

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 51532 / April 12, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-11897

In the Matter of

ALLEN S. FREED,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS, MAKING
FINDINGS, AND IMPOSING REMEDIAL
SANCTIONS AND A CEASE-AND-DESIST
ORDER PURSUANT TO SECTIONS 15(b)
AND 21C OF THE SECURITIES
EXCHANGE ACT OF 1934 AS TO ALLEN
S. FREED**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Allen S. Freed (“Freed 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, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 as set forth below.

III.

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

Respondent

1. Freed, age 58, resides in Cocoa, Florida and has been associated with various broker-dealers since 1972. Between February 2001 and August 2003, Freed was a trader associated with Vfinance Investments, Inc. ("Vfinance"). Freed has been unemployed since late 2003. He has no disciplinary history.

Other Relevant Entities

2. Gateway International Holdings, Inc. f/k/a Gourmet Gifts, Inc. ("Gateway") is a Nevada corporation with offices in Anaheim, California. Following its inception in 1997, the company unsuccessfully attempted to sell seasonal gourmet food and beverage items. On January 25, 2002, Gateway engaged in a reverse merger under which it combined with a privately held machine tool manufacturing company through a stock-for-stock exchange. Gateway stock was quoted on the Bulletin Board (a quotation service operated by the NASD) until August 28, 2003. Gateway stock is currently quoted in the electronic quotation service operated by the Pink Sheets, LLC. As of February 10, 2003, there were 26,426,300 shares of its common stock issued and outstanding.

3. Vfinance Investments, Inc. is a registered broker-dealer with offices in New York, New Jersey and Florida that made a market for Gateway stock in 2001 and 2002. It is a wholly-owned subsidiary of Vfinance, Inc., a publicly held company with continuing reporting obligations.

Background

4. Freed and a promoter manipulated the market for Gateway stock between November 8 and December 6, 2001. During these dates, Gateway stock traded at increasing prices between \$.16 and \$4.55 per share. For the most part, this increase was caused not by corporate disclosures, but rather by the actions of the promoter and Freed.

5. The apparent purpose of the manipulation was to create the appearance of an active market for Gateway stock, thereby making the stock more attractive to prospective investors, and to create liquidity for certain shareholders who wanted to sell their stock.

¹ 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.

6. During the relevant period, Gateway shares were traded at increasing prices that were set by Freed at the promoter's request. Freed increased Vfinance's bid price in response to telephonic instructions by the promoter. The promoter later paid Freed approximately \$3,000 in cash in connection with his market making activities.

7. Freed exercised price leadership by frequently raising Vfinance's quoted bid price for Gateway stock and holding the inside bid on the stock during approximately 75% of the total trading hours. Further, Vfinance, through Freed, placed 71% of all interdealer orders, which represented approximately one-half of the shares traded through such orders.

8. On five days during the relevant period, trading by Vfinance represented between 65% and 100% of total reported volume.

9. Since at least November 1, 2001, Gateway common stock has been a penny stock. During the same period, Freed participated in an offering of OSF stock and therefore participated in an offering of a penny stock.

10. As a result of the conduct described above, Freed willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the purchase or sale of securities.

IV. Offer of Settlement

11. Respondent Freed has submitted an Offer of Settlement in which, without admitting or denying the findings herein, he consents to the Commission's entry of this Order, which: (1) makes findings, as set forth above; (2) bars Freed from association with any broker or dealer; (3) orders Freed to cease and desist from committing or causing any violation, or any future violation, of certain provisions of the federal securities laws, as set forth below; and (4) orders Freed to pay disgorgement of \$3,000 and reasonable interest of \$474.

V. Undertakings

Respondent has undertaken to:

Agree that in connection with this action and any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, Respondent (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, waives 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) consents to personal jurisdiction over Respondent in any United States District Court for purposes of enforcing any such subpoena.

In determining whether to accept the Offer, the Commission has considered these undertakings.

VI.

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

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Freed cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;

B. Respondent Freed be, and hereby is barred from association with any broker or dealer;

C. Any reapplication for association by 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.

D. Respondent shall, within 60 (sixty) days of the entry of this Order, pay disgorgement and reasonable interest in the total amount of \$3,474. Such payment 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, Alexandria, Stop 0-3, VA 22312; and (D) submitted under cover letter that identifies Freed 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, Securities and Exchange Commission, 1801 California St., Suite 1500, Denver CO 80202.

By the Commission.

Jonathan G. Katz
Secretary