

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

SECURITIES EXCHANGE ACT OF 1934
RELEASE NO. 51592 / April 21, 2005

ADMINISTRATIVE PROCEEDING NO. 3-11909

PROCEEDINGS INSTITUTED AGAINST PHLO CORPORATION, JAMES B. HOVIS, AND ANNE P. HOVIS

The Securities and Exchange Commission announced the institution of administrative and cease-and-desist proceedings against Phlo Corporation (Phlo), James B. Hovis, Phlo's president, chief executive officer and a director, and Anne P. Hovis, Phlo's executive vice president, general counsel, secretary and a director. Phlo is a Delaware beverage corporation with offices in New York. The Division of Enforcement (Division) alleges Phlo failed to make timely periodic filings since March 2003. The Division also alleges Phlo failed to provide documents or otherwise respond to a request by the Commission's Office of Compliance Inspections and Examinations (OCIE), other than to state Phlo was obtaining counsel, and Phlo, acting as a transfer agent, told OCIE staff it could not make its transfer agent books and records available for examination. Additionally, the Division alleges Phlo refused to cancel share certificates and issue new ones within three business days despite an obligation to do so as a transfer agent.

The Division of Enforcement alleges that through this conduct Phlo, willfully aided and abetted by Anne and James Hovis, violated Sections 13(a), 17A(d)(1), 17(b)(1), and 21C of the Securities Exchange Act of 1934 and Rules 13a-1, 13a-13, 17Ad-2, and 17Ad-5 thereunder.

A hearing will be scheduled before an Administrative Law Judge to determine whether the Division's allegations are true, to provide Phlo, James Hovis, and Anne Hovis an opportunity to dispute these allegations, and to determine what remedial sanctions, if any, are appropriate and in the public interest. Pursuant to its Rules of Practice, the Commission has required the Administrative Law Judge to issue an initial decision no later than 300 days from the date of service of its Order Instituting Public Administrative and Cease-And-Desist Proceedings..