

**NASD
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,
Complainant,
v.

INVESTPRIVATE, INC. (BD No. 103737),
SCOTT MATHIS (CRD No. 1362203),
RONALD ROBBINS (CRD No. 400704),
and
DONALD GERAGHTY (CRD No.
1659545),

Respondents

Disciplinary Proceeding
No. C10040052
Hearing Officer SNB

OFFER OF SETTLEMENT

I.

Respondents InvestPrivate, Inc. ("InvestPrivate" or the "Firm"), Scott Mathis ("Mathis"), Ronald Robbins ("Robbins") and Donald Geraghty ("Geraghty") make this Offer of Settlement ("Offer") to NASD with respect to the matters alleged by NASD in the Second Amended Complaint in Disciplinary Proceeding No C10040052 dated February 4, 2005 ("Complaint").

This Offer is submitted to resolve this proceeding and is made without admitting or denying the allegations of the Complaint. It is also submitted upon the condition that NASD shall not institute or entertain, at any time, any further proceeding as to Respondents based on the allegations of the Complaint, and upon further condition that it will not be used in this proceeding, in any other

proceeding, or otherwise, unless it is accepted by the National Adjudicatory Council (“NAC”) Review Subcommittee, pursuant to NASD Rule 9270.

II.

Pursuant to the conditions set forth herein, Respondents consent to the issuance of an Order of Acceptance (“Order”) accepting the Offer and disposing of this proceeding in the following manner:

A. Without admitting or denying the allegations, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD is a party, consenting to the entry of findings of facts and violations as alleged in the Complaint¹ by:

¹ In connection with this Offer, the following allegations in the Complaint will be withdrawn with prejudice:

- the allegations in the First and Second Causes of Complaint (i) that InvestPrivate and Mathis’ misconduct violated Section 10(b) and Rule 10b-5 thereunder of the Securities Exchange Act, Section 17(a)(1) and 17(a)(3) of the Securities Act and NASD Conduct Rule 2120; and (ii) that the omissions described in paragraphs 33(b), (c), and (e) – (j) and paragraphs 36(a)(i), 36(a)(iii), and 36(b) – (f) violated Section 10(b) and Rule 10b-5 thereunder of the Securities Exchange Act, Section 17(a)(1)-(3) of the Securities Act and NASD Conduct Rules 2120 and 2110;
- the allegations in paragraphs 46(c), (d) and (e) of the Third Cause of the Complaint;
- the entire Fourth and Ninth Causes of Complaint (paragraphs 51 – 57 and 84 – 87 of the Complaint);
- the allegations in the Fifth, Sixth and Seventh Causes of the Complaint that Mathis’ failure to disclose material information on his Form U-4 was willful (in paragraphs 64, 70 and 76 of the Complaint);
- the allegations against Mathis and Geraghty (that they violated Securities Exchange Act Section 15(c)(2) and Rule 15c2-4) in the Eleventh Cause of Complaint;
- the allegations against Mathis (that he violated Securities Exchange Act Rule 15c3-1) in the Twelfth Cause of Complaint;
- the allegations against Geraghty (that he violated NASD Conduct Rule 3110) in the Thirteenth Cause of Complaint; and
- the allegations in paragraphs 117(c) of the Fourteenth Cause of the Complaint.

The remainder of the First, Second, Third, Fifth, Sixth, Seventh, Eighth, Tenth, Eleventh, Twelfth, Thirteenth and Fourteenth Causes of Complaint still stand.

Respondents understand that the agreement to withdraw the allegations specified in this footnote shall become null and void in the event that Offer is rejected by the National Adjudicatory Council (“NAC”) pursuant to NASD Rule 9270.

1. Respondent InvestPrivate of NASD Rules 2110, 1021, 1031, 3010, 3070 and 3110; and Sections 5 and 17(a)(2) of the Securities Act; Sections 15(c)(2) and 17(a) and Rules 15b3-1, 15c2-4 and 17a-4(b)(4) of the Securities Exchange Act;
2. Respondent Mathis of NASD Rules 2110, 1021, 1031 and NASD Membership and Registration IM 1000-1; Sections 5 and 17(a)(2) of the Securities Act; and Section 15(c)(2);
3. Respondent Geraghty of NASD Rules 2110, 1021, 1031, 3010 and 3070; and
4. Respondent Robbins of NASD Rules 2110, 1021 and 1031.

B. Imposing sanctions of:

1. A censure against InvestPrivate;
2. A fine of \$205,000 against InvestPrivate, of which \$75,000 will be imposed jointly and severally with Mathis; \$15,000 will be imposed jointly and severally with Mathis and Geraghty; and \$15,000 will be imposed jointly and severally with Geraghty;
3. A separate fine of \$10,000 against Mathis;
4. A fine of \$10,000 against Robbins;
5. A sixty (60) calendar day suspension against InvestPrivate from seeking or accepting new engagements to conduct or participate in the offer or sale of unregistered securities through any private offering, private placement or private investment in public equity (“PIPE”) transactions;
6. Mathis to be suspended from associating with any NASD member firm in any and all capacities for thirty (30) calendar days followed by another period of thirty (30) calendar days during which he will be suspended from associating with any member firm in any sales representative capacity; and
7. A suspension against Robbins from associating with any member firm in any and all capacities for ten business days.
8. InvestPrivate shall
 - a. Retain, within 60 days of the date of Notice of Acceptance of this Offer of Settlement, an Independent Consultant, not unacceptable to NASD staff, to conduct a comprehensive review of the adequacy of the Firm’s policies, systems and procedures (written and otherwise) and training relating to the offer or sale of unregistered securities through any private offering, private placement or PIPE transactions.

- b. Exclusively bear all costs, including compensation and expenses, associated with the retention of the Independent Consultant.
- c. Cooperate with the Independent Consultant in all respects, including by providing staff support. InvestPrivate shall place no restrictions on the Independent Consultant's communications with NASD staff and, upon request, shall make available to NASD staff any and all communications between the Independent Consultant and the Firm and documents reviewed by the Independent Consultant in connection with his or her engagement. Once retained, InvestPrivate shall not terminate the relationship with the Independent Consultant without the NASD staff's written approval; InvestPrivate shall not be in and shall not have an attorney-client relationship with the Independent Consultant and shall not seek to invoke the attorney client privilege or other doctrine or privilege to prevent the Independent Consultant from transmitting any information, reports or documents to the NASD.
- d. At the conclusion of the review, which shall be no more than 120 days after the date of Notice of Acceptance of this Offer of Settlement, require the Independent Consultant to submit to the Firm and NASD staff a Written Report. The Written Report shall address, at a minimum, (i) the adequacy of the Firm's policies, systems, procedures and training relating to the offering or sale of unregistered securities through any private offer, private placement or PIPE transaction; (ii) a description of the review performed and the conclusions reached, and (iii) the Independent Consultant's recommendations for modifications and additions to the Firm's policies, systems, procedures and training; and
- e. Require the Independent Consultant to enter into a written agreement that provides that, for the period of engagement and for a period of two years from completion of the engagement, the Independent Consultant shall not enter in to any other employment, consultant, attorney-client, auditing or other professional relationship with InvestPrivate, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. Any firm with which the Independent Consultant is affiliated in performing his or her duties pursuant to this Offer of Settlement shall not, without prior written consent of NASD staff, enter in to any employment, consultant, attorney-client, auditing or other professional relationship with InvestPrivate or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.
- f. Within 30 days after delivery of the Written Report, InvestPrivate shall adopt and implement the recommendations of the Independent Consultant or, if it determines that a recommendation is unduly burdensome or impractical, propose an alternative procedure to the

Independent Consultant designed to achieve the same objective. The Firm shall submit such proposed alternatives in writing simultaneously to the Independent Consultant and NASD staff. Within 30 days of receipt of any proposed alternative procedure, the Independent Consultant shall: (i) reasonably evaluate the alternative procedure and determine whether it will achieve the same objective as the Independent Consultant's original recommendation; and (ii) provide the Firm with a written decision reflecting his or her determination. The Firm will abide by the Independent Consultant's ultimate determination with respect to any proposed alternative procedure and must adopt and implement all recommendations deemed appropriate by the Independent Consultant.

- g. Within 30 days after the issuance of the later of the Independent Consultant's Written Report or written determination regarding alternative procedures (if any), InvestPrivate shall provide NASD staff with a written implementation report, certified by an officer of InvestPrivate, attesting to, containing documentation of, and setting forth the details of the Firm's implementation of the Independent Consultant's recommendations.
- h. Upon written request showing good cause, the NASD staff may extend any of the procedural dates set forth above.

The sanctions imposed herein shall be effective upon a date selected by NASD staff.

III.

In connection with the submission of this Offer, and subject to the provisions herein, Respondents specifically waive the following rights provided by the NASD Code of Procedure:

- A. any right to a hearing before an Adjudicator (as defined in NASD Rule 9120(a)), and any right of appeal to the NAC, the U.S. Securities and Exchange Commission, or the U.S. Court of Appeals, or any right otherwise to challenge or contest the validity of the Order issued, if the Offer and the Order are accepted;
- B. any right to claim bias or prejudgment by the Chief Hearing Officer, Hearing Officer, a hearing panel or, if applicable, an extended hearing panel, a panelist on a hearing panel,

or, if applicable, an extended hearing panel, the General Counsel, the NAC, or any member of the NAC; and

C. any right to claim a violation by any person or body of the ex parte prohibitions of NASD Rule 9143, or the separation of functions prohibitions of NASD Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of the Offer and the Order or other consideration of the Offer and Order, including acceptance or rejection of such Offer and Order.

IV.

Respondents understand that:

- A. the Order will become part of their permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against them;
- B. the Order will be available through the NASD public disclosure program in response to public inquiries or requests for information about their disciplinary record;
- C. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2;
- D. they may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any allegation in the Complaint or create the impression that the Complaint is without factual basis. Nothing in this provision affects Respondents' testimonial obligations or right to take legal positions in litigation in which NASD is not a party;

E. Respondents agree to pay any monetary sanctions imposed upon notice that this Offer has been accepted and that such payments are due and payable, and Respondents have attached an Election of Payment form showing the method by which they propose to pay any fine imposed;

F. Respondents specifically and voluntarily waive any right to claim that they are unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter;

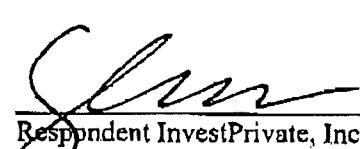
G. Respondents understand that if barred or suspended from association with any NASD member, Respondents become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, except as provided in Section II(B)(6) of this Offer of Settlement, Respondents may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See NASD Rule 8310 and IM-8310-1.)

Respondents certify that they have carefully read this Offer and understand it; that they have agreed to its provisions voluntarily; and that no offer, threat, inducement or promise of any kind or nature, other than the terms set forth herein, has been made to induce them to submit it.

4-11-07
Date

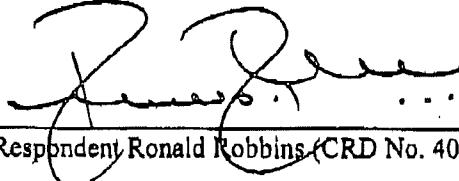

Respondent Scott Mathis (CRD No. 1362233)

4-11-07
Date


Respondent InvestPrivate, Inc. (BD No. 101737)
By Scott Mathis
Chairman and CEO

12 April 2007

Date



Respondent Ronald Robbins (CRD No. 400704)

Date

Respondent Donald Geraghty (CRD No. 1659545)

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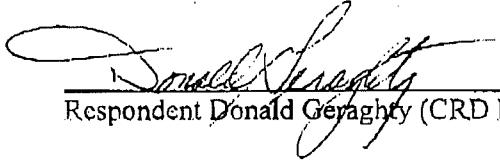
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4-10-07
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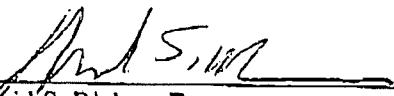
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