bars in this proceeding would add to these three Respondents' disciplinary history and would add to the protection of investors in the event that the previous default judgments were vacated. For these reasons, the bars imposed in this proceeding are not duplicative. See Hunter Adams, 84 SEC Docket 2928, 2929-30 n.6 (Feb. 1, 2005).

<sup>7</sup> Thus, each Respondent 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.

<sup>8</sup> When the Commission determines administrative sanctions, it considers:

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)).

Hunter Adams CEASE AND DESIST from committing or causing any violations or future violations of Sections 5(a), 5(c), and 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 15c1-8 thereunder;

Joseph Mannino 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;

James L. Bila 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; and

Leonard Bila 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,

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

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

James L. Bila IS BARRED from association with a broker or dealer and from participating in an offering of penny stock; and

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

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Carol Fox Foelak  
Administrative Law Judge