

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 58987 / November 20, 2008**

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

**In the Matter of**

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

**Respondent.**

**ORDER MAKING FINDINGS AND  
IMPOSING REMEDIAL SANCTIONS**

**I.**

In these proceedings instituted on September 8, 2008, 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”), James has submitted an Offer of Settlement (“Offer”) which the Securities and Exchange Commission (“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, and the findings contained in Sections II.2 and II.4 below, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions (“Order”), as set forth below.

## II.

On the basis of this Order and Respondent's Offer, the Commission finds 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 foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent James's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent James 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.

For the Commission, by its Secretary, pursuant to delegated authority.

Florence E. Harmon  
Acting Secretary