

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:	*	No. 2004-0682
NIGEL HOWSE	*	
Respondent.	*	
	* * *	

**FIRST AMENDED SUMMARY ORDER TO CEASE AND DESIST
AND ORDER TO SHOW CAUSE**

WHEREAS, the Securities Division of the Office of the Attorney General (the "Securities Division") initiated an investigation into the activities of Nigel Howse ("Mr. Howse" or "Respondent") and his now-defunct company, Hygiene Services Corporation ("HSC"); and

WHEREAS, the Maryland Securities Commissioner (the "Securities Commissioner") has found that grounds exist to allege that Respondent violated the Maryland Securities Act, contained at Md. Code Ann., Corps. and Ass'ns, §§11-101 *et seq.* (1999 Repl. Vol. & Supp. 2004) (the "Securities Act"), by engaging in acts or practices constituting violations of the Securities Act.

NOW, THEREFORE, pursuant to §11-701 of the Securities Act, pending a hearing in this matter or until such time as the Securities Commissioner modifies or rescinds this Order, it is hereby:

ORDERED, that Respondent immediately cease and desist from further violations of the Securities Act; and it is further

ORDERED, that Respondent show cause why a final order should not be entered against him, ordering that Respondent be barred permanently from engaging in the securities and investment advisory business in Maryland, that a monetary penalty be entered against him, and that he cease and

desist from further violation of §§11-301, 11-302, 11-401, and 11-501 of the Securities Act.

The Securities Commissioner alleges the following as a basis for this Order:

I.

JURISDICTION

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to § 11-701 of the Securities Act.

II.

RESPONDENT

2. Mr. Howse is a resident of Baltimore, MD.

3. Mr. Howse is not now, nor has he ever been, registered in Maryland as an issuer agent, broker-dealer agent, or investment adviser or investment adviser representative. *See* Ex. A, Affidavit of Ellen E. Cherry.

III.

STATEMENT OF FACTS

4. Mr. Howse became acquainted with Sharon Rose of Kingsville, Maryland while a patron at her hair salon business. In or about June 2001, Mr. Howse solicited Ms. Rose to invest money with him.

5. In June 2001, Mr. Howse solicited Ms. Rose to invest \$50,000 with him “for investment . . . at a rate of ten (10) percent, for a period of 9 months” Mr. Howse advised Ms.

Rose that the interest would be earned from depositing the monies into a Swiss bank account in his name. Mr. Howse also led Ms. Rose to believe that the investment would be “tax-free.” In reliance upon Mr. Howse’s representations, Ms. Rose gave Mr. Howse \$50,000 in cash to invest. *See* Ex. B, copy of receipt verifying Ms. Rose’s \$50,000 investment.

6. According to Mr. Howse, he deposited Ms. Rose’s \$50,000 investment monies into a HSC bank account at Bank of America. Mr. Howse testified at a deposition in December 2005 that this was HSC’s “only banking account” and that he “would draw from that account for my personal expenses, for the business expenses.” *See* Apx., Howse Deposition Transcript Excerpts, at 42. According to Mr. Howse, the HSC account was “almost a general account” because “[e]ven though it [HSC] wasn’t a fully operating business I was still looking at business transactions and opportunities.” *Id.*

7. In November 2001, Mr. Howse solicited Ms. Rose to invest an additional \$25,000 “on similar terms” as her \$50,000 investment. In reliance upon Mr. Howse’s representations, Ms. Rose gave Mr. Howse \$25,000 in cash to invest. *See* Ex. B.

8. According to Mr. Howse’s deposition testimony, he deposited all or part of Ms. Rose’s \$25,000 investment monies into HSC’s bank account. Apx. at 55.

9. In June 2002, Mr. Howse obtained an additional \$15,000 in cash monies from Ms. Rose to invest in his company, HSC. *See* Ex. C, copy of receipt confirming Ms. Rose’s \$15,000 investment. Prior to that time, Mr. Howse offered and agreed to convert Ms. Rose’s earlier investments (totaling \$75,000) into an investment in HSC.

10. In deciding to invest in HSC, Ms. Rose relied upon Mr. Howse’s statements that HSC was a shareholder in HIPAA IG, Inc. (“HIPAA IG”), a company in which Mr. Howse claimed to

have a direct or indirect ownership interest. Mr. Howse represented to Ms. Rose that HIPAA IG's stock was or was on the verge of becoming valuable because of impending business opportunities including substantial monies "coming in" from a venture capital firm. Apx. at 60-62.

11. The receipt Mr. Howse gave to Ms. Rose referenced that HSC was "a shareholder (1/3rd) in Hipaa Compliance Corporation – a corporation dealing in HIPAA software." *See* Ex. C. It did not reference HIPAA IG. *Id.*

12. By the terms of his written receipt for Ms. Rose's June 2002 investment, Mr. Howse agreed to provide Ms. Rose with a stock certificate documenting her HSC investment. *See* Ex. C.

13. In July 2002, Mr. Howse wrote to Ms. Rose at her hair salon and day spa, claiming that he could arrange for the landlord of her business location to "have sight of your share certificate, controlling 33 1/3% of the shares in Hygiene Services Corporation, value \$100,000" *See* Ex. D, copy of Mr. Howse's letter to Ms. Rose dated July 16, 2002. Mr. Howse also claimed that "Hygiene Services Corporation owns one third of Hipaa Compliance Corporation and is also a major shareholder in Hippa IG Inc." *Id.*

14. In October 2002, Mr. Howse solicited Ms. Rose to invest monies in an "IPO issue" of Chakkilam Infotech, Ltd., a company located in India ("Chakkilam"). Mr. Howse claimed that there was a great opportunity to profit from the investment. In reliance upon Mr. Howse's representations, Ms. Rose gave Mr. Howse \$20,000 in cash to invest in Chakkilam. *See* Ex. E, copy of receipt confirming Ms. Rose's investment in Chakkilam.

15. According to Mr. Howse, he brought Ms. Rose's Chakkilam investment monies to India and gave them to Chakkilam's owner, but he did not obtain any receipt showing that Chakkilam received those monies. Apx. at 94. Furthermore, other than Ex. E, no documentation

of the Chakkilam investment was provided to Ms. Rose.

16. In January 2003, Mr. Howse solicited Ms. Rose to invest \$15,000 in HIPAA IG. Mr. Howse continued to advise Ms. Rose that there was a great profit opportunity available by investing in the company. In reliance upon Mr. Howse's representations, Ms. Rose invested \$10,000 in cash through Mr. Howse. *See* Ex. F, copy of Mr. Howse's receipt confirming Ms. Rose's \$10,000 investment. Ms. Rose borrowed the investment monies from a neighboring business owner to seize upon the investment opportunity offered by Mr. Howse.

17. When later asked what he did with Ms. Rose's \$10,000 investment from January 2003, Mr. Howse claimed that the borrowed monies "would have more than likely been paid into the bank account [for HSC]." Apx. at 108.

18. In March 2003, Mr. Howse solicited Ms. Rose to invest monies in HSC to indirectly invest in HIPAA IG. Ms. Rose continued to believe, from Mr. Howse's claims that HIPAA IG was doing well, that her money was safe and that she would profit from the investment. In reliance upon Mr. Howse's assertions, Ms. Rose gave Mr. Howse \$10,000 cash to invest in HIPAA IG. *See* Ex. G, copy of Mr. Howse's receipt confirming Ms. Rose's \$10,000 investment in March 2003.

19. Mr. Howse provided Ms. Rose with receipts totaling \$130,000 for the cash monies she invested through him. *See* Exs. B-C, E-G. Mr. Howse also sent a letter to Ms. Rose and her attorney, verifying her investment in HSC and attaching a copy of an HSC share certificate in her name. *See* Ex. H, copy of letter dated August 23, 2004 from Mr. Howse to Ms. Rose's attorney.

The Bank Of America Bank Deposits

20. All of Ms. Rose's investments with Mr. Howse were in cash. An examination of HSC's Bank of America account reflects that on or about the same day as the receipt prepared by Mr.

Howse on behalf of Ms. Rose in connection with her investments, a cash deposit was made into that bank account in an amount equal or substantially equivalent to the amount of Ms. Rose's investment.

21. On June 19, 2001, HSC's Bank of America account had a balance of \$50.28. On that day, Ms. Rose invested \$50,000 in cash with Mr. Howse. On June 20, 2001, Mr. Howse made a cash deposit of \$45,000 into that account. Those monies were used to pay bills including but not limited to: payments on a Jaguar automobile, pest control services, dental bills, telephone and cable tv bills, a lawn service, payments to Saks Fifth Avenue, and attorneys fees. *See Ex. I*, copy of HSC's June 2001 Bank of America account statement.

22. On November 29, 2001, HSC's Bank of America account had a balance of \$1,033.62. On the following day, Ms. Rose invested \$25,000 in cash with Mr. Howse. On that same day, Mr. Howse made a cash deposit of \$23,000 into that account. Those monies were used to pay credit card bills, a \$10,000 payment to Susquehanna Bank, telephone bills, pest control services, cable tv, and Nordstrom and other credit card bills. *See Ex. J*, copy of HSC's November 2001 Bank of America account statement.

23. On June 19, 2002, HSC's Bank of America account had a balance of \$812.47. On June 21, 2002, Ms. Rose invested \$15,000 in cash with Mr. Howse. On that same day, Mr. Howse made a cash deposit of \$5,000 into the HSC bank account. That money was used to pay bills including "Jaguar Credit," Harrods and other credit card bills, and other personal expenses. *See Ex. K*, copy of HSC's June 2002 Bank of America account statement.

24. On January 13, 2003, HSC's Bank of America account had a balance of \$8.62. On January 17, 2003, Ms. Rose invested \$10,000 cash with Mr. Howse. On that same day, Mr. Howse made a cash deposit of \$2,400 into the HSC bank account. That money was used to pay personal

expenses including a Jaguar payment. *See* Ex. L, copy of HSC's January 2003 Bank of America account statement.

25. On March 19, 2003, HSC's Bank of America account had a balance of \$42.27. On March 20, 2003, Ms. Rose invested \$10,000 cash with Mr. Howse. On that same day, Mr. Howse made a cash deposit of \$8,000 into the HSC bank account. That money was used to pay personal expenses, *i.e.*, utilities, \$6,000 in overdue mortgage payments to Susquehanna Bank, and other personal expenses. *See* Ex. M, copy of HSC's March 2003 Bank of America account statement.

Other Information Reflecting Ms. Rose's Investments Were Non-existent

26. In August 2004, Mr. Howse mailed Ms. Rose's attorney an HSC stock certificate reflecting Ms. Rose's ownership of 1,666 shares of HSC. *See* Ex. N, copy of certificate. However, notwithstanding Mr. Howse's representations regarding HSC's stock value, according to Maryland State Department of Assessments and Taxation records, in October 2003 HSC's corporate charter was forfeited. *See* Ex. O, copy of Maryland State Department of Assessments and Taxation record of HSC's corporate charter forfeiture in October 2003.

27. After making her investment in HSC, Ms. Rose was further informed of the worthlessness of her investment by Mr. Howse's wife, Lesley Howse, who advised Ms. Rose that Mr. Howse used her money to pay personal expenses.

28. After Ms. Rose gave Mr. Howse monies for investment in HSC, Mr. Howse testified that "the company [HSC] never really has traded . . . [w]e've looked at various business opportunities . . . but I've never really gone in for them and the only real activity it [HSC] had was to own ten percent of HIPAA IG." Apx. at 23-24.

29. In the June 2002 receipt to Ms. Rose and in his July 2002 letter to her, Mr. Howse

suggested that HSC was valuable because of HSC's ownership in HIPAA Compliance. At Mr. Howse's deposition, however, he testified that HIPAA Compliance "was a paper company, it never did anything [its fortunes were very pretty much linked to HIPAA IG] and the company "never did any business at all." Apx. at 86-87.

30. In October 2003, Mr. Howse provided Ms. Rose with a check for \$10,000 to repay her the money she borrowed from a business owner to invest in HIPAA IG in January 2003. See Ex. P, copy of \$10,000 check from Mr. Howse, payable to Ms. Rose. According to Mr. Howse, "I was getting nowhere with the VC capitalists and I was going to give it back." Apx. at 120.

31. Mr. Howse's check was returned for insufficient funds, and to date Mr. Howse has not repaid Ms. Rose any monies in connection with her investments.

No Disclosure To Ms. Rose, No Registration Or Notice To The Securities Division

32. Before Ms. Rose invested monies with Mr. Howse and/or at the time of those investments, Mr. Howse did not provide her with any disclosure documents regarding any of the companies he discussed with her, including HSC, HIPAA IG and HIPAA Compliance, nor did he provide her with any information regarding the risks relating to the investment.

33. The Securities Division has no record of a filing for securities registration or claim of securities exemption or preemption as a federal covered security under any of the following names: "Hygiene Services," "HIPAA IG" or "HIPAA Compliance." See Ex. Q, Affidavit of Nina Smeltzer.

COUNT I

(Offer and Sale of Unregistered Securities - Section 11-501)

WHEREAS, §11-501 of the Securities Act makes it unlawful for any person to offer or sell a security in this State unless the security is registered, exempt from registration under Subtitle 6 of the Securities Act, or qualifies as a federal-covered security; and

WHEREAS, Respondent offered and sold investments in his company HSC;

WHEREAS, §11-101(r) of the Securities Act broadly defines the term “security” to include those investments listed at (1)(i) through (1)(xvi); and

WHEREAS, §11-101(r)(1)(i) defines a note as a security; and

WHEREAS, §11-101(r)(1)(ii) defines stock as a security; and

WHEREAS, §11-101(r)(1)(vi) of the Securities Act defines evidence of indebtedness as a security; and

WHEREAS, §11-101(r)(1)(xi) of the Securities Act defines an investment contract as a security; and

WHEREAS, §11-101(r)(1)(xvi) defines any “[c]ertificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase any of the preceding” definitions listed in 11-101(r)(1)(i) through (xvi) as a security; and

WHEREAS, the investments described herein constitute notes, stock, evidence of indebtedness, investment contracts, or, in the alternative, another classification of security contained in §11-101(r) of the Securities Act; and

WHEREAS, the securities offered and sold by Respondent were not registered with the Securities Division, nor was a claim of exemption from registration or a claim that the securities are

federal-covered securities filed with respect to the offerings; and

WHEREAS, Respondent has offered and sold securities in violation of the registration requirements of §11-501 of the Securities Act.

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent cease and desist from offering and selling securities investments in or from Maryland, pending a hearing in this matter or until such time as the Securities Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under §11-705 of the Securities Act; and it is further

ORDERED that Respondent show cause why a final order should not be issued against him that orders Respondent to cease and desist from further violation of §11-501 of the Securities Act, assesses Respondent the statutory penalty of \$5,000 per violation of §11-501, permanently bars Respondent from the securities and investment advisory business in Maryland and orders any other sanction or combination of sanctions against Respondent as permitted under §11-701.1.

COUNT II

(Broker-Dealer/Agent Registration Violation; Section 11-401)

WHEREAS, §11-401 of the Securities Act makes it unlawful for any person to transact business in the offer and sale of securities in this State as an agent unless that person is registered as an agent; and

WHEREAS, the Securities Act defines “broker-dealer” to mean a person engaged in the business of effecting transactions in securities for the account of others or for his own account; and

WHEREAS, the Securities Act defines “agent” to mean an individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect the purchase or

sale of securities; and

WHEREAS, Respondent has transacted business as a broker-dealer or agent in this State by effecting securities transactions while Respondent was not registered with the Securities Division as a broker-dealer or agent, in violation of §11-401 of the Securities Act.

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent cease and desist from acting as an unregistered broker-dealer or agent, pending a hearing in this matter or until such time as the Securities Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under §11-705 of the Securities Act; and it is further

ORDERED that Respondent show cause why a final order should not be issued against him that orders Respondent to cease and desist from further violation of §11-401's broker-dealer/agent registration provisions, assesses Respondent the statutory penalty of \$5,000 per violation of §11-401's broker-dealer/agent registration provisions, permanently bars Respondent from the securities and investment advisory business in Maryland and orders any other sanction or combination of sanctions against Respondent as permitted under §11-701.1.

COUNT III

(Investment Adviser/Investment Adviser Representative Registration Violation; Section 11-401)

WHEREAS, §11-401 of the Securities Act makes it unlawful for any person to transact business in the offer and sale of securities in this State as an investment adviser or investment adviser representative unless that person is registered as such; and

WHEREAS, the Securities Act defines “investment adviser” to mean a person who engages

in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and for business, issues or promulgates securities analyses or reports; and

WHEREAS, the Securities Act further defines “investment adviser” to mean a person who provides or offers to provide, directly or indirectly, financial advice and investment counseling or advice, on a group or individual basis; gathers information relating to investments, establishes financial goals and objectives, processes and analyzes the information gathered, and recommends a financial plan; or holds himself out as an investment adviser in any way, including indicating by advertisement, card or letterhead, or in any other manner that he is, a financial or investment “planner”, “counselor”, “consultant”, or any other similar type of adviser or consultant; and

WHEREAS, the Securities Act defines “investment adviser representative” to mean any partner, officer, director of (or a person occupying a similar status or performing similar functions) or other individual employed by or associated with an investment adviser, except clerical or ministerial personnel, who: makes any recommendations or otherwise renders advice regarding securities to clients; manages accounts or portfolios of clients; determines which recommendation or advice regarding securities should be given with respect to a particular client account; solicits, offers or negotiates for the sale of or sells investment advisory services, directly supervises employees who perform any of the foregoing; or any other person as the Securities Commissioner designates by rule or order; and

WHEREAS, Respondent transacted business as an investment adviser or investment adviser representative in this State by advising an individual regarding securities, and by recommending investments to an individual; and

WHEREAS, Respondent transacted business as an investment adviser in this State while not registered with the Securities Division as an investment adviser or investment adviser representative, in violation of §11-401 of the Securities Act.

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent cease and desist from acting as an unregistered investment adviser, pending a hearing in this matter or until such time as the Securities Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under §11-705 of the Securities Act; and it is further

ORDERED that Respondent show cause why a final order should not be issued against him that orders Respondent to cease and desist from further violation of §11-401's investment adviser registration provisions, assesses Respondent the statutory penalty of \$5,000 per violation of §11-401's investment adviser registration provisions, permanently bars Respondent from the securities and investment advisory business in Maryland and orders any other sanction or combination of sanctions against Respondent as permitted under §11-701.1.

COUNT IV

(Fraud in Connection with the Offer or Sale of Securities, §11-301)

WHEREAS, §11-301 of the Securities Act makes it unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to:

- (1) employ any device, scheme or artifice to defraud;
- (2) make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (3) engage in any act, practice or course of business which operates or would

operate as a fraud or deceit on any person; and

WHEREAS, Respondent employed a device, scheme or artifice to defraud by advising that Ms. Rose purchase unregistered, non-exempt securities that are not federal-covered securities without disclosing that the investments were being offered and sold in violation of applicable securities laws; and

WHEREAS, Respondent made untrue statements of material fact including but not limited to claims regarding the nature of the investments he recommended and the opportunity to profit from the purchase of those investments; and

WHEREAS, by recommending the purchase of unregistered, non-exempt securities that are not federal-covered securities and by making misrepresentations and omissions of material fact in the course of those recommendations, Respondent engaged in activities that operated as a fraud or deceit upon investors; and

WHEREAS, Respondent failed to disclose material facts, including but not limited to facts concerning Respondent's lack of registration as a broker-dealer, agent or investment adviser; and

WHEREAS, Respondent provided Ms. Rose with false information regarding the value of her HSC investment; and

WHEREAS, Respondent provided Ms. Rose with stock certificates reflecting her ownership of 1,666 shares of HSC, at a time when HSC was a defunct company; and

WHEREAS, Respondent misappropriated Ms. Rose's investment monies rather than investing them in any legitimate investment.

NOW, THEREFORE, IT IS HEREBY **ORDERED**, that Respondent cease and desist from engaging in the offer and sale of securities in violation of the antifraud provisions of §11-301 of the

Securities Act, pending a hearing in this matter or until such time as the Securities Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under §11-705 of the Securities Act; and it is further

ORDERED that Respondent show cause why a final order should not be issued against him that orders Respondent to cease and desist from engaging in the offer and sale of securities in violation of the antifraud provisions of §11-301 of the Securities Act, assesses Respondent the statutory penalty of \$5,000 per violation, permanently bars Respondent from engaging in the securities and investment advisory business in Maryland and orders any other sanction or combination of sanctions against Respondent as permitted under §11-701.1.

COUNT V

(Fraud in Connection with Investment Advisory Activities, §11-302)

WHEREAS, §11-302 of the Securities Act makes it unlawful for any person who acts as an investment adviser or representative under §11-101(f) or (g) of the Securities Act to:

- (1) employ any device, scheme or artifice to defraud;
- (2) engage in any act, practice or course of business which operates or would operate as a fraud or deceit on the other person;
- (3) engage in dishonest or unethical practices as the Commissioner may define by rule; or course of business which operates or would operate as a fraud or deceit on any person;
- (4) when acting as principal for his own account knowingly sell any security to or purchase any security from a client, or when acting in an agency capacity for a person other than the client knowingly effect any sale or purchase of any security for the account of such client, without disclosing to such client in writing before the completion of such transaction the capacity in which he is acting and obtaining the

consent of the client to such transaction; or

- (5) knowingly make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

WHEREAS, Code of Maryland Regulations (“COMAR”) 02.02.05.03B sets forth various prohibited practices, and provides that an investment adviser is a fiduciary and has a duty to act primarily for the benefit of its clients; and

WHEREAS, COMAR 02.02.05.03B(15) prohibits an investment adviser from taking an action, directly or indirectly, with respect to those securities, instruments or funds in which a client has any beneficial interest, when the investment adviser has custody or possession of the securities or funds and the investment adviser’s action is subject to and does not comply with the safekeeping requirements of 17 CFR §275.206(4)-2) (SEC Rule 206(4)-2 Custody or Possession of Funds or Securities of Clients); and

WHEREAS, Respondent employed a device, scheme or artifice to defraud by advising that Ms. Rose purchase unregistered, non-exempt securities that are not federal-covered securities without disclosing that the investments were being offered and sold in violation of applicable securities laws; and

WHEREAS, Respondent made untrue statements of material fact including but not limited to claims regarding the nature of the investments he recommended and the opportunity to profit from the purchase of those investments; and

WHEREAS, by recommending the purchase of unregistered, non-exempt securities that are not federal-covered securities and by making misrepresentations and omissions of material fact in

the course of those recommendations, Respondent engaged in activities that operated as a fraud or deceit upon investors; and

WHEREAS, Respondent failed to disclose material facts, including but not limited to facts concerning Respondent's lack of registration as a broker-dealer, agent or investment adviser; and

WHEREAS, Respondent provided Ms. Rose with false information regarding the value of her HSC investment; and

WHEREAS, Respondent provided Ms. Rose with stock certificates reflecting her ownership of 1,666 shares of HSC, at a time when HSC was a defunct company; and

WHEREAS, Respondent misappropriated Ms. Rose's investment monies rather than investing them in any legitimate investment; and

WHEREAS, Respondent had custody of client funds and securities and failed to comply with applicable safekeeping rules; and

WHEREAS, Respondent breached his fiduciary duty as an investment adviser to act in the best interests of a client.

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent cease and desist from engaging in investment advisory activities in violation of §11-302 of the Securities Act and the prohibited practices set forth in COMAR 02.02.05.03B, pending a hearing in this matter or until such time as the Securities Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under §11-705 of the Securities Act; and it is further

ORDERED that Respondent show cause why a final order should not be issued against him that orders him to cease and desist from engaging in activities in further violation of §11-302's investment advisory anti-fraud provisions and the prohibited practices set forth in COMAR

02.02.05.03B, assesses Respondent the statutory penalty of \$5,000 per violation of §11-501, permanently bars Respondent from the securities and investment advisory business in Maryland and orders any other sanction or combination of sanctions against Respondent as permitted under §11-701.1.

REQUIREMENT OF ANSWER

 IT IS FURTHER ORDERED, pursuant to §11-701.1 of the Securities Act and COMAR 02.02.06.06, that Respondent shall file with the Securities Commissioner a written Answer to this First Amended Summary Order *within 7 days of service of the Order*. The Answer shall admit or deny each factual allegation in the Order and shall set forth affirmative defenses, if any. A respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

The Answer also shall indicate whether the respondent requests a hearing. A hearing will be scheduled in this matter if one is requested in writing. A respondent's failure to file a written request for a hearing in this matter shall be deemed a waiver by that respondent of the right to such a hearing.

A respondent's failure to file an Answer or a request for a hearing shall result in entry of a final order granting the relief requested by the Securities Division.

SO ORDERED:

DATED: _____, 2006

Melanie Senter Lubin
Securities Commissioner

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