

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**  
**September 8, 2008**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13167**

**In the Matter of**

**LESLIE A. JAMES (A/K/A  
LES JAMES AND DARYL  
MCKINNEY),**

**Respondent.**

**ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF 1934,  
AND NOTICE OF HEARING**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Leslie A. James (also known as Les James and Daryl McKinney) (“James” or “Respondent”).

**II.**

After an investigation, the Division of Enforcement alleges that:

1. Assuming the alias Daryl McKinney, James held himself out as a stock trader employed by unregistered broker-dealer Blue Square Management, Inc. (“Blue Square”) from approximately January 2001 through March 2004. During this period, Blue Square operated as a purported New York City-based venture capital firm in the business of selling securities and specializing in underwriting initial public offerings. James also held himself out as an employee of unregistered broker-dealer Westwood Holdings, Inc. (“Westwood”), another purported New York City-based venture capital firm, from approximately December 2003 through at least November 2004. Blue Square, Westwood and James were not registered in any capacity with the Commission, the National Association of Securities Dealers (“NASD,” now known as FINRA), or any other regulatory authority. James, 48 years old, resided in the State of New York prior to his current incarceration.

2. On October 19, 2006, James pled guilty to one count of conspiracy to commit mail fraud and securities fraud in violation of Title 18 of the United States Code Section 371 before the United States District Court for the District of Connecticut, in United States v. Leslie A. James, Crim. Information No. 3:06-CR-80. On April 16, 2007, a judgment in the criminal case was entered against James. He was sentenced to probation for a total of five years and ordered to pay restitution in the amount of \$70,000.

3. The counts of the criminal information to which James pled guilty alleged, among other things, that:

a. Beginning in or about January 2001 and continuing until in or about March 2004, James and his co-defendants contacted potential investors across the country, represented that they worked for a New York City-based venture capital firm called Blue Square, and solicited investments in the securities of a purported ATM management company. In telephone conversations and subsequent documents sent to investors, they falsely and fraudulently represented that investors would make significant profits in the near future due to an expected initial public offering (“IPO”) and/or buy-out of the company. In truth, the purported ATM management company was a fictitious entity with no actual operations, no profits, and no planned IPO or buy-out.

b. James and his co-defendants divided telephone solicitations between cold-callers such as James, who made the initial unsolicited calls to potential investors in order to generate their interest in investing and purportedly “qualify” them as clients of Blue Square, and traders, who subsequently contacted these “qualified” individuals and made false and fraudulent representations to them in order to sell the bogus stock of the purported ATM management company and thereby obtain the individuals’ funds.

c. James and his co-defendants failed to invest the funds received as a result of their solicitations as represented, but instead diverted investors’ funds for their own personal use and benefit.

4. On September 21, 2007, James pled guilty to grand larceny in the third degree, in violation of New York State Penal Law Section 155.35, before the Supreme Court of the State of New York, New York County, in The People of the State of New York v. Les James, Crim. Information No. 4591/2007. On November 2, 2007, a judgment in the state criminal case was entered against James. He was sentenced to five years of probation, to run concurrently with his federal sentence.

5. The People’s complaint alleged, among other things, that:

a. Beginning in December 2003, James and others participated in a scheme under the name of Westwood, which purported to sell legitimate stock opportunities to investors. James and others placed or supervised the placement of unsolicited telephone calls to numerous individuals throughout the United States. James and others then offered those individuals

“investment opportunities,” primarily in a company called “ATM Express,” which was a fictitious company.

b. The individuals who agreed to invest with Westwood sent their money to Westwood’s offices. Westwood’s participants, including James, distributed the proceeds of those checks among themselves, and did not use any of those funds to pay for any legitimate investments.

c. From December 2003 through January 2005, approximately 90 people sent approximately \$1.2 million to Westwood to purchase what they thought were legitimate stocks but which were actually stocks in fictitious companies or fake stocks in real companies.

### **III.**

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act.

### **IV.**

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Florence E. Harmon  
Acting Secretary