

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

George Johnson (CRD No. 2245802),

Respondent.

Disciplinary Proceeding
No. 2013035533701

Hearing Officer - KBW

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: February 18, 2016

INTRODUCTION

Disciplinary Proceeding No. 2013035533701 was filed on April 8, 2015, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent George Johnson submitted an Offer of Settlement (Offer) to Complainant dated February 17, 2016. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint (as amended by the Offer of Settlement), and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, to the entry of findings and violations consistent with the allegations of

the Complaint (as amended by the Offer of Settlement), and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

1. Respondent first became registered with FINRA as a General Securities Representative ("GS") through a member firm in May 1992. Respondent was registered with FINRA through Meyers Associates, L.P. (BD No. 34171) ("Meyers") as a GS and Investment Banking Representative from December 6, 2011 through April 17, 2013. Since April 19, 2013, Respondent has been registered with FINRA through another member firm. Respondent is currently associated with a member firm and registered with FINRA and is therefore subject to FINRA's jurisdiction pursuant to Article V, Section 2 of the FINRA By-Laws.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:¹

2. This case involves myriad violations of the federal securities laws and FINRA's Rules. With respect to Respondent, while employed at Respondent Meyers Associates, L.P. (BD No. 34171) ("Meyers"), Respondent engaged in (i) market manipulation; (ii) dissemination of spurious "research" and sales materials; (iii) fraudulent omission of material conflicts of interest in connection with the purchase and sale of a security; (iv) unauthorized disclosure of confidential, non-public material information concerning a securities offering; and (v) falsification of firm records.

¹ The findings herein are pursuant to Respondent George Johnson's Offer of Settlement and are not binding on any other person or entity named as a respondent in this or any other proceeding.

3. Between May 15, 2012 and May 24, 2012, Respondent manipulated the market for the common stock of IceWEB, Inc. (OTCBB: IWEB) by soliciting certain customers to buy, while soliciting other customers to sell, IWEB stock at increasingly higher and artificially inflated prices, frequently effecting matched orders among his own customers, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder and in violation of FINRA Rules 2020 and 2010.

4. Between February and May 2012, Respondent violated NASD Conduct Rules 2210 and 2711 and FINRA Rule 2010 by sending Meyers' customers third party research and sales materials concerning IWEB that were riddled with misleading, exaggerated and unsupported claims and failed to disclose material information.

5. Between July 18, 2012 and August 31, 2012, Respondent solicited customers to purchase shares of Snap Interactive, Inc. stock (OTCBB: STVI) while failing to disclose that he was simultaneously selling his and his wife's personal holdings of STVI. By knowingly, or at least recklessly, failing to disclose this material conflict of interest, Respondent willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and also violated FINRA Rules 2020 and 2010.

6. Respondent violated FINRA Rule 2010's requirement to observe high standards of commercial honor and just and equitable principles of trade by disclosing to his customers confidential material nonpublic information concerning a prospective offering of shares of ChromaDex Corp. stock (OTCBB: CDXC) without the requisite permission from his firm and without an agreement from the customer to keep the information confidential and refrain from trading shares of CDXC until the information has been disclosed publicly.

7. Respondent intentionally misidentified the broker of record on five account applications and over 100 order memoranda submitted to Meyers in a surreptitious attempt to cover up Respondent's violations of state registration requirements. As a result of this misconduct, Respondent caused Meyers to violate SEC Rules 17a-3(a)(6) and 17a-3(a)(17)(i)(A) and thereby violated FINRA Rules 4511 and 2010.

FIRST CAUSE OF ACTION

Manipulation — Willful Violation of Exchange Act § 10(b) and Rule 10b-5 and Violations of FINRA Rules 2020 and 2010

8. The Department realleges and incorporates by reference paragraphs 1–7 above.

9. Section 10(b) of the Exchange Act makes unlawful, in connection with the purchase or sale of a security, the use or employment of “any manipulative or deceptive device or contrivance” in contravention of SEC Rules. Rule 10b-5 prohibits “any device, scheme, or artifice to defraud” or any practice “which operates or would operate as a fraud or deceit upon any person,” in connection with the purchase or sale of a security.

10. FINRA Rule 2020 states that “[no] member shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance.”

11. FINRA Rule 2010 requires that FINRA members and associated persons, in the conduct of their business, “observe high standards of commercial honor and just and equitable principles of trade.”

12. As set forth below, from May 15, 2012 through May 24, 2012, Respondent intentionally, or at least recklessly, solicited and placed orders to purchase and sell shares of

IWEB that manipulated the volume and price of IWEB's stock, in violation of federal securities anti-fraud laws and FINRA Rules 2020 and 2010.

Background

13. IWEB manufactures and markets data storage products, custom built appliances, and cloud based software and services targeted for U.S. government agencies, enterprise companies, and small to medium sized businesses.

14. Respondent was first introduced to IWEB in 2010, when his employer was acting as a placement agent for IWEB. Since that time, Respondent participated as a broker in IWEB private offerings and recommended IWEB to his customers in the open market. In addition, Respondent regularly communicated with J.S., who was IWEB's CEO, and D.C., who was an investor relations consultant for IWEB, concerning the company's stock performance and related matters.

15. By the time Respondent first began purchasing IWEB for his customers, the issuer had been having significant financial problems for several years. It had a string of annual losses from operations and by September 30, 2011 had an accumulated deficit of \$34.3 million. Historically, IWEB's cash flow from operations was insufficient to fund its business, and it relied on the issuance of equity and short-term loans to finance its operations. Since at least 2009, its independent auditors have expressed in their annual audit opinions substantial doubt as to IWEB's ability to continue as a going concern.

16. In November 2011, IWEB issued warrants to three hedge funds (the "Warrants") in connection with a Securities Purchase Agreement. The exercise price of the Warrants was \$0.17 per share, which, when exercised, was to be paid to IWEB. In January 2012, IWEB filed a

registration statement covering 63,891,287 shares of its common stock, including 48,146,434 shares issuable upon the exercise of the Warrants.

17. Between February 9, 2012 and April 11, 2012, IWEB's shares traded between \$0.12 and \$0.1847 and average daily volume of approximately 324,465 shares. As of April 19, 2012, IWEB realized over \$57,000 from the exercise of the Warrants.

The Manipulative Scheme

18. Between May 15, 2012 and May 24, 2012, Respondent engaged in a manipulative scheme, including prearranged trading, to inflate the market price and trading volume of IWEB. During this period, Respondent intentionally, or at least recklessly, placed orders to purchase and sell securities that manipulated the price of IWEB's stock.

19. Respondent had a motive to manipulate the market for IWEB's stock for two reasons. First, prior to the start of the manipulation, Respondent and his wife owned approximately 1,520,000 shares of IWEB, and his customers owned approximately 9,377,681 shares of IWEB. Second, Respondent knew that IWEB wanted to raise its stock price to facilitate a private offering of a public equity ("PIPE") that IWEB intended to do using Meyers as its placement agent, resulting in Respondent, through Meyers, receiving substantial placement fees.

20. Respondent carried out his portion of the scheme by systematically soliciting several customers, by email or by telephone, to buy IWEB shares, while soliciting other customers, by email or by telephone, to sell their IWEB shares, often pairing a solicited purchase by one customer with a solicited sale by another, at increasing and artificially inflated prices.

21. All but two of the orders that Respondent placed for customers during this period were limit orders, at prices that either stabilized or gradually raised the price of IWEB's stock.

22. Although most, if not all, of the sell orders that Respondent placed for his customers were solicited trades, solicited by email or by telephone, Respondent represented to Meyers that they were unsolicited trades to disguise his manipulative conduct from Meyers.

23. Between May 15 and May 24, 2012, Respondent's customers made 41 solicited sales totaling approximately 5,076,955 IWEB shares, and 50 solicited purchases of IWEB totaling approximately 5,152,200 shares. Attached hereto as Appendix A and incorporated herein by reference is a summary of Respondent's IWEB trades for customers during the period May 15–24, 2012.

24. Respondent's trades made up approximately 48% of the total market volume of IWEB from May 15 through May 24, 2012. Matched orders between Respondent's customers within Meyers totaled approximately 2,901,066 shares.

25. From May 15 to May 22, IWEB's closing price increased from \$0.12 to \$0.17, and then stabilized at \$0.17 for the next two days.

26. Respondent stopped soliciting his customers to trade IWEB after the market closed on May 24, 2012, when Respondent first told Meyers about the PIPE offering for IWEB. This prompted Meyers to put the company on its restricted list, which prohibited Respondent from soliciting further purchases or sales of IWEB until the PIPE offering had concluded.

27. Set forth below is a chronology of Respondent's manipulative IWEB trades, communications with other participants in the scheme, and communications with Respondent's customers, which details how Respondent executed his portion of the scheme to manipulate IWEB's common stock.

***Chronology of Respondent's
Manipulation of IWEB's Common Stock***

**April 25, 2012
– May 10, 2012**

28. Beginning on April 12, 2012, IWEB's stock price stagnated near \$0.15. Between April 12 and April 25, average daily trading volume fell to approximately 202,102 shares.

29. On or about April 25, 2012, Respondent, J.S. and D.C. discussed how to spur an increase in IWEB's share price in order to trigger the exercise of additional Warrants that would result in additional capital for the company.

30. In addition, J.S. told Respondent that IWEB wanted to do a PIPE, using Meyers as the placement agent, to raise working capital for IWEB.

31. Respondent recommended that IWEB hire a stock promoter named T.S. to create and disseminate research concerning IWEB's stock to boost its trading volume and market price.

32. IWEB subsequently hired T.S. to produce a web-based "advertorial campaign" to be published on blogs and emailed to over a million email addresses. They agreed that the web campaign would begin on May 22, 2012 and end on May 25, 2012. The fee for the four-day campaign was \$50,000.

33. In order to create demand for IWEB, Respondent also started whetting the appetites of several of his customers for IWEB stock, emailing them on May 7, 2012, "I'm working on something big for IWEB ... stay tuned!!" and "Take a look at IWEB (DON'T BUY ANY) and do a little work...I'm working on something BIG (not done yet) with them. I will let you know if there is an opportunity."

34. On May 10, 2012, D.C., who was employed by IWEB, emailed Respondent “Wth [what the hell] is going on, people need to do what they say they will, are we the only two ever buying.” Three trading days later, Respondent began aggressively soliciting his customers to both buy and sell IWEB

May 15, 2012

35. On Tuesday, May 15, 2012, Respondent purchased 115,000 IWEB shares for customer B1 at \$0.125. (App. A, Trade 1). Only a week earlier, B1 had sold 105,000 IWEB shares at \$0.135.

36. The same day, after meeting with J.S., T.S. emailed Respondent (errors in the original):

Just spoent too much fucking tine with Le douche [J.S.]...
We ae going toi KILL this...so u better get ready...we start Tuesday and we just
pulled one millioin names from other promotion to put this story out.. “The
NEXT \$Billion Cliud Storage Company IsIceWeb”...
Look at BTZO today...PLPL last week...GLYE over last month...LUXR...
We are going to LUXR treatment on Ice Web

May 16, 2012

37. On Wednesday, May 16, 2012, Respondent began purchasing IWEB shares for customer K1. All told, Respondent purchased 256,600 IWEB shares for K1 between 9:32 a.m. and 3:24 p.m. at gradually increasing prices. (App. A, Trades 2-7).

38. At the same time, Respondent was lining up other customers to purchase IWEB in the near future. When one of Respondent’s customers emailed him the same morning concerning Respondent’s earlier “stay tuned on IWEB” email, Respondent responded “Not ready yet on IWEB.”

39. Respondent also had the following email exchange with T.S. about raising IWEB's share price to at least \$0.17 to induce the exercise of the Warrants:

Respondent: How confident are you on the webber?

T.S.: Confident on the web campaign? It will be VERY intense 2 million high quality opted in subscribers and compounded with blog support. **What is the day you need it to peak to convert the warrants at .17?** I also have some other support coming in. **..Thursday is best for you to convert warrants...\$2 million right?** (emphasis added).

Respondent: Yep....let's go my friend (emphasis added).

May 17, 2012

40. On Thursday, May 17, 2012, Respondent purchased an additional 185,000 IWEB shares for customer K1 at prices between \$0.13 and \$0.145 per share. This time Respondent spread out K1's purchases between 9:32 a.m. and 3:56 p.m. (App. A, Trades 8-9, 12-16).

41. The same day, Respondent purchased an additional 500,000 shares for B1 at \$0.1425. Respondent filled the order by placing an identical sell order from customer L. The two orders were entered 30 seconds apart and executed simultaneously. (App. A, Trades 11-12).

May 18, 2012

42. On the morning of Friday, May 18, 2012, Respondent purchased an additional 250,000 shares for B1 at \$0.1425. Once again, Respondent filled the buy order by placing an identical sell order from customer L less than one minute later. (App. A, Trades 17-18).

43. Between 10:11 a.m. and 10:17 a.m., Respondent placed three 25,000 share buy orders for B1 at \$0.14 per share. (App. A, Trades 19-21). However, Respondent received an email from Christopher Wynne (Wynne) stating that B1 "said no more. Stop where u r at." Respondent responded with the message "I only had 175 K more ... what happened?"

44. Since B1 declined to buy any more shares, Respondent solicited B2 to buy shares. Between 11:06 a.m. and 3:40 p.m., Respondent purchased 241,000 shares for B2 in four separate trades at \$0.14. (App. A, Trades 22-25).

45. In addition, on May 18, 2012, Respondent sent 42 individual emails to customers with the subject, "IWEB: STAY TUNED." In the body of the email, he wrote, "Plan on being available next week...things are looking good."

46. Moreover, Respondent had another email exchange with T.S. that day concerning the scheme to boost the market price of IWEB's stock:

Respondent: Are you confident on this one my friend?"

T.S.: 110% confident...we added a \$100 million trading group to the mix...**you WILL be where u want to be.**

May 21, 2012

47. On Monday, May 21, 2012, Respondent's customer trading activity in IWEB quadrupled. Throughout the day Respondent purchased a total of 1,907,500 shares for certain customers while at the same time placing sell orders for other customers totaling 1,276,445 shares. (App. A, Trades 26-48).

48. In addition, customer B2 purchased 414,228 IWEB shares through an account he had at Broker-Dealer A at prices between \$0.145 and \$0.154, raising the total number of shares purchased by Respondent's customers to 2,321,728. B2's Broker-Dealer A purchases included 195,000 shares of IWEB that were matched with sales by L from his account at Meyers. (App. A, Trades 27-28, 36).

49. Five of the buy orders placed by Respondent for his customers were filled, in whole or in part, by five matched sell orders also placed by Respondent for his customers. (App. A,

Trades 29, 30, 35, 40-46). In an effort to control the supply, Respondent solicited customer K2 to sell his IWEB shares. On May 21, 2012, K2 sold 721,000 IWEB shares – 98% of his IWEB holdings – as a “favor” for Respondent. (App. A, Trades 41, 44, 45).

50. K2’s sales were used to fill three buy orders for another one of Respondent’s customers, T (App. A, Trades 42, 43, 46). All told, the five matched orders accounted for 967,350 of the shares purchased by Respondent’s customers that day.

51. In addition, on May 21, 2012, T.S. published his initial research report for IWEB (the “T.S. Report”), entitled “By Dumb LUCK I Just Discovered the PERFECT Tech Stock...In My Backyard!,” and posted a link to it on Twitter.

52. Respondent contacted T.S. by email to discuss the web campaign and the impact it was having on the “action” in IWEB’s stock. They also discussed the Warrants and the PIPE offering. Specifically, Respondent and T.S. exchanged the following emails:

Respondent: Hey buddy...saw your tweet...is this better/worse or as expected action?

T.S.: We have not begun yet...we only put out simple message to ur subs and social media guys as a warm up...the fireworks start tomorrow and climax on Thursday...

Respondent: Only one day (Thursday)? LUXR was good for weeks.

T.S.: GJ-LUXR was a 1.5 million piece direct mail campaigns at a cost of over \$1 million over man weeks. [] We could do a VERY similar campaign for IWEB [].

We are getting the biggest bang for our buck with dedicated emails that crescendo with 1.5 million emails of Thursday morning.

WITH some of the PIPE money you raise...we can expand our program....this campaign is short lived and its goal is to get stock into the 20 cent range so [J.S.] can convert enough warrants to fill his war chest. (Emphasis added)

53. Later that day, T.S. sent another email to Respondent concerning the T.S. Report:

Out to 300k tomorrow, 500k Wed...1.5 million Thursday...
We got 3.5 million shares today with a water pistol...
The bazookas come out starting tomorrow...
You close your PIPE deal for them at .17 on Thursday?
Stock will be at .20 or more on Thursday...
Bet you steak at Gibsons... (Emphasis added)

54. Respondent responded "If it closes in the 20's, I will buy you two steaks at Gibson's!!"

May 22, 2012

55. Respondent's customer trading in IWEB on Tuesday, May 22, 2012 was comparable to the trading on May 21, 2012. Between the market open and 1:00 p.m., Respondent bought 1,162,000 IWEB shares for certain customers and placed sell orders for other customers totaling 1,621,000 shares. (App. A, Trades 49-63). As the day before, five of the buy orders placed by Respondent were filled, in whole or in part, by five matched sell orders also placed by Respondent, accounting for 787,600 of the shares purchased. (App. A, Trades 50, 51, 53-56, 58-61). Again, it appears that Respondent solicited three customers – K3, H2 and S – to sell their IWEB shares in order to control the 'supply' for his purchasing customers.

56. Most of Respondent's customer trades on May 22, 2012 were executed at \$0.16. By setting the limit prices at \$0.16 for the buyers and sellers, Respondent was effectively setting, and then maintaining, the \$0.16 stock price. Respondent admitted this in an email to T.S. and J.S. in which he states, "Buy volume has dried up.... I've been supporting the .16 bid for the last two hours." J.S. responded, "[T.S.] said he doesn't start with the big guns til tomorrow and then Thursday."

57. Thereafter, Respondent worked on lining up buyers for the next two days, sending 37 separate emails to customers with the subject "IWEB" stating, "FYI...let's plan on talking about IWEB in the next few days." The email contained a link to T.S.'s specious initiation report on IWEB.

58. On May 22, 2012, Respondent received another email from T.S. concerning the IWEB PIPE and the Warrants. Specifically, T.S. emailed Respondent and J.S. concerning his next email blast predicting huge increases in volume for the next two days:

This out to our in-house lists tomorrow ... 200k ... then 1.5 million Thursday ... Should be 6-8 million share day ... but 10 million would not surprise [...] his week is a preview to the whole enchilada ... **with George raising PIPE money and John exercising warrants we should have enough gas in the tank to KEEP this up for the rest of the year.** (Emphasis added)

May 23, 2012

59. Respondent's customer trades on Wednesday, May 23, 2012 were equally manipulative. The first two orders, entered at 9:31 a.m., were a sale of 100,000 shares from Respondent's wife's (K.J.) account at \$0.17, and a sale of 20,000 shares from Wynne's personal account also at \$0.17. (App. A, Trades 64, 65). Two minutes later, at 9:33 a.m., Respondent placed an order for C to purchase 160,000 shares at \$0.17. C's buy order was filled with a portion of K.J.'s sell order and all of Wynne's 20,000 sell order.

60. At 9:39 a.m. Respondent emailed B2, "CALL ME ASAP!!!!!!!!!!!!!!!!!!!!!!" Between 9:48 and 10:06 a.m., Respondent placed six sell orders from B2's Meyers account totaling 665,000 shares at prices between \$0.17 and \$0.178. (App. A, Trades 67-71, 73). The first and fourth of these sell orders were matched, in whole or in part, with two buy orders placed by B2 in his Broker-Dealer A account, *i.e.*, wash sales. The fifth and sixth sell orders were matched, in

whole or in part, with two buy orders that Respondent placed for C at Meyers. (App. A, Trades 72, 74). The remainder of Respondent's trades were sales from B2's account. (App. A, Trades 75-82).

61. All told, B2 purchased 450,000 shares in his Broker-Dealer A account that day, 174,000 of which were from his account at Meyers, while selling 896,500 from his account at Meyers. (App. A, Trades 67-71, 73, 75-82).

May 24, 2012

62. Respondent's IWEB trades on Thursday, May 24, 2012 were confined to selling shares from B2's account. (App. A, Trades 83-92). That morning, Respondent emailed Wynne with instructions to "Start peeling out [B2's] stock...don't hit an entire bid in full (ie if they are showing 50K, hit it for 40K...don't take out bids)." Wynne followed Respondent's instructions selling smaller quantities in an effort to keep up the bid price. Respondent sold 413,000 shares of IWEB for B2 in 10 trades at prices between \$0.176 and \$0.171.

63. Around the time of the last B2 sale, Respondent received T.S.'s next article concerning IWEB (the "T.S. Article") entitled "IceWeb (IWEB.OB) Wins Storage Hardware Product of the Year Award in the 2012 Data Centre Solutions Awards." Respondent then emailed T.S. to discuss IWEB's share price:

Respondent: What do you think?

T.S.: I think traders are heading out for long weekend...we have done all we can do on a small budget and pre holiday week...my orders were to get huge volume and .17 - .18 cents...for a pre holiday week this is about as good as we can do.

Respondent: .165 bid now...I need it at .17 to .18 for a couple of days at least.

T.S.: We brought 9 million shares of volume...it's holiday weekend...if we start again on Wed we can get it up there again but getting list rental is difficult on short notice...Why not cut the PIPE to .15 and be done with it?

Respondent: You did a great job buddy ... let's keep it going!

64. On May 24, 2012, Respondent also informed the President of Meyers of the impending PIPE offering of IWEB. The President of Meyers then emailed Meyers' Chief Compliance Officer and requested that IWEB be placed on the Firm's restricted list due to a potential PIPE offering, and that a commitment call be scheduled for the next day to discuss the transaction.

May 25, 2012

65. On Friday, May 25, 2012, IWEB opened at \$0.177. However, by 10:20 a.m. it had fallen to \$0.16. Respondent, who was prohibited from soliciting purchases of IWEB, sent J.S. and D.C. a terse email asking "how about a little help."

66. D.C. responded, "Dude we bought 3.6 m this week," to which Respondent replied "TODAY IS VERY IMPORTANT!"

67. The stock price remained close to \$0.16 until 2:20 p.m., and then gradually dropped throughout the day, closing at \$0.134. After the market close, at 4:26 p.m., IWEB released a statement from the Board of Directors disclosing that the company's CEO, J.S., suddenly passed away that morning from a genetic heart condition.

* * *

68. In engaging in the conduct described above, Respondent artificially affected the market price and volume of IWEB stock.

69. As represented in the table below, Respondent's trades made up approximately 48% of the total market volume of IWEB from May 15 through May 24, 2012. This includes five consecutive days where Respondent's customers accounted for 50% or more of the total trading volume in IWEB. The average daily volume for Respondent's customers alone was 916,011 shares. This was 3.34 times the average trading volume of 273,944 shares for the entire market for IWEB during the 60-day period preceding the scheme. B2's purchases of IWEB at Broker-Dealer A increased further the volume of purchases accounted for by Respondent's customers.

Date	Closing Price	IWEB Market Volume	Meyers Customers Volume	Meyers Vol. v. IWEB Mkt. Vol.	Meyers Customers Bought	Meyers Customers Sold	Matched within Meyers	Meyers Bought v. IWEB Mkt. Vol.	B2 Broker-Dealer A Purchs.	Meyers Bought + B2 Broker-Dealer A Purchs. v. IWEB Mkt. Vol.
5/15	.1200	267,455	115,000	43%	115,000	0	0	43%		43%
5/16	.1275	466,020	256,600	55%	256,600	0	0	55%		55%
5/17	.1400	973,789	685,000	70%	685,000	500,000	500,000	70%		70%
5/18	.1450	817,773	566,100	69%	566,100	250,000	250,000	69%		69%
5/21	.1540	3,419,876	2,216,605	65%	1,907,500	1,276,455	967,350	56%	414,228	68%
5/22	.1700	3,576,088	1,995,400	56%	1,162,000	1,621,000	787,600	32%	150,000	37%
5/23	.1749	3,258,782	1,080,384	33%	460,000	1,016,500	396,116	14%	450,000	28%
5/24	.1730	2,537,967	413,000	16%	0	413,000	0			
Total		15,317,750	7,328,089	48%	5,152,200	5,076,955	2,901,066	34%	1,014,228	40%

70. After the scheme to manipulate the market for IWEB ended, IWEB's stock price continually declined, closing at .083 on August 31, 2012. The stock has since never recovered

and is currently listed at .0004 per share. Eleven of the twelve customers experienced a net loss on the transactions. Total losses from shares purchased through Meyers exceeded \$690,000.

71. Respondent generated over \$28,000 in gross commission for Meyers on the IWEB transactions solicited between May 15, 2012 and May 24, 2012.

72. Respondent, by the use of any means or instrumentality of interstate commerce or of the mails or of any facility of any national securities exchange, including telephone calls and emails to customers to solicit purchases and sales of securities, knowingly or recklessly engaged in manipulative or deceptive devices or contrivances in connection with the purchase or sale of securities, and knowingly or recklessly effected transactions in, or induced the purchase or sale of, securities by means of manipulative, deceptive or other fraudulent devices or contrivances, thereby willfully violating Section 10(b) of the Exchange Act, Rule 10b-5 promulgated thereunder, and FINRA Rule 2020. Also, by virtue of this conduct, Respondent did not comply with high standards of commercial honor and just and equitable principles of trade, thereby violating FINRA Rule 2010.

SECOND CAUSE OF ACTION

Violation of NASD Conduct Rules 2210(d)(1) and Rules 2711(h)(1)(C), and (h)(2)(A)(ii) and FINRA Rule 2010 Communications with the Public and Third Party Research Report Disclosures

73. The Department realleges and incorporates by reference paragraphs 1–72 above.

74. Respondent's manipulation of IWEB's stock coincided with the publication of the T.S. Report and the T.S. Article in connection with T.S.'s May 22 – 25, 2012 "advertorial campaign," which was intended "to get huge volume and .17 - .18 cents" for IWEB.

75. T.S. was not the first stock promoter recommended by Respondent to IWEB. Since at least January 2012, Respondent had been urging J.S. to hire other stock promoters to generate interest in IWEB's stock.

76. In January 2012, Respondent introduced J.S. to a stock promoter named J.F. J.F. had a blog that he published on websites such as JagNotes, SeekingAlpha and Small Cap Network.

77. In February 2012, IWEB hired J.F. Pursuant to his agreement with IWEB, J.F.'s primary responsibilities were to: (a) "[i]mplement a financial communications program for the purpose of broadening the company's shareholder base with expanded exposure to individual and institutional investors"; (b) "[d]evelop and disseminate a concise, impacting company profile on IWEB Inc. (IWEB) [and] write multiple reports;" and (c) "[w]ork to gain favorable analyst and media support; and develop and enhance market awareness."

78. J.F. was to be paid \$6,000 per month plus 170,000 restricted IWEB shares for his services to IWEB.

79. Between February 29, 2012 and May 29, 2012, J.F. wrote seven reports concerning IWEB (the "J.F. Reports"), as follows:

<u>Date</u>	<u>Title</u>
2/29/12	IWEB - Turnaround Stock of the Year - A New Ballgame Begins.
3/8/12	More on the Turnaround Stock of the Year – A Best Idea for 2012
3/20/12	(IWEB) In the sweet spot of history's fastest ever growth trend
3/27/12	I call (IWEB) my "Turnaround Stock of the year" and I see multi-bag potential for this little company
4/24/12	Turnaround Stock of the Year bags another big order from one of the world's largest electronics manufacturer

5/16/12 Turnaround Stock of the Year Reports 49% Revenue Increase-Inflection point is now defined

5/29/12 Turnaround Stock of the Year Wins Storage Hardware Product of the Year

80. Respondent distributed copies of each of the J.F. Reports and the T.S. Report and Article to customers of Meyers by emailing copies of or links to the reports and the article as they were published by J.F. and T.S.

81. The number of customers to whom Respondent sent the J.F. Reports and T.S. Report and Article varied, ranging from 35 customers to over 120.

82. The J.F. Reports and T.S. Report and Article (collectively the “Reports”) that Respondent disseminated to Meyers’ customers were communications with the public. NASD Conduct Rule 2210(d)(1) governs the content standards applicable to all communications with the public prior to February 4, 2013.

83. Rule 2210(d)(1)(A) provides “All member communications with the public shall be based on principles of fair dealing and good faith, must be fair and balanced, and must provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry, or service. No member may omit any material fact or qualification if the omission, in the light of the context of the material presented, would cause the communications to be misleading.”

84. Rule 2210(d)(1)(B) provides “No member may make any false, exaggerated, unwarranted or misleading statement or claim in any communication with the public. No member may publish, circulate or distribute any public communication that the member knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.”

85. Rule 2210(d)(1)(D) provides “Communications with the public may not predict or project performance, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast.”

86. The J.F. Reports and T.S. Report that Respondent disseminated to Meyers’ customers are also third party research reports.

87. Pursuant to NASD Conduct Rule 2711(h)(13)(A), third party research reports must be accompanied by the disclosures required by, among other things, paragraphs 2711(h)(1)(C), Material Conflicts of Interest, and 2711(h)(2)(A)(ii), Receipt of Compensation.

88. In particular, Rule 2711(h)(1)(C) requires the disclosure of “any other actual conflict of interest of the research analyst of which the research analyst or member knows or has reason to know at the time of publication of the research report.”

89. Rule 2711(h)(2)(A)(ii)(c) requires disclosure concerning whether the member or affiliate expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months.

90. The J.F. Reports violate each of these standards and rules.

The Reports’ Material Omissions of Conflicts of Interest and Risks Concerning IWEB’s Business

91. With respect to material conflicts of interest, the J.F. and J.S. Reports omitted facts concerning receipt of compensation and/or the true purpose of the reports.

92. The J.F. Reports fail to disclose that IWEB was paying J.F. in cash and stock to write his reports.

93. The J.F. Reports also fail to disclose the fact that J.F. was writing the reports “for the purpose of broadening the company’s shareholder base,” *i.e.*, to generate buying in the market.

94. Likewise the T.S. Report and Article did not disclose the fact that their purpose was to generate “huge volume ... for IWEB” and temporarily raise the price of IWEB’s stock to \$0.17–\$0.20.

95. The failure to disclose these material conflicts of interest make the Reports inherently misleading.

96. Moreover, by May 16, 2012, Respondent was aware that IWEB was intending upon doing a private offering using Meyers as the placement agent. Nevertheless, when sending the 5/16/12 and 5/29/12 J.F. Reports and the T.S. Report to Meyers’ customers, Respondent failed to disclose that Meyers expected to receive or intended to seek compensation for investment banking services from IWEB in the next 3 months.

97. In addition, the Reports omit all disclosure of any material risks concerning IWEB’s business.

98. IWEB’s SEC filings filed during the period January 1, 2010 through May 29, 2012 disclosed that IWEB was subject to numerous risk factors that could negatively impact its business and operations, including:

- a. Anticipated continuing losses that would result in significant liquidity and cash flow problems absent a material increase in revenues;
- b. The need for additional financing in order to fund the company’s ongoing operations and to continue as a going concern;
- c. A highly competitive market dominated by larger companies with whom IWEB may not be able to compete; and

- d. Substantial dependence on a limited number of customers with whom IWEB has no long-term agreements.

99. None of these or any other material risk factors were disclosed in any of the J.F. and TS Reports.

**The Reports' Unwarranted,
Exaggerated and Misleading Statements**

100. The Reports also contain numerous unwarranted, exaggerated and misleading statements, including: (i) unwarranted assertions concerning IWEB's purported "turnaround"; (ii) optimistic predictions concerning the performance of IWEB's stock; (iii) exaggerated claims concerning industry awards won by IWEB; and (iv) hyperbolic general assertions concerning the company and its products.

IWEB's Alleged "Turnaround"

101. The primary goal of the J.F. Reports was to create a picture of IWEB as a company experiencing an extraordinary "turnaround." Each report claims that a turnaround is underway and that new orders are "pouring in" and/or "surging." To buttress these claims, the J.F. Reports make various exaggerated and unbalanced statements concerning IWEB's quarterly "growth."

102. The 2/29/12 and 3/8/12 J.F. Reports contain a description of IWEB's "Quarterly Highlights and Recent Developments" for the first quarter of 2012 ("Q1 2012") that states: "Revenue increased 12% year-over-year. Revenue increased 362% in successive quarters. Operating expenses decreased 50% for the quarter compared to same quarter in FY 2011. Loss from operations decreased 61% in Q1 2012 vs. Q1 2011 and 73% less in successive quarters."

103. The 5/16/12 J.F. Report states that IWEB's 2012 second quarter ("Q2 2012") revenues increased by 49% from Q1 2012. Finally, the 3/20/12, 3/27/12 and 4/24/12 J.F.

Reports proclaim, with no support, that “[s]urging orders and extremely high inquiry demand have produced significant increases in top line quarter-over-quarter growth” and that “[t]hat trend will continue through the end of the year.”

104. The J.F. Reports’ use of percentages to support a “turnaround” is misleading. IWEB’s SEC filings show that the actual amount of the year-over-year quarterly revenue increase was only **\$81,045**, with actual revenues of \$758,898 for Q1 2012 and \$677,853 for Q1 2011.

105. IWEB’s Q1 2012 revenues increased by 362% from the fourth quarter of 2011 because the revenue for that quarter was only \$164,182. In fact, IWEB’s quarterly revenues for the earlier quarters — Q2 2011 and Q3 2011 — were higher than or the same as Q1 2012.

106. Similarly, while IWEB’s quarterly revenue increased by 49% from Q1 2012 to Q2 2012, its quarterly revenue increased by 65% from Q1 2011 to Q2 2011. In other words, on a year-over-year basis, the second quarter results from 2012 were not better than the second quarter results for 2011.

107. Thus, the J.F. Reports’ claims that quarterly results for Q1 and Q2 2012 show a “turnaround” are unwarranted and misleading.

Predictions Concerning IWEB’s Stock

108. The Reports’ predictions concerning the performance of IWEB’s stock are also improper, unwarranted, and unsupported by any facts concerning IWEB.

109. The T.S. Report begins with the declaration of an “initial target of \$2.25 [for IWEB] or 10X projected 2013 sales of \$45 million.” IWEB’s actual sales were nowhere near that

projection. IWEB's sales were \$2,678,000 for 2011 and \$1,892,000 for the first six months of 2012, *i.e.*, less than 10% (annualized) of the "projected 2013 sales."

110. T.S.'s target and projections are unsupported by any financial analysis of IWEB. Instead, T.S. points to acquisitions of companies with revenue of \$50 million to \$263 million, and the data storage industry as a whole, to support his "projected 2013 sales" and "10X" revenues multiple. He also claims that the "feeding frenzy of buy-outs in this space" and IWEB's "lowest cost/highest performance open source storage software/hardware solution makes IceWeb a PRIME take out play—in our mind the only question is WHEN not IF."

111. Similarly, the T.S. Article makes the following exaggerated prediction: "Buy some shares and hold 'em forever...aka till this company is bought out by one of the Big 5 players who they are killing in the mid-tier storage world."

112. The J.F. Reports also predict that IWEB will eventually be acquired by a larger entity at a high multiple of revenues. The 2/29/12 J.F. Report contains a section titled "Storage sector M&A activity boils at big revenue multiples" that starts with the statement: "Looming in the background and favoring (IWEB) is the booming M&A activity in the storage industry. Acquisition multiples are running from 7 to 10 X revenue."

113. The section then discusses other acquisitions and buyouts involving Dell, HP, IBM, Oracle, NTAP, EMC and Intel. It concludes by stating **"The eventual exit-strategy for (IWEB) will be a takeout by a major... Bet on it! (original emphasis)."**

114. The remaining J.F. Reports contain similar discussions of M&A activity and make similar predictions. In fact, the 5/29/12 J.F. Report quotes the T.S. Report as support for this assertion.

115. The J.F. Reports also claim that an investment in IWEB has “multi-bag potential,” meaning that the stock has the potential to increase three-fold or more. No reasonable basis is provided for this assertion.

116. All of the Reports’ predictions concerning the performance of IWEB’s stock are misleading and unwarranted with no basis in fact, as they use big-name companies and general industry demand in an attempt to inflate IWEB’s stock price and/or sell IWEB on the prediction that it will be acquired by a larger company.

Industry Awards Won by IWEB

117. As to IWEB’s “awards,” the J.F. Reports repeatedly tout an award won by IWEB — the DCIG Industry Replication Software Award for 2012 — which IWEB allegedly won in February 2012. Specifically, the 2/29/12 J.F. Report states that IWEB won “the DCIG Industry Replication Software Award for 2012 competing against all the big guys, EMC, NetApp, et al.” The 3/27/12 J.F. Report makes the identical assertion.

118. The J.F. Reports further represent that IWEB won the “#1 ranking in the DCIG 2012 Midrange Array Buyer’s Guide over EMC, NetApp, IBM, HP, et al.” The J.F. Reports assert that the “#1 ranking” and DCIG Award would result or had already resulted in significant sales.

119. In fact, the assertion that IWEB won the DCIG award is totally false. DCIG does not give “awards” and there was no “DCIG Industry Replication Software Award” for 2012 or any other year.

120. Similarly, the J.F. Reports’ claim that IWEB won the “#1 ranking” in the DCIG 2012 Midrange Array Buyer’s Guide is misleading. In DCIG’s 2012 Midrange Array Buyer’s Guide,

IWEB's Unified Storage Appliances received the #1 ranking out of 53 products and were designated "best-in-class" in one category — Replication Software.

121. However, the Buyer's Guide scored and ranked six categories: (i) Overall; (ii) Array Management; (iii) Sphere Integration; (iv) Array Hardware; (v) Storage Networking; and (vi) Replication Software. IWEB received an "Overall" ranking of 15th, a ranking of 12th in Array Management; a ranking of 19th in vSphere Integration; a ranking of 7th for Array Hardware; and a ranking of 28th for Storage Networking. The omission of these lower rankings made the J.F. Reports misleading.

122. The 5/29/12 J.F. Report and the T.S. Article also focus on an award *actually* won by IWEB in May 2012, the Data Centre Solutions ("DCS") 2012 award for "Hardware Product of the Year." Both make exaggerated or unsupported claims about the award and its significance to IWEB.

123. The 5/29/12 J.F. Report claims that this award "mark[s] a sea change, a pivotal event that's stunned the data storage industry" and that "with this hard to believe win a micro-cap blows away the huge established legacy players."

124. The T.S. Article claims that "Winning Best in Show with them is like an Oscar in the movie world" and "Because this award comes from the SAME IT people who BUY this kind of unified/unstructured data center hardware and software, this award WILL translate into a LOT of orders. How many—don't know...but a lot."

125. There are no facts discussed in the 5/29/12 J.F. Report or the T.S. Article that provide any basis for the highly exaggerated statements set forth above. In fact, for the two fiscal quarters following the announcement of the award, IWEB's revenues totaled \$749,000, almost

identical to the revenues for same quarters in the prior year. In other words, the award had no apparent impact on sales.

General Assertions Concerning IWEB

126. The T.S. Report also makes general assertions concerning IWEB that, on their face, are unwarranted, exaggerated and/or misleading:

- a. “The ONE Tech Company in the VERY Right Place and The EXACT Right Time.”
- b. “IceWeb is perfectly positioned with a low cost/high efficiency unified data storage solution in the commoditized unstructured data storage market.”
- c. “Literally, if we could dream up the perfect technology stock for 2012 and the foreseeable future it would be [IWEB].”
- d. “IceWeb is almost magically in the right place with the exactly right product at the right time.”
- e. “Sometimes it’s better to be lucky than good...I’ll take lucky and a few hundred thousand shares of IWEB any day.”

127. Similarly, the T.S. Report and the T.S. Article make the following statements that are unsupported by a sound basis:

- a. “[The] IWEB Storage System is a high-performance, unified storage system that offers one platform for file and block data of all kinds at the lowest cost per petabyte.” [T.S. Report]
- b. “IceWeb provides the cheapest storage box and more important the lowest cost/highest performance solution to public and private enterprise cloud data storage centers and to the FREE cloud data storage companies.” [T.S. Report]
- c. “[In] almost every case they are the LEAST expensive solution...up to 75% cheaper.” [T.S. Report]
- d. “Highest rated, lowest cost—THAT is why we LOVE IceWeb.” [T.S. Report]

128. The J.F. Reports contain similar statements, such as:

- a. “Unparalleled performance metrics.” [2/29/12 and 3/8/12 J.F. Reports]

- b. “Combined with IWEB’s unmatched performance, high availability and our unbeatable price point make our systems a no-brainer for today’s demanding enterprises.” [3/20/12 J.F. Report]
- c. “This company’s breakthrough product line brings the absolute best features, the best performance, and the best price for unified data storage in cloud and virtual environments. It’s an unbeatable sales offering.” [4/24/12 and 5/16 J.F./12 Reports]
- d. “(IWEB) has an unbeatable sales offering that a growing list of premier customers have selected.” [5/29/12 J.F. Report]

129. All of the Reports are devoid of facts demonstrating that assertions set forth above are supported by a sound basis.

130. By reason of the foregoing, Respondent in distributing the J.F. and T.S. Reports to Meyers’ customers, violated NASD Conduct Rules 2210(d)(1), 2711(h)(1)(C) and (h)(2)(A)(ii) and FINRA Rule 2010.

THIRD CAUSE OF ACTION

Omissions of Material Facts — Willful Violation of Exchange Act § 10(b), Rule 10b-5 thereunder and Violation of FINRA Rules 2020 and 2010

131. The Department realleges and incorporates by reference paragraphs 1–130 above.

132. Section 10(b) of the Exchange Act and Rule 10b-5 thereunder make it unlawful for any person, by the use of any means or instrumentality of interstate commerce, or of the mails, to, among other things, make any untrue statement of a material fact or to 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, in connection with the purchase or sale of a security.

133. As noted above, FINRA Rule 2020 provides that “[n]o member shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance.”

134. On 11 occasions between July 18, 2012 and August 31, 2012, Respondent, through his or his wife’s personal account, contemporaneously sold shares of stock of a company called Snap Interactive, Inc. (OTCBB: STVI) while soliciting his customers, by telephone calls, to purchase STVI. As more fully set forth on Appendix B, Respondent and his wife sold approximately 139,500 shares of STVI for approximately \$181,857. Respondent generated gross commissions of \$4,400 for Meyers from his customers’ corresponding purchases of STVI.

135. In connection with each of the 11 solicitations to customers, Respondent intentionally, or at least recklessly, failed to disclose to customers that he or his wife were contemporaneously selling their shares. This information was material to his customers.

136. Four customers purchased 170,000 shares of STVI on days where Respondent failed to disclose his or his wife’s contemporaneous sales of their STVI shares. By April 30, 2013, the shares purchased by these four customers had declined in value substantially. As of April 30, 2013, these customers still held all of their STVI shares. As of April 30, 2013, their (unrealized) losses as a result of the adverse interest sales totaled over \$120,000.

137. Respondent intentionally, knowingly or recklessly omitted to disclose material information that he had a duty to disclose. A registered representative owes a duty to his customers to disclose material information fully and completely when recommending an investment. This includes disclosure of “adverse interests” such as self-interest that could influence a salesperson’s recommendation.

138. The fact that a broker is contemporaneously selling stock in which he has a financial interest while recommending its purchase to customers is material information and the type of adverse interest that must be disclosed. Customers may not be deprived of the opportunity to question whether the broker had a genuine, objective belief that the investment was in the customer's best interest before effecting the transactions, and must be informed that, in furtherance of the broker's own self-interest, the broker is taking action contrary to the recommendation.

139. In connection with the purchases and sales of STVI, Respondent made use of means or instrumentalities of interstate commerce. Specifically, Respondent made use of the telephone to solicit customers.

140. By reason of the foregoing, Respondent willfully violated §10(b) of the Exchange Act and Rule 10b-5 thereunder and also violated FINRA Rules 2020 and 2010.

FOURTH CAUSE OF ACTION

Violation of FINRA Rule 2010 Just and Equitable Principles Of Trade – Disclosure of Material Non-Public Information

141. The Department realleges and incorporates by reference paragraphs 1–140 above.

142. ChromaDex Inc. (OTCBB: CDXC) is a natural products company based in Irvine, California. On or about January 23, 2012, Respondent learned that CDXC was close to conducting an offering through another FINRA member firm, M.C. Respondent sought to have Meyers participate as a member of the selling group and started compiling names of customers and contacts who he could solicit to purchase CDXC through the offering.

143. On January 24, 2012, Respondent learned that M.C. would not open the CDXC offering to a selling group. Respondent persisted and emailed a CDXC board member telling

him “I have guys interested” in the CDXC offering and asking him “can I get docs/term sheet/ppm, etc.?” for the deal.

144. Several minutes later, Respondent received an email from CDXC’s Chief Financial Officer, T.V. attaching CDXC’s January 2012 confidential Investor Presentation (“CDXC Presentation”).

145. In the email, T.V. stated, “Per [board member’s] request here is the presentation. **This is confidential and you are being brought over the wall until this is announced.**” (emphasis added).

146. The CDXC Presentation contained, among other things, confidential information concerning the size of the offering, which was \$8 million. That information was material because an offering that size could have a dilutive effect on the company’s stock price.

147. Respondent was aware that the information in the CDXC Presentation concerning the offering was intended to be kept confidential.

148. Respondent immediately forwarded T.V.’s email to Wynne, and asked Wynne to have Meyers put CDXC on the Firm’s restricted list and to find out who needed to approve participation in the deal.

149. Then, without the necessary consent of CDXC or Meyers, and without obtaining an agreement not to disclose or use the information, Respondent sent 29 emails to customers and CDXC investors that contained the CDXC Presentation as an attachment.

150. The subject read, “CONFIDENTIAL (LET ME KNOW IF YOU HAVE ANY INTEREST).” In the body of the email, Respondent wrote, “Here is [Dr. F.’s] next

deal....pricing tomorrow night (registered direct 1 common and 15% warrant coverage at \$1.10)

Call me if you are interested.”

151. In his rush to collect indications of interest, Respondent disregarded CDXC’s instructions, his firm’s procedures, and established industry practice. Respondent also violated his duty to keep the information concerning CDXC confidential.

152. On January 26, 2012, Wynne received an email response from G.T., Meyer’s Syndicate Manager, concerning the CDXC Presentation. G.T. responded, “You can send out the Presentation now. You must ‘take the client over the wall.’ Call me for details if needed. Send me the client’s name and phone number after you do that.”

153. Wynne immediately forwarded G.T.’s response to Respondent. Nevertheless, even after being told again that he must take customers over the wall, Respondent emailed the CDXC Presentation to three more customers, without seeking an agreement from the customers to be restricted.

154. On January 27, 2012, CDXC filed a Preliminary Prospectus Supplement, which disclosed that CDXC planned on raising \$8 million through an offering. Following this news, between January 27 and January 31, CDXC’s stock declined from \$1.00 to \$0.92.

155. As a result of the foregoing conduct, Respondent failed to observe high standards of commercial honor and just and equitable principles of trade in violation of FINRA Rule 2010.

FIFTH CAUSE OF ACTION

Falsification of Firm Books and Records FINRA Rules 4511 and 2010

156. The Department realleges and incorporates by reference paragraphs 1–155 above.

157. FINRA Rule 4511(a) provides that “Members shall make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules.”

158. SEC Rule 17a-3(a)(17)(i)(A) requires brokers-dealers to make an account record for each account with a natural person that contains information concerning the customer and that indicates “whether it has been signed by the associated person responsible for the account.”

159. SEC Rule 17a-3(a)(6) requires broker-dealers to make a “memorandum of each brokerage order, and of any other instruction, given or received for the purchase or sale of securities” showing, *inter alia*, “the identity of each associated person, if any, responsible for the account.”

160. When the Respondent joined Meyers in December 2011, Respondent was the broker responsible for the accounts of customers B2, H2, K3, P, and T. However, he was not licensed in the states where these customers resided.

161. When Joseph Mahalick joined Meyers, he signed account applications of Respondent customers B2, H2, and K3 falsely indicating that he (not Respondent) was “the associated person responsible for the account.”

162. In addition, when Wynne joined Meyers, he signed the account application of Respondent customers P and T, falsely indicating that he, not Respondent, was “the associated person responsible for the account.”

163. During 2012, Respondent solicited or placed a total of over 100 trades, including trades involving shares of IWEB, for B2, H2, K3, P, or T. Each time, Wynne, who entered all of

Respondent's orders, put down on the order memorandum that he or Mahalick, not Respondent, was the associated person responsible for the account.

164. Respondent was aware that Mahalick and Wynne were falsely listed as the associated person responsible for the account on order memoranda for B2, H2, K3, P, and T, and agreed to the practice of entering false information on over 100 order memoranda submitted to Meyers in order to cover up Respondent's violations of state securities registration requirements.

165. As a result of the forgoing, Respondent caused Meyers' books and records to be false.

166. By virtue of the foregoing conduct, Respondent caused Meyers to violate SEC Rules 17a-3(a)(6) and 17a-3(a)(17)(i)(A) and thereby violated FINRA Rules 4511 and 2010.

Based on the foregoing, Respondent willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, NASD Rules 2210 and 2711 and FINRA Rules 2010, 2020 and 4511.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

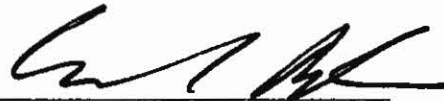
It is ordered that Respondent George Johnson be barred from associating with any FINRA member in any and all capacities.

The sanctions herein shall be effective on a date set by FINRA staff. A bar or expulsion is effective upon approval or acceptance of this Order.

SO ORDERED.

FINRA

Signed on behalf of the
Director of ODA, by delegated authority

A handwritten signature in black ink, appearing to read 'S. Barkin', is written over a horizontal line.

Samuel L. Barkin
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APPENDIX A – IWEB TRADES

Trades highlighted in **bold** indicate matched orders.

An asterisk indicates a trade where only a portion of the paired trades were matched.

A *B₂ indicates partially matched orders involving B2's Broker-Dealer A account.

A w indicates wash sales involving B2's Broker-Dealer A account.

Trade No.	Date	Order Entry Time	Order Execution Time	Account Name	Action	Qty	Price	Gross Amt
1	5/15	10:17:17	10:17:17	B1	Buy	115,000	0.1250	\$14,375
2	5/16	09:32:23	09:32:40	K1	Buy	50,000	0.1200	\$6,000
3	5/16	09:39:02	09:39:08	K1	Buy	50,000	0.1200	\$6,000
4	5/16	09:44:10	09:44:31	K1	Buy	15,000	0.1250	\$1,875
5	5/16	10:50:06	10:50:11	K1	Buy	85,000	0.1300	\$11,050
6	5/16	11:30:21	15:24:49	K1	Buy	6,600	0.1250	\$825
7	5/16	13:06:29	13:06:36	K1	Buy	50,000	0.1290	\$6,450
8	5/17	09:32:20	09:32:25	K1	Buy	5,000	0.1300	\$650
9	5/17	10:22:00	10:22:08	K1	Buy	10,000	0.1349	\$1,349
10	5/17	10:44:44	10:45:16	B1	Buy	500,000	0.1425	\$71,250
11	5/17	10:45:16	10:45:16	L	Sell	-500,000	0.1425	\$71,250
12	5/17	10:49:56	10:50:03	K1	Buy	35,000	0.1450	\$5,075
13	5/17	13:27:29	13:27:36	K1	Buy	25,000	0.1390	\$3,475
14	5/17	14:06:27	15:11:56	K1	Buy	10,000	0.1350	\$1,350
15	5/17	15:53:18	15:53:23	K1	Buy	50,000	0.1390	\$6,950
16	5/17	15:56:02	15:56:07	K1	Buy	50,000	0.1399	\$6,995
17	5/18	09:37:05	09:37:49	B1	Buy	250,000	0.1425	\$35,625
18	5/18	09:37:49	09:37:49	L	Sell	-250,000	0.1425	\$35,625
19	5/18	10:11:57	10:12:02	B1	Buy	25,000	0.1400	\$3,500
20	5/18	10:14:24	10:14:34	B1	Buy	25,000	0.1400	\$3,500
21	5/18	10:17:51	10:20:50	B1	Buy	25,000	0.1400	\$3,500
22	5/18	11:06:27	11:06:27	B2	Buy	150,000	0.1400	\$21,000
23	5/18	11:17:32	11:17:36	B2	Buy	21,100	0.1400	\$2,954
24	5/18	13:05:43	15:11:10	B2	Buy	25,000	0.1400	\$3,500
25	5/18	15:40:05	15:40:06	B2	Buy	45,000	0.1400	\$6,300
26	5/21	09:49:01	09:49:06	B2	Buy	40,300	0.1400	\$5,642
27	5/21*B ₂	10:03:31	10:03:45	L	Sell	-150,000	0.1450	\$21,750
28	5/21*B ₂	10:05:19	10:05:50	L	Sell	-50,000	0.1450	\$7,250
29	5/21	10:06:27	10:06:53	L	Sell	-250,000	0.1425	\$35,625

Trade No.	Date	Order Entry Time	Order Execution Time	Account Name	Action	Qty	Price	Gross Amt
30	5/21	10:06:52	10:06:53	D	Buy	250,000	0.1425	\$35,625
31	5/21	10:11:42	10:11:43	B2	Buy	9,700	0.1489	\$1,445
32	5/21	10:13:55	10:25:33	D	Buy	25,000	0.1450	\$3,625
33	5/21	10:47:21	10:51:55	D	Buy	25,000	0.1450	\$3,625
34	5/21	10:59:34	10:59:41	D	Buy	37,500	0.1470	\$5,512
35	5/21*	11:44:47	11:44:48	B2	Buy	100,000	0.1458	\$14,584
36	5/21*B,	11:59:35	11:59:36	L	Sell	-105,455	0.1451	\$15,306
37	5/21	12:13:37	12:13:42	B2	Buy	20,000	0.1475	\$2,950
38	5/21	12:23:30	12:23:39	H1	Buy	150,000	0.1494	\$22,409
39	5/21	12:30:41	12:30:54	T	Buy	250,000	0.1497	\$37,429
40	5/21	13:23:39	13:35:18	T	Buy	50,000	0.1500	\$7,500
41	5/21	15:01:27	15:01:55	K2	Sell	-250,000	0.1480	\$37,000
42	5/21	15:01:54	15:01:55	T	Buy	250,000	0.1470	\$37,000
43	5/21	15:05:21	15:05:59	T	Buy	250,000	0.1480	\$37,000
44	5/21	15:05:59	15:05:59	K2	Sell	-250,000	0.1480	\$37,000
45	5/21*	15:10:27	15:10:28	K2	Sell	-221,000	0.1481	\$32,722
46	5/21*	15:10:58	15:11:11	T	Buy	250,000	0.1475	\$36,870
47	5/21	15:24:45	15:25:32	T	Buy	50,000	0.1500	\$7,500
48	5/21	15:38:50	15:39:02	T	Buy	50,000	0.1499	\$7,495
49	5/22	09:36:35	09:36:43	K3	Sell	-100,000	0.1550	\$15,500
50	5/22	09:40:02	09:40:08	K3	Sell	-298,500	0.1510	\$45,114
51	5/22	09:40:25	09:40:33	D	Buy	272,000	0.1510	\$41,068
52	5/22	09:57:58	09:58:38	H2	Sell	-300,000	0.1620	\$48,600
53	5/22*	10:00:59	10:00:59	H2	Sell	-184,700	0.1630	\$30,118
54	5/22*	10:01:13	10:03:44	T	Buy	350,000	0.1630	\$57,050
55	5/22*	10:33:30	10:33:30	H2	Sell	-137,800	0.1600	\$22,048
56	5/22*	10:33:55	10:33:55	C	Buy	150,000	0.1600	\$24,000
57	5/22	11:41:33	11:41:37	S	Sell	-200,000	0.1610	\$32,243
58	5/22*	11:44:10	11:45:14	S	Sell	-200,000	0.1600	\$32,016
59	5/22*	11:47:23	11:47:23	C	Buy	150,000	0.1600	\$23,999
60	5/22*	11:49:47	11:49:48	S	Sell	-200,000	0.1600	\$32,000
61	5/22*	11:51:41	11:51:41	C	Buy	150,000	0.1600	\$24,000
62	5/22	12:22:30	12:22:39	C	Buy	50,000	0.1600	\$8,000
63	5/22	12:59:06	12:59:15	C	Buy	40,000	0.1600	\$6,400
64	5/23*	09:31:03	09:31:03	K.J.	Sell	-100,000	0.1700	\$17,000
65	5/23	09:31:51	09:33:34	Wynne	Sell	-20,000	0.1700	\$3,400
66	5/23*	09:33:34	09:33:34	C	Buy	160,000	0.1700	\$27,200
67	5/23 w	09:48:34	09:48:41	B2	Sell	-100,000	0.1750	\$17,500
68	5/23	09:51:39	09:52:21	B2	Sell	-78,500	0.1780	\$13,973
69	5/23	09:54:11	09:55:18	B2	Sell	-21,500	0.1750	\$3,762

Trade No.	Date	Order Entry Time	Order Execution Time	Account Name	Action	Qty	Price	Gross Amt
70	5/23 w	09:56:49	09:57:03	B2	Sell	-100,000	0.1710	\$17,062
71	5/23*	09:58:45	09:58:49	B2	Sell	-265,000	0.1700	\$45,052
72	5/23*	10:00:38	10:00:38	C	Buy	200,000	0.1700	\$34,000
73	5/23	10:06:20	10:06:39	B2	Sell	-100,000	0.1750	\$17,500
74	5/23	10:06:39	10:06:39	C	Buy	100,000	0.1750	\$17,500
75	5/23	12:22:45	12:22:54	B2	Sell	-21,500	0.1700	\$3,655
76	5/23	14:02:11	14:02:16	B2	Sell	-15,000	0.1710	\$2,561
77	5/23	14:03:04	14:03:18	B2	Sell	-20,000	0.1700	\$3,400
78	5/23	14:04:41	14:04:45	B2	Sell	-5,000	0.1700	\$850
79	5/23	14:21:25	14:21:26	B2	Sell	-50,000	0.1750	\$8,739
80	5/23	15:04:03	15:04:09	B2	Sell	-20,000	0.1710	\$3,420
81	5/23	15:07:17	15:07:30	B2	Sell	-50,000	0.1710	\$8,525
82	5/23	15:07:59	15:08:03	B2	Sell	-50,000	0.1700	\$8,500
83	5/24	09:36:28	09:36:34	B2	Sell	-15,000	0.1760	\$2,640
84	5/24	09:37:08	09:37:08	B2	Sell	-50,000	0.1730	\$8,632
85	5/24	09:42:38	09:42:43	B2	Sell	-18,000	0.1730	\$3,105
86	5/24	10:31:47	10:31:47	B2	Sell	-100,000	0.1720	\$17,198
87	5/24	11:29:15	11:29:15	B2	Sell	-20,000	0.1700	\$3,401
88	5/24	11:37:32	11:37:42	B2	Sell	-45,000	0.1700	\$7,650
89	5/24	11:40:36	11:40:36	B2	Sell	-45,000	0.1710	\$7,695
90	5/24	11:49:12	11:49:13	B2	Sell	-70,000	0.1700	\$11,900
91	5/24	13:27:25	13:27:29	B2	Sell	-25,000	0.1710	\$4,282
92	5/24	13:32:26	13:32:36	B2	Sell	-25,000	0.1710	\$4,275

APPENDIX B – STVI TRADES

	Account Name	Date	Exec Time	Buy /Sell	Qty	Price	Net Amount
1	George Johnson	7/18	09:37	Sell	-12,000	1.40	-\$16,724.62
	I.	7/18	09:37	Buy	15,000	1.41	\$21,795.00
2	George Johnson	7/19	09:51	Sell	-10,000	1.45	-\$14,424.67
	I.	7/19	09:51	Buy	12,500	1.45	\$18,710.00
3	H1	7/26	09:47	Buy	12,500	1.37	\$17,675.00
	George Johnson	7/26	09:47	Sell	-10,000	1.37	-\$13,624.69
4	C.	7/30	11:50	Buy	15,000	1.35	\$20,666.00
	K.J.	7/30	11:50	Sell	-10,000	1.35	-\$13,424.69
5	K.J.	7/30	13:54	Sell	-7,500	1.36	-\$10,134.77
	C.	7/30	13:54	Buy	5,000	1.37	\$7,000.00
6	K.J.	8/1	09:55	Sell	-10,000	1.32	-\$13,124.70
	C.	8/1	09:55	Buy	15,000	1.33	\$20,225.00
7	K.J.	8/1	10:20	Sell	-10,000	1.32	-\$13,149.70
	C.	8/1	10:21	Buy	15,000	1.33	\$20,183.00
8	K.J.	8/1	10:32	Sell	-10,000	1.32	-\$13,149.70
	C.	8/1	10:32	Buy	15,000	1.33	\$20,195.00
9	K.J.	8/3	11:59	Sell	-15,000	1.30	-\$19,424.56
	K1	8/3	11:59	Buy	20,000	1.31	\$26,362.45
10	K.J.	8/29	11:20	Sell	-20,000	1.22	-\$24,324.45
	K1	8/29	11:20	Buy	25,000	1.23	\$31,426.96
11	K.J.	8/31	10:52	Sell	-15,000	1.22	-\$18,224.59
	K1	8/31	10:52	Buy	20,000	1.23	\$25,125.00