

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 60450 / August 5, 2009**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13304**

**In the Matter of**

**CentreInvest, Inc.,  
OOO CentreInvest Securities,  
Vladimir Chekholko,  
William Herlyn,  
Dan Rapoport, and  
Svyatoslav Yenin,**

**Respondents.**

**ORDER MAKING FINDINGS AND  
IMPOSING REMEDIAL  
SANCTIONS AND A CEASE-AND-  
DESIST ORDER PURSUANT TO  
SECTION 15(b) AND 21C OF THE  
SECURITIES EXCHANGE ACT  
OF 1934 AS TO VLADIMIR  
CHEKHOLKO**

**I.**

On December 8, 2008, the Securities and Exchange Commission (“Commission”) instituted public administrative and cease-and-desist proceedings pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against CentreInvest, Inc. (“CI-New York”), OOO CentreInvest Securities (“CI-Moscow”), Vladimir Chekholko (“Chekholko”), William Herlyn, Dan Rapoport and Svyatoslav Yenin.

**II.**

In connection with these proceedings, Respondent Chekholko 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, Chekholko consents to the entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 as to Vladimir Chekholko (“Order”), as set forth below.

### III.

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

#### **SUMMARY**

1. These proceedings arise out of violations of the broker-dealer registration, reporting, and record-keeping requirements of the Exchange Act by CI-Moscow, a Moscow-based unregistered broker-dealer, and its New York-based affiliate, CI-New York, a registered broker-dealer. From about 2003 through November 2007, CI-Moscow – directly and through CI-New York, Chekholko (its director of sales), and others – solicited institutional investors in the United States to purchase and sell thinly-traded stocks of Russian companies, without registering as a broker-dealer as required by Section 15(a) of the Exchange Act or meeting the requirements for the exemption from registration for foreign broker-dealers under Exchange Act Rule 15a-6(a).

#### **SETTLING RESPONDENT**

2. **Vladimir Chekholko**, age 47, is a resident of Brooklyn, New York, and holds Series 7 and 55 licenses. Chekholko was employed by CI-New York from May 2004 to March 2008, and he served as the firm's head of sales from July 24, 2004 through at least November 2007.

#### **ENTITY RESPONDENTS**

3. **OOO CentreInvest Securities** ("CI-Moscow") is a Moscow-based broker-dealer and limited liability company, specializing in the sale of second-tier Russian equities. During the relevant period, it was an affiliate of CI-New York. It was founded in 1992 under the laws of Russia and is regulated by the Russian Federal Financial Markets Service. CI-Moscow has never been registered with the Commission as a broker or dealer.

4. **CentreInvest, Inc.** ("CI-New York") is a registered broker-dealer organized under the laws of New York State with its principal place of business in New York, New York. During the relevant period, it was a subsidiary of Cyprus-based Intelsa Investments Limited. CI-New York first registered with the Commission on June 23, 1998, and during the relevant period, employed four to five full-time employees. On October 2, 2008, the Financial Industry Regulatory Authority, Inc. expelled CI-New York for failure to file a Financial and Operational Combined Uniform Single report.

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<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.

## **CI-MOSCOW ACTED AS A BROKER-DEALER BUT FAILED TO REGISTER OR COMPLY WITH AN EXEMPTION FROM REGISTRATION**

5. From about 2003 until at least November 2007, CI-Moscow directly and indirectly solicited investors in the United States to purchase and sell thinly-traded stocks of Russian companies – so-called “second-tier,” or micro-cap, Russian companies – without registering as a broker-dealer, as required by Section 15(a) of the Exchange Act, or meeting the requirements for an exemption.

6. Under CI-Moscow’s direction, employees of CI-New York, including Chekholko, its head of sales, regularly solicited U.S. institutional investors for the purchase and sale of Russian securities. Investors who expressed interest in a transaction were referred to CI-Moscow to complete the transaction.

7. At some or all relevant times, Chekholko knew that he was referring investors to representatives of CI-Moscow who were neither licensed and registered with the Commission or an appropriate U.S. self-regulatory organization, nor exempt from such licensing and registration requirements.

8. In some cases, employees of CI-Moscow, who were not licensed to sell securities under U.S. law or registered as brokers or dealers under U.S. law and were not exempt from such licensing and registration requirements, solicited U.S. investors directly.

9. CI-New York failed to maintain virtually any records concerning CI-Moscow’s transactions with the U.S. investors.

10. Respondents benefited financially from CI-Moscow’s transactions in securities with or on behalf of U.S. investors. For example, in 2006 alone, CI-Moscow received at least \$928,000 in revenue as a result of its unlawful solicitation of U.S. institutional investors. Chekholko received compensation from CI-New York in the form of salary and bonus as a result of his role in CI-Moscow’s unlawful solicitation of U.S. institutional investors.

### **VIOLATIONS**

11. Rule 15a-6(a) of the Exchange Act permits unregistered foreign broker-dealers to effect transactions for U.S. institutional investors in certain limited circumstances, subject to reporting, record keeping and other requirements designed to ensure the protection of U.S. investors. Rule 15a-6(b)(3) defines a “foreign broker or dealer” as “any non-U.S. resident person (including any U.S. person engaged in business as a broker or dealer entirely outside the United States, except as otherwise permitted by this rule) that is not an office or branch of, or a natural person associated with, a registered broker-dealer, whose securities activities, if conducted in the U.S., would be described by the definition of “broker” or “dealer” in Sections 3(a)(4) or 3(a)(5) of the [ Exchange Act ].” Section 3(a)(4) of the Exchange Act defines a “broker” as any person, other than a bank, in certain circumstances, “engaged in the business of effecting transactions in securities for the account of others.” A person “effects transactions in securities” if he or she

participates in such transactions “at key points in the chain of distribution.” Massachusetts Fin. Servs., Inc. v. Security Investor Protection Corp., 411 F. Sup. 411, 415 (D. Mass.), aff’d, 545 F. 2d 754 (1st Cir. 1976).

**12.** As a result of the conduct described above, CI-Moscow willfully violated Section 15(a) of the Exchange Act, which makes it illegal for a broker to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security unless the broker is registered with the Commission or, in the case of a natural person, is associated with a registered broker or dealer.

**13.** CI-Moscow failed to qualify for any exemption from registration.

**14.** As a result of the conduct described above, Chekholko willfully aided and abetted and caused CI-Moscow’s violations of Section 15(a) of the Exchange Act.

### **UNDERTAKINGS**

**15. Ongoing Cooperation:** Chekholko undertakes to cooperate fully with the Commission in any and all investigations, litigations or other proceedings brought by the Commission relating to or arising from the matters described in the Order and agrees:

(a) To produce, without service of a notice or subpoena, any and all documents and other information reasonably requested by the Commission’s staff;

(b) To be interviewed by the Commission’s staff at such times as the staff reasonably may request and to appear and testify truthfully and completely without service of a notice or subpoena in such investigations, depositions, hearings or trials as may be requested by the Commission’s staff; and

(c) That in connection with any testimony of Chekholko to be conducted at deposition, hearing or trial pursuant to a notice or subpoena, Chekholko:

i. Agrees that any such notice or subpoena for his appearance and testimony may be served by regular mail, electronic mail, or facsimile on his counsel, Thomas J. McCabe, McCabe, Flynn & Arangio, LLP, One Whitehall Street, Suite 1825, New York, NY, 10004; and

ii. Agrees that any such notice or subpoena for Chekholko’s appearance and testimony in an action pending in a United States District Court may be served, and may require testimony, beyond the territorial limits imposed by the Federal Rules of Civil Procedure.

**16. Affidavit of Compliance:** Chekholko shall provide to the Commission, within thirty days after the end of the six-month month suspension described in Section IV.2., below, an affidavit that he has fully complied with the sanctions described in Section IV., below.

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

#### IV.

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

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

1. Chekholko cease and desist from committing or causing violations and any future violations of Section 15(a) of the Exchange Act;
2. Chekholko be, and hereby is, suspended from association with any broker or dealer for a period of six months, effective on the second Monday following the entry of this Order; and
3. Chekholko shall comply with the undertaking enumerated in Section III.16., above.

By the Commission.

Elizabeth M. Murphy  
Secretary