

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933  
Release No. 8586 / July 14, 2005

SECURITIES EXCHANGE ACT OF 1934  
Release No. 52036 / July 14, 2005

ADMINISTRATIVE PROCEEDING  
File No. 3-11982

In the Matter of  
  
STACEY J. BLAKE,  
  
Respondent.

ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS  
PURSUANT TO SECTION 8A OF THE  
SECURITIES ACT OF 1933 AND SECTIONS  
15(B) AND 21C OF THE SECURITIES  
EXCHANGE ACT OF 1934, MAKING  
FINDINGS, AND IMPOSING REMEDIAL  
SANCTIONS

I.

The Securities and Exchange Commission deems it appropriate and in the public interest that public administrative proceedings and cease-and-desist proceedings be, and hereby are, instituted 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") against Stacey J. Blake ("Blake" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "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 herein, 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 Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### **Respondent**

1. Respondent resides in Florida. He was associated as a registered representative with five broker-dealers from 1989 through 1999.

#### **Other Relevant Persons**

2. EpicEdge, Inc. ("EpicEdge"), a Texas corporation, is the product of a 1999 merger between Design Automation Systems, Inc. ("DASI"), a closely-held computer equipment reseller, and a public shell called Loch Exploration, Inc. ("Loch Exploration"). Immediately after the merger the public company retained the Loch Exploration name, then took on the DASI name later in 1999 and finally the EpicEdge name in March 2000. The Order will use the name EpicEdge to identify the public company at all times after the merger. EpicEdge was an Internet consulting firm. At times relevant to this Order, EpicEdge's stock traded over-the-counter and on the American Stock Exchange.

3. EVTC, Inc. ("EVTC"), a Delaware corporation, was engaged in the sale of refrigerants and related products. At times relevant to this Order, EVTC's stock traded on the Nasdaq Small-Cap Market.

4. Harris D. Ballow ("Ballow") is a four-time convicted felon who resided in Galveston, Texas, until he was incarcerated after being indicted on federal charges in Houston in early 2003. On July 9, 2004, the Commission filed an action against Ballow and others in federal district court in connection with the matters described herein. SEC v. Rose, et al., Civil Action No. H-04-CV-2799 (S.D. Texas).

#### **Background**

5. During 1999 and 2000, Ballow and others engaged in manipulative trading and unregistered distributions of the stocks of EpicEdge and EVTC. This Order concerns Respondent Blake's role in the manipulation of EpicEdge and EVTC stocks, and the distribution of EpicEdge stock.

6. To carry out the scheme, Ballow acquired large amounts of EpicEdge stock in 1999 in a transaction registered with the Commission on Form S-8. He used this stock to finance purchases of EVTC stock, sharply diminishing the supply of EVTC stock, for the purpose of driving up the price of EVTC stock. An EVTC officer worked with Ballow by purchasing large amounts of EpicEdge stock, which maintained the price of the

---

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

EpicEdge stock that Ballow was using to finance the purchases of EVTC stock. To enhance the effect of their EVTC and EpicEdge purchases, Ballow made many purchases at rising prices, particularly in the last half hour of trading, and engaged in simultaneous or near simultaneous purchases and sales of stock.

### **Facts and Violations**

7. Ballow used several securities industry professionals to effect the manipulative trading, including Blake. Ballow employed Blake to make off-market sales of Ballow's restricted EVTC stock and to encourage investors to buy both EpicEdge and EVTC in market transactions. Blake also encouraged investors who had bought EpicEdge and EVTC in the market to keep the stocks rather than sell them. Blake received approximately \$217,000 from Ballow for performing these services.

8. Blake recommended both stocks to friends and acquaintances, who purchased EVTC stock from Ballow or EVTC or EpicEdge stock in market transactions. Blake represented to the investors that he had solid information that the companies were a good investment because Ballow was financing the companies. However, Blake did not tell these investors that Ballow was paying him to promote the stocks.

9. The stock offered and sold by Blake included EpicEdge and EVTC stock that were not registered with the Commission and were not exempt from registration. Blake also engaged in a specific type of manipulation by inducing purchases in the market while he and Ballow were engaged in distributions of EpicEdge and EVTC stock. In addition, Blake acted as broker-dealers without registering as such with the Commission.

10. As a result of the conduct described above, Blake willfully aided and abetted and caused violations Sections 5(a) and (c) of the Securities Act, which prohibit sales and offers of securities made without a registration statement being in effect or filed with the Commission; Section 17(a) of the Securities Act and 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; Section 15(a) of the Exchange Act, which prohibits acting as a broker-dealer without registering as such with the Commission, and Rule 101 of Regulation M, which, among other things, prohibits persons participating in a distribution of a security from purchasing or inducing others to purchase the security.

#### IV.

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

Accordingly, it is hereby ORDERED:

A. Pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondent Blake shall cease and desist from committing or causing any violations and any future violations of Sections 5(a) and (c) and 17(a) of the Securities Act, Sections 10(b) and 15(a) of the Exchange Act, Rule 10b-5 thereunder, and Rule 101 of Regulation M.

B. Pursuant to Section 15(b)(6) of the Exchange Act, Respondent Blake 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.

C. Respondent shall, within ten business days of the Order, pay disgorgement and prejudgment interest in the total amount of \$275,594 to the United States Treasury. Respondent shall, within ten business days of the Order, pay a civil money penalty in the amount of \$50,000 to the United States Treasury. Such payments 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 Blake 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 Donald M. Hoerl, Associate Director, Central Regional Office, 1801 California Street, Suite 1500, Denver, CO 80202-2656.

By the Commission.

Jonathan G. Katz  
Secretary