

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 59529A/March 6, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13099

In the Matter of

**NEWBRIDGE SECURITIES
CORP., GUY S. AMICO,
SCOTT H. GOLDSTEIN,
ERIC M. VALLEJO, and
DANIEL M. KANTROWITZ,**

Respondents.

**CORRECTED ORDER MAKING
FINDINGS AND IMPOSING REMEDIAL
SANCTIONS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 AS TO ERIC M. VALLEJO**

I.

Eric M. Vallejo (“Vallejo” or “Respondent”), pursuant to Rule 240(a) of the Rules of Practice of the Securities and Exchange Commission (“Commission”) [17 C.F.R. § 201.240(a)] submitted an Offer of Settlement (“Offer”) in the above-captioned proceeding instituted against him on July 25, 2008 by the Commission, pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), and Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”). The Commission deems it appropriate and in the public interest to accept the Offer.

II.

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 for 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 Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

FINDINGS

A. RESPONDENT

1. Vallejo, 44, resides in Hollywood, Florida. Vallejo is Newbridge's head trader. Vallejo was previously disciplined by the Financial Industry Regulatory Authority ("FINRA") for a supervisory failure at Newbridge regarding excessive markups and markdowns.

B. BACKGROUND

2. Newbridge, a Fort Lauderdale, Florida broker-dealer, has been registered with the Commission since 2000 and is a member of FINRA. Over the course of the past five years, FINRA has brought numerous actions against Newbridge alleging the firm failed to comply with various broker-dealer regulations.

3. Daniel M. Kantrowitz ("Kantrowitz"), 45, resides in Boca Raton, Florida. Kantrowitz was a registered representative at Newbridge from 2001 until June 2008, when he resigned from the firm. In 1996, FINRA censured and fined Kantrowitz \$10,000, suspended Kantrowitz from associating with any member for 120 days in any capacity and required him to pay \$3,625 in restitution to NAIB Trading Corporation because he arranged a fictitious, profitable trade on behalf of a customer as a reward for the customer's business in violation of the FINRA Rules of Fair Practice. (FINRA Case Number CMS950084 filed July 24, 1995.) Kantrowitz participated in offerings of Concorde America, Inc. and Roanoke Technology Corp. stock, which were penny stocks.

4. Concorde America, Inc. ("Concorde") is a Nevada corporation with its principal place of business in Boca Raton, Florida. Concorde's securities, which are quoted on the Pink Sheets, are not registered with the Commission. On February 14, 2005, the Commission filed a civil injunctive action against Concorde and others based on their violations of the antifraud provisions of the federal securities laws for their participation in a fraudulent manipulation of Concorde shares. SEC v. Concorde America, Inc., Absolute Health and Fitness, Inc., et al., Case No. 05-80128-CIV-ZLOCH (S.D. Fla.). Concorde consented to all non-monetary relief sought in the complaint and the court entered a final judgment of permanent injunction on February 9, 2007.

5. Donald Oehmke ("Oehmke"), 58, resides in Kalamazoo, Michigan. Oehmke, a former registered representative, was permanently barred from association with any

¹ The findings herein are made pursuant to Respondent's Offer and are not binding on any other person or entity in this or any other proceeding.

FINRA member in 1991. Oehmke controlled a shell company, which later became Concorde, and executed numerous fraudulent securities transactions in Concorde through Newbridge and another broker-dealer registered with the Commission (“other broker-dealer”). The Commission named Oehmke as a defendant in the Concorde action based on his violation of the antifraud provisions of the federal securities laws, for his participation in the fraudulent manipulation of Concorde shares. On November 28, 2006, the court entered a final judgment against Oehmke enjoining him from future violations of the antifraud provisions of the federal securities laws and imposing a penny stock bar, an unregistered offering bar, disgorgement in the amount of \$1,095,177, prejudgment interest of \$109,307, and a civil penalty of \$250,000.

6. Roanoke Technology Corp. (“Roanoke”) is a Florida corporation headquartered in Rocky Mount, North Carolina. Roanoke’s common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act. On January 15, 2008, the Commission revoked Roanoke’s registration for its repeated failure to file required periodic reports. The stock was quoted on the Over-The-Counter Bulletin Board, then quoted on the Pink Sheets. Prior to the Commission revoking Roanoke’s registration, the Commission filed a civil injunctive action on December 21, 2005 against Roanoke and others for their participation in a fraudulent S-8 scheme, and charged Roanoke with antifraud, registration, and reporting violations of the federal securities laws. SEC v. Roanoke Technology Corp. et al., Case No. 6:05-CV-1880-ORL-3-KRS (M.D. Fla.). Roanoke consented to all non-monetary relief sought in the complaint and the court entered a final judgment of permanent injunction on September 27, 2006.

7. Thomas L. Bojadzijeve (“Bojadzijeve”), 29, resides in Orlando, Florida, and is purportedly a self-employed consultant. Bojadzijeve participated in a sham S-8 scheme with Roanoke, and executed numerous fraudulent securities transactions in Roanoke through Newbridge. The Commission named Bojadzijeve as a defendant in the Roanoke civil injunctive action based on his violations of the antifraud, registration, and reporting provisions of the federal securities laws for participating in the fraudulent S-8 scheme. On January 3, 2007, the court entered a judgment against Bojadzijeve enjoining him from future violations of the antifraud, registration, and reporting provisions of the federal securities laws, and imposing a penny stock bar. On August 31, 2007, the court entered a final judgment against Bojadzijeve ordering him to pay disgorgement in the amount of \$2,681,866, prejudgment interest of \$291,565 and a civil penalty in the amount of \$120,000.

8. In 2003 and 2004, Kantrowitz engaged in the manipulation of Concorde and Roanoke shares on behalf of Oehmke and Bojadzijeve, respectively. Kantrowitz used Newbridge’s market making capacity to manipulate the securities.

9. Vallejo, the firm’s head trader, directly supervised Kantrowitz. Vallejo, however, failed reasonably to supervise Kantrowitz.

C. MANIPULATION OF CONCORDE

10. From June through October 2004, Kantrowitz engaged in a manipulation scheme involving the securities of Concorde that enabled Oehmke to reap more than \$5.8 million in sales proceeds by liquidating more than 1.5 million Concorde shares.

11. In June 2004, Oehmke obtained ten million shares of Concorde, which constituted almost all of Concorde's publicly tradable shares. Oehmke subsequently distributed the shares to a number of offshore nominee entities that maintained brokerage accounts at Newbridge and the other broker-dealer, who also made a market in Concorde.

12. Beginning on June 30, 2004, Oehmke directed Kantrowitz and the other broker-dealer's market making activities to increase Concorde's share price. At Oehmke's direction, Kantrowitz and the other broker-dealer placed increasing bids on Concorde stock, even though no Concorde shares were traded and no news items were disseminated. From June 30 to July 27, 2004, Kantrowitz manipulated Concorde's share price upward from \$0.01 to \$3.00.

13. Despite raising the bid price for Concorde shares on an almost daily basis, Kantrowitz was aware that Oehmke had no interest in buying Concorde shares. Oehmke had communicated to Kantrowitz that Oehmke intended to liquidate the large number of Concorde shares he deposited with the firm through an account he maintained at Newbridge as well as, in a representative capacity, through an account maintained by one of the offshore nominee entities.

14. After raising the price of Concorde shares under Oehmke's direction through increasing fictitious bids, Kantrowitz took part in a scheme to dispose of the shares without drawing attention to Oehmke's control over the supply of Concorde shares. Beginning in July 2004, Oehmke directed Kantrowitz and the other broker-dealer to sell his Concorde shares, which he had deposited at each firm.

15. Kantrowitz followed another Oehmke tactic designed to artificially stimulate market activity in Concorde shares. To further create the appearance of an active and competitive market, Oehmke directed wash trades between accounts he controlled and directed Kantrowitz and the other broker-dealer to post quotes to buy the stock. Kantrowitz followed Oehmke's instructions.

16. Additionally, Kantrowitz complied with Oehmke's instruction to stay "close" to and shadow the bids posted by the other broker-dealer in Concorde stock, by either posting the same or incrementally higher quotes, despite an August 11, 2004 Concorde disclaimer press release that caused the stock price to drop more than 80%.

17. In August 2004, Oehmke started another campaign to raise Concorde's share price. Oehmke directed Kantrowitz and the other broker-dealer to make a series of incrementally higher bid quotes. By utilizing two market makers, Oehmke was able to cause

Kantrowitz and the other broker-dealer to create the appearance of buyers at each firm engaging in a bidding war for the stock. Kantrowitz complied with Oehmke's instruction to incrementally increase Newbridge's bids in accordance to bids posted by the other broker-dealer. As a result, Kantrowitz and the other broker-dealer rapidly manipulated Concorde's share price upward on August 13, 2004 from \$1.75 to \$5.45 over a period of an hour and twenty minutes, creating another rise in Concorde's share price that enabled Oehmke to liquidate additional Concorde shares at a substantial profit.

18. Kantrowitz knew that Oehmke had no bona fide interest in buying Concorde shares. Through a series of instant-messages, Oehmke conveyed to Kantrowitz his manipulative intent. One example is Oehmke directing Kantrowitz to stay "close" to and shadow the bids posted by the other broker-dealer in Kantrowitz's quoting activities.

19. Based upon the foregoing, Kantrowitz knew or was reckless in not knowing that he was fraudulently manipulating the market in Concorde shares, in furtherance of Oehmke's manipulative scheme. Kantrowitz knew Oehmke wanted to liquidate a large number of Concorde shares and that Oehmke had no interest in buying any Concorde stock. Further, Kantrowitz knew that Oehmke was liquidating Concorde shares through the other broker-dealer, and was manipulating the market by having Kantrowitz shadow the other broker-dealer's bids and enter into trades with the other broker-dealer.

D. MANIPULATION OF ROANOKE

20. From November through December 2003, Bojadzijeve received 300 million shares of Roanoke, totaling nearly half of Roanoke's outstanding shares. Bojadzijeve posed as a consultant to the company and obtained these shares through a sham S-8 scheme. Bojadzijeve deposited his Roanoke holdings with Newbridge for liquidation, in blocks of 50 million shares.

21. In order to liquidate his S-8 shares into the market, Bojadzijeve instructed Kantrowitz to post increasing bids for Roanoke to artificially buoy the stock price. Kantrowitz complied and regularly quoted bids that were greater than or equal to the highest prevailing bids posted by other market makers.

22. Kantrowitz knew that Bojadzijeve had no interest in buying Roanoke shares. Bojadzijeve had communicated to Kantrowitz that Bojadzijeve intended to liquidate the large number of Roanoke shares he owned.

23. As a means of determining the highest price at which he could start liquidating his Roanoke shares, Bojadzijeve instructed Kantrowitz to "test" the market and post an ask quote in Roanoke. Kantrowitz complied before Bojadzijeve had yet to deposit any shares of Roanoke with Newbridge to sell.

24. Kantrowitz proceeded with other Bojadzijeve tactics designed to artificially stimulate market activity in Roanoke shares. At one point, Bojadzijeve's efforts to manipulate Roanoke's bid price upward was temporarily impeded when Kantrowitz's bid price came close to

equaling the inside ask price being posted by another market maker. Bojadzijeve instructed Kantrowitz to purchase the shares offered by the market maker on the inside ask, effectively removing those shares from the inside ask. Kantrowitz knew that Bojadzijeve was attempting to increase the inside ask so that he could continue directing Kantrowitz to increase Roanoke's bid price.

25. Kantrowitz also knew that Bojadzijeve was privy to information regarding when Roanoke planned to issue press releases. Bojadzijeve repeatedly told Kantrowitz when the company expected to issue news and even confirmed when the company actually issued press releases. Kantrowitz followed Bojadzijeve's instructions to post increasing bids in Roanoke stock, which enabled Bojadzijeve to time his sales of Roanoke shares with the issuance of Roanoke press releases.

26. Through a series of instant-messages, Bojadzijeve conveyed to Kantrowitz his manipulative intent. For example, Bojadzijeve told Kantrowitz, "I want to make 150k profit next batch trying to move this up." Nonetheless, Kantrowitz repeatedly complied with Bojadzijeve's instructions.

27. From November through December 2003, Kantrowitz enabled Bojadzijeve to raise over \$1.1 million in sales proceeds through the manipulation of Roanoke shares.

28. Based upon the foregoing, Kantrowitz knew or was reckless in not knowing that he was fraudulently manipulating the market in Roanoke shares in furtherance of Bojadzijeve's manipulative scheme. Kantrowitz knew Bojadzijeve wanted to liquidate a large number of Roanoke shares and that Bojadzijeve had no interest in buying any Roanoke stock. Further, Kantrowitz knew that Bojadzijeve was providing him with instructions to manipulate Roanoke's share price rather than for the purpose of effecting legitimate trades.

E. VALLEJO FAILED REASONABLY TO SUPERVISE KANTROWITZ

29. Vallejo failed reasonably to supervise Kantrowitz with a view to preventing his violations of the federal securities laws.

30. While Newbridge's compliance manual contained an explicit description of manipulative activities and policies prohibiting such practices, the firm had no systems to implement its policies and procedures to prevent and detect Kantrowitz's manipulative conduct. The firm delegated to Vallejo supervisory responsibility over the trading desk, tasking him with the responsibility for monitoring for manipulative activity. Vallejo, however, failed to monitor the trading desk for manipulation.

31. Vallejo failed reasonably to supervise Kantrowitz with a view to preventing Kantrowitz's violation of the antifraud provisions of the federal securities laws. When Kantrowitz traded Concorde and Roanoke shares, Vallejo was Newbridge's head trader and was delegated supervisory responsibility over Kantrowitz. Vallejo failed reasonably to supervise Kantrowitz by failing to follow up on several red flags of suspicious conduct. For example, Vallejo was aware of or should have been aware of unusual activities relating to Kantrowitz trading Concorde and

Roanoke shares. Vallejo noticed a steep price increase in Concorde stock and had access to information showing Kantrowitz placing numerous successively higher bids in both Concorde and Roanoke, which was inconsistent with Vallejo's understanding of Kantrowitz's business – namely, primarily a sell side practice of liquidating penny stocks. For both stocks, Kantrowitz's bids were higher or equal to the highest prevailing bids posted by other market makers the majority of the time. Vallejo failed to follow up on any of these red flags.

32. Vallejo received an override on the commissions generated by Kantrowitz's trading in the Concorde and Roanoke stocks.

F. VIOLATIONS

33. As a result of the conduct described above, Vallejo failed reasonably to supervise Kantrowitz with a view to detecting and preventing Kantrowitz's violations of 17(a) of the Securities Act and Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder.

IV.

UNDERTAKINGS

1. Respondent Vallejo shall provide the Commission within 10 days after the end of the nine-month supervisory suspension that is described below in Section V., an affidavit that he has complied fully with this sanction.

2. In connection with this public administrative proceeding and any related judicial or administrative proceedings or investigation commenced by the Commission or to which the Commission is a party, Respondent Vallejo: (i) agrees to appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) will accept service by mail or facsimile transmission of notices or subpoenas issued by the Commission for documents or testimony at depositions, hearings, or trials, or in connection with any related investigation by Commission staff; (iii) with respect to such notices and subpoenas, waive the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the testimony reimburses Respondent's travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (iv) consent to personal jurisdiction over him in any United States District Court or administrative court for purposes of enforcing any such subpoena.

In determining whether to accept Respondent Vallejo's Offer, the Commission has considered Vallejo's undertaking to cooperate as enumerated in Section IV.2 above.

V.

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

Accordingly, pursuant to Section 15(b) of the Exchange Act, it is hereby ORDERED that:

A. Vallejo be, and hereby is, suspended from acting in a supervisory capacity with any broker or dealer for a period of nine (9) months.

B. Vallejo shall pay disgorgement in the amount of \$12,919, plus prejudgment interest in the amount of \$172.79, and a civil money penalty in the amount of \$20,000 to the United States Treasury within ten (10) days after entry of this Order. Such payment shall be: (a) made by United States postal money order, certified check, bank cashier's check, bank money order or funds directly from an escrow agent; (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 Vallejo as a Respondent in these proceedings and sets forth the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to C. Ian Anderson, Securities and Exchange Commission, Southeast Regional Office, 801 Brickell Ave., Suite 1800, Miami, Florida 33131

Vallejo shall comply with his undertaking as enumerated in Section IV.1

By the Commission.

Elizabeth M. Murphy
Secretary