UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9264 / September 30, 2011

SECURITIES EXCHANGE ACT OF 1934
Release No. 65450 / September 30, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14574

In the Matter of **GILFORD SECURITIES, INCORPORATED, RALPH WORTHINGTON, IV, DAVID S. KAPLAN, and RICHARD W. GRANAHAN,** **Respondents.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER AS TO GILFORD SECURITIES, INCORPORATED, RALPH WORTHINGTON, IV, DAVID S. KAPLAN, AND RICHARD W. GRANAHAN**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") and Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Gilford Securities, Incorporated ("Gilford"), Ralph Worthington, IV ("Worthington"), David S. Kaplan ("Kaplan"), and Richard W. Granahan ("Granahan") (collectively "Respondents").

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the "Offers") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over them and the subject matter of these

proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds[1] that:

Summary

1. The matter involves the failure to supervise M.S. Gregg Berger ("Berger"), a former registered representative engaged in unregistered distributions of securities in connection with international pump-and-dump schemes, by his employer, Gilford Securities, Inc., ("Gilford"), and Worthington, Gilford's Chief Executive Officer and the trading desk supervisor, and Kaplan, Berger's supervisor and the sales manager of Gilford's New York office. On February 1, 2011, the Commission filed a civil injunctive action against Berger, alleging that Berger, along with ten other individuals and entities, engaged in schemes to pump and dump the securities of at least eight U.S. microcap stocks of issuers, primarily headquartered in the People's Republic of China, Israel and Canada, and facilitated unregistered sales of millions of shares of these issuers' stocks that generated proceeds in excess of $33 million. See SEC v. Gregg M.S. Berger, et al., 2:11-cv-10403 (E.D. Mich. Feb. 1, 2011). Also on February 1, 2011, a superseding indictment against Berger was unsealed charging him with one count of conspiracy to commit securities fraud and wire fraud in violation of 18 U.S.C. Sections 1343, 1348 and 1349 based on the same conduct described in the Commission's Complaint. See U.S. v. Gregg M.S. Berger, 2:07-cr-20627 (E.D. Mich. Feb. 1, 2011). On April 21, 2011, Berger pleaded guilty to the conspiracy charge.

2. From at least January 2005 through May 2006 ("relevant period"), Berger resold over 30 million shares of securities through at least 20 customer accounts at Gilford when there was no resale registration statement on file or in effect with the Commission with respect to those securities and there was no valid exemption available for the resales. Berger's facilitation of the unregistered sales went undetected by Gilford as a result of its failure to develop reasonable systems to implement its policies and procedures regarding supervision of registered representatives at the firm with respect to facilitating customers' unregistered sales of securities. During the relevant time period, Worthington, as Chief Executive Officer, had ultimate authority and responsibility for developing Gilford's supervisory policies, procedures and implementation of these policies and procedures. Kaplan had ultimate responsibility for supervising Berger. Gilford, Worthington, and Kaplan all failed reasonably to supervise Berger's unregistered sales of securities.

[1] The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

3. Gilford's deficiencies were not confined to its failure reasonably to supervise Berger. Gilford also violated the federal securities laws by: (a) permitting customers to deliver in and sell millions of shares of stock without the registered representatives and officers at the firm conducting reasonable inquiry into the source of the stock being sold to the public; (b) not fulfilling its obligations under the Currency and Financial Transactions Reporting Act of 1970 (commonly referred to as the Bank Secrecy Act ("BSA")), 12 U.S.C. § 1829b, 12 U.S.C. §§ 1951-1959, and 31 U.S.C. §§ 5311, with regard to Suspicious Activity Reports ("SARs"); (c) allowing employees to improperly execute customer orders without the requisite trading licenses; (d) failing to make and keep current either a questionnaire or application for employment for these employees; and (e) violating Regulation S-P by sharing nonpublic customer information with unauthorized third parties. As described below, Worthington and Kaplan aided and abetted some of Gilford's violations. In addition, Granahan, Gilford's Chief Compliance Officer ("CCO") and Anti-Money Laundering ("AML") Officer, aided and abetted Gilford's SARs violation.

Respondents

4. Gilford Securities, Inc. is incorporated in New York and headquartered in New York City. It has been registered as a broker-dealer with the Commission since 1979 when it was formed by Worthington. During the relevant period, Gilford employed approximately 113 registered representatives, and had branch offices in New York, New Jersey, California, and Texas.

5. Ralph Worthington, IV, age 65, resides in New York City, New York. Worthington is one of the founders of Gilford, and since at least January 2005, he has been the Chief Executive Officer and Chairman of the Board of Directors of Gilford. He holds Series 1, 4, 7, 24, 40, 55, 63, and 101 securities licenses.

6. David S. Kaplan, age 50, resides in Muttontown, New York. During the relevant period, Kaplan was Berger's supervisor and has been the sales manager of the New York office, a board member, and a 10 to 14 percent owner of Gilford. He holds Series 7, 8, 24, 55, 63, and 101 securities licenses.

7. Richard W. Granahan, age 73, resides in Dix Hills, New York. From 1998 to 2009, he was the CCO and AML Officer at Gilford. He is currently employed as a compliance and research supervisor at a registered broker-dealer. He holds Series 4, 12, 14, 24, 65, and 87 securities licenses.

Other Relevant Individual

8. Gregg M.S. Berger, age 47, resides in Yonkers, New York. From 2002 through May 2006, he was a retail broker at Gilford. He holds Series 3, 7, 31, and 63 securities licenses.

Berger's Role in the Schemes and his Unregistered Sales of Securities

9. From at least January 2005 through December 2007, Berger participated and assisted in the fraudulent pump-and-dump schemes and facilitated the sale of millions of shares of securities in the eight issuers while he was employed at Gilford and another broker-dealer. These schemes generated proceeds of over $33.6 million. Each scheme was primarily organized and devised either by Francis A. Tribble, a stock promoter, How Wai Hui, a.k.a. "John Hui" and Kwong-Chung Chan, a.k.a., "Bernard Chan," prominent Chinese businessmen and former officers of China World Trade Corporation ("CWTD"), or Berger who arranged and organized the pump and dump of one of the issuer's stock. These individuals identified above, along with certain corporate officers and directors of the issuers (collectively Berger's "co-defendants") perpetrated their fraud by paying for false spam e-mail campaigns that often caused sudden spikes in both the price and volume of these issuers' securities. Berger's co-defendants then sold millions of shares of these securities into the pump and/or hyped market through customer accounts at Gilford or the other broker-dealer, reaping millions of dollars in profits.

10. Six of the eight issuers' stocks were the subject of the schemes and were resold pursuant to unregistered transactions through customer accounts while Berger was employed at Gilford. These issuers were CWTD, China Digital Media Corporation ("CDGT"), Pingchuan Pharmaceuticals, Inc. ("PGCN"), Worldwide Biotech and Pharmaceuticals, Inc. ("WWBP"), China Mobility Solutions, Inc. ("CHMS") (now Global Peopleline Telecom, Inc.), and m-Wise, Inc. ("MWIS").

11. During the relevant period, Berger's retail brokerage business consisted almost exclusively of sell-side trading in low-priced, thinly-traded microcap stocks. Berger and Gilford employees referred to the business as a "liquidation" business. Berger facilitated the sale of over 30 million shares of these six issuers through at least 20 Gilford customer accounts. In these customer accounts, Berger's co-defendants deposited large blocks of shares of these six issuers which often represented the only stock traded in the customer accounts. After the co-defendants deposited the shares, at the direction of the co-defendants, Berger caused the shares to be sold. The sales corresponded with spam e-mail campaigns and release of corporate news. Prior to the spam e-mail campaigns, there was little or no trading volume in these stocks, which traded on the over-the-counter markets at prices often below $1. Berger then, at the direction of his co-defendants, immediately wired out the entire proceeds of those sales to overseas bank accounts, located primarily in China and Cyprus, in the names of his customers whom he knew or was reckless in not knowing were nominees for his co-defendants. Berger generated approximately $1.1 million in sales commissions from the unregistered sales of these six issuers' stocks.

12. Berger, acting at the direction of his co-defendants or others, opened 20 brokerage accounts at Gilford. The co-defendants provided Berger with the account opening documentation for the brokerage accounts, which typically included a new account form, passport, and tax forms in the names of the nominees who were typically Chinese nationals or entities that were beneficially owned by Chinese nationals. The co-defendants names did not appear on the accounts, and they did not have written trading authorization or power of attorney over such accounts. Berger, nevertheless, routinely, sometimes daily, through his Gilford e-mail account,

shared with his co-defendants and the individuals who spammed the issuers what purported to Gilford to be customer information in these accounts. This information included customer names, addresses, transaction records, cash and share balances, wire transfer information, and online username and passwords.

13. Berger's liquidation business made Berger one of the top revenue producing brokers in the firm during the relevant period. He previously had been a low-to-mid revenue producing broker and earned modest income.

14. As a result of the conduct described above, Berger violated Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

Gilford's Violations of Section 5(a) and 5(c) of the Securities Act

15. Gilford and Berger facilitated the unregistered, non-exempt resale of over 30 million shares of CWTD, CDGT, MWIS, CHMS, WWBP, and PGCN stock through 20 customer accounts. Consequently, Gilford acted as an underwriter when it facilitated these sales through its customer accounts. Gilford made no inquiries and ignored obvious red flags concerning the unregistered resales. Gilford repeatedly allowed customers, many of whom had direct ties to the issuers, to deliver in large blocks of low-priced, little known securities, without undertaking any inquiry into the source of the shares to ensure that they were not restricted or control shares.

16. As a result of the conduct described above, Gilford willfully[2] violated Sections 5(a) and 5(c) of the Securities Act by directly or indirectly, offering to sell and selling shares of CWTD, CDGT, MWIS, CHMS, WWBP, and PGCN through the use of any means or instrumentality of transportation, communication in interstate commerce, or of the mails when these securities were not the subject of an effective registration statement and there was no exemption available for the resale of the securities.

Failure Reasonably to Supervise Berger With Respect to Unregistered Sales

17. Gilford failed reasonably to supervise Berger because it did not have a system to implement its policies and procedures regarding the prevention and detection of Berger's sales of securities in violation of Section 5. From at least January 2005 through August 2005, Gilford's only policies and procedures that addressed possible unregistered distributions concerned the sale of stock pursuant to Rule 144. This unwritten policy required that registered representatives obtain a broker's representation letter, seller's representation letter, Form 144 notice-of-sale, and a legal opinion prior to executing a customer's order. Gilford did not, however, have a system to implement this policy, and this policy was not uniformly followed for many sales that were made purportedly under the safe harbor provision of Rule 144. As a result, required documentation was

[2] As used throughout this Order with respect to Gilford, Worthington, Kaplan and Granahan, a willful violation of the securities laws means merely "'that the person charged with the duty knows what he is doing.'" Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C. Cir. 1949)).

not obtained or reviewed for many of the violative transactions conducted by Berger on behalf of his customers. Had Gilford had a system to implement its policies and procedures regarding unregistered sales of stock, the documentation of the sales purportedly pursuant to the Rule 144 exemption from registration could have been collected and reviewed by Berger's supervisors and his violative conduct could have been prevented and detected.

18. Gilford did not have a system to implement its policies and procedures with respect to reviewing order tickets. Had there been a system to implement Gilford's policies and procedures regarding the review of order tickets, such a review could have revealed to supervisors that Berger's customers sold large blocks of low-priced, little known securities where execution prices varied anywhere from $2 to $15 within days and these unusual trading patterns could have led the firm to prevent and detect Berger's Section 5 violations.

19. During the relevant period, Worthington, a founder, Chief Executive Officer, and Chairman of the Board of Directors at Gilford, was responsible for supervising the Compliance department and trading desk, and he retained ultimate responsibility for Gilford's supervisory policies, procedures, and implementation of these policies and procedures. Worthington delegated responsibility for drafting Gilford's supervisory policies and procedures to Granahan, Gilford's CCO, but Worthington retained responsibility for final approval of the policies and procedures, as well as developing systems to implement the policies and procedures, including implementation of policies and procedures related to detecting Section 5 violations. Worthington failed to supervise Berger with a view towards preventing the Section 5 violations because he failed to ensure that Gilford had systems to implement the policies and procedures regarding sales of securities through customer accounts in potential violation of Section 5. This supervisory failure resulted in unreasonable systems to address whether registered representatives' facilitation of customers' sales of securities that purported to rely on Rule 144 was appropriate and whether order tickets were being reviewed to identify potentially suspect unregistered distributions of securities. Had Worthington reasonably implemented these systems, Berger's violations of Section 5 could have been prevented and detected.

20. Worthington also failed reasonably to supervise Berger because he failed to respond to red flags that should have alerted him to Berger's sales of securities in violation of Section 5. These red flags included, among other things: (a) Berger's principal business consisted of selling on behalf of customers large volumes of low-priced, little known securities that were transferred into customer accounts by customers who were purportedly located overseas and were sold by customers shortly after the customers deposited the securities in their accounts; and (b) Berger's liquidation business was an aberration from his typical retail business and made him a top revenue producer at Gilford. If Worthington had responded reasonably to these red flags, he could have prevented and detected Berger's Section 5 violations.

21. During the relevant period, Kaplan was the sales manager at Gilford's headquarters in New York, and he was ultimately responsible for supervising all of the registered representatives in that office, including Berger. Kaplan failed to follow Gilford's policies and procedures relating to the review of internal e-mail correspondence. Gilford's written supervisory procedures required Kaplan to review internal e-mail correspondence on a daily basis. Kaplan did not perform the

required review. Instead he assigned that responsibility to another Gilford employee, but ultimately retained responsibility for the review. Despite this, he only reviewed e-mail correspondence occasionally - typically on a weekly basis or if correspondence was shown to him. Had Kaplan reviewed the firm's internal e-mail correspondence on a regular basis, he could have prevented and detected Berger's repeated sharing nonpublic customer information with unauthorized third parties who were also depositing stock into the customer accounts and providing Berger with wire instructions.

22. Kaplan also failed reasonably to supervise Berger because he failed to respond to red flags that could have alerted him to Berger's misconduct. Kaplan failed to respond to several red flags that arose in the context of the activity in Berger's customer accounts. These red flags included that: (a) Berger's customers repeatedly deposited large blocks of low-priced, little known securities in their accounts and immediately sold these shares and then wired out the proceeds of the resales; (b) these were often the only securities sold in these accounts; and, (c) the liquidation business represented a complete change in Berger's retail business. Had Kaplan responded to these red flags, it is likely that he could have prevented and detected Berger's Section 5 violations.

23. The Commission has emphasized that the "responsibility of broker-dealers to supervise their employees by means of effective, established procedures is a critical component in the federal investor protection scheme regulating the securities markets." See e.g., Dean Witter Reynolds, Inc., Exchange Act Rel. No. 46578 (October 1, 2002). Section 15(b)(4)(E) of the Exchange Act allows for the imposition of a sanction against a broker or dealer who "has failed reasonably to supervise, with a view to preventing violations of the securities laws, another person who commits such a violation, if such other person is subject to his supervision." Section 15(b)(6) incorporates by reference Section 15(b)(4)(E) and allows for the imposition of sanctions against persons associated with a broker or dealer for failing reasonably to supervise.

24. As a result of the conduct described above, Gilford, Worthington and Kaplan failed reasonably to supervise Berger with a view to detecting and preventing his violations of Sections 5(a) and 5(c) of the Securities Act.

Gilford's Failure to File SARS

25. In April 2002, Congress passed the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001. The Patriot Act amended provisions of the BSA and substantially expanded a broker-dealer's obligations to detect and prevent money laundering. The regulations implementing the BSA mandate that, effective December 31, 2002, broker-dealers report suspicious transactions by filing a SAR with the Financial Crimes Enforcement Network to report any transaction (or a pattern of transactions of which the transaction is a part) involving or aggregating to at least $5,000 that it "knows, suspects, or has reason to suspect:" (1) involves funds derived from illegal activity or is conducted to disguise funds derived from illegal activities; (2) is designed to evade any requirements of the BSA; (3) has no business or apparent lawful purpose and the broker-dealer knows of no reasonable explanation for the transaction after examining the available facts; or (4) involves use of the broker-dealer to facilitate criminal activity. 31 C.F.R. § 1023.320(a)(2).

26. Exchange Act Rule 17a-8 requires broker-dealers to comply with the reporting, recordkeeping and record retention requirements of the rules promulgated under the BSA. The failure to file a SAR as required by the SAR Rule is a violation of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

27. During the relevant period, Granahan was Gilford's CCO and AML officer. In these roles, he was responsible for daily reviews of employee and customer transactions, monthly customer account reviews, and filing SARs on behalf of Gilford.

28. Granahan knew, or should have known, the nature of Berger's liquidation business and the suspicious circumstances that triggered Gilford's obligation to file a SAR, including the suspiciously timed trading in low-priced, little known securities corresponding with the issuance of spam e-mail, $30 million in international wire activity primarily to China and Cyprus, the CEO of one of the issuers acting as a undisclosed beneficial owner in one of Berger's customer accounts, Berger's sharing of non-public customer information with unauthorized third parties, and the forgery of two Form 144 documents by Berger's Chinese intern.

29. Gilford did not file, and Granahan did not cause Gilford to file, a SAR with respect to any of this activity. Granahan knew, or should have known, of his obligation to assist Gilford in fulfilling its requirement to file SARs, and knew, or should have known, the suspicious activity was not being reported by Gilford.

30. As a result of the conduct described above, Gilford willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder, and Granahan willfully aided and abetted and caused Gilford's violations of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

Violations of Sections 15(b)(7) and 17(a) of the Exchange Act and Rules 15b7-1 and 17a-3(a)(12) thereunder

31. Rule 15b7-1, promulgated under Section 15(b)(7) of the Exchange Act, provides in pertinent part that "[n]o registered broker or dealer shall effect any transaction in, or induce the purchase or sale of, any security unless any natural person associated with such broker or dealer who effects or is involved in effecting such transaction is registered or approved in accordance with the standards of training, experience, competence and other qualification standards…established by the rules of any national securities exchange or national securities association of which such broker or dealer is a member."

32. During the relevant period, the orders placed in Berger's customer accounts while Berger was at Gilford were executed by Berger and by two employees who sat on Gilford's trading desk that did not possess the requisite qualifications and trading licenses to effect securities transactions by executing and "working" millions of dollars worth of securities trades for Berger's customers. Under Gilford's written supervisory procedures, Worthington was responsible for supervising Gilford's trading desk and, as such, knew or was reckless in not knowing that two unlicensed employees were improperly executing Berger's customer orders.

33. As a result of the conduct described above, Gilford willfully violated Section 15(b)(7) of the Exchange Act and Rule 15b7-1 thereunder, and Worthington willfully aided and abetted and caused Gilford's violations.

34. Rule 17a-3(a)(12)(i), promulgated under Section 17(a) of the Exchange Act, requires registered brokers and dealers to make and keep current a questionnaire or application for employment executed by each associated person of the broker-dealer. The requirement to make this record under Rule 17a-3(a)(12)(i) is commonly met by retaining a complete and accurate copy of the Form U-4 application submitted for the associated person when they register as a representative of the broker or dealer. Gilford failed to make and keep current either a questionnaire or application for employment for two individuals who were executing customer orders without the requisite qualifications and trading licenses. As trading desk supervisor, Worthington was responsible for signing the questionnaire or application for their employment.

35. As a result of the conduct described above, Gilford willfully violated Exchange Act Rule 17a-3(a)(12), and Worthington willfully aided and abetted and caused Gilford's violation.

Violations of Regulation S-P

36. Rule 10(a) under Regulation S-P provides, in part, that broker-dealers may not "directly or through any affiliate, disclose any nonpublic personal information about a consumer to a nonaffiliated third party unless…(iii) [y]ou have given the consumer a reasonable opportunity, before you disclose the information to the nonaffiliated third party, to opt out of the disclosure; and (iv) [t]he consumer does not opt out."

37. As a result of the conduct described above in which Berger used Gilford's computer system to disseminate confidential customer information to unauthorized third parties, Gilford willfully violated Rule 10(a) of Regulation S-P (17 C.F.R. § 248.10(a)). Kaplan also aided and abetted and caused Gilford's violations because he knew, or should have known, that Berger was improperly sharing this information.

Undertakings

38. Gilford has undertaken to:

a. Retain, within 30 days of the date of entry of the Order, at its own expense, the services of an Independent Consultant not unacceptable to the staff of the Division of Enforcement of the Commission (the "Commission staff"), to (i) review Gilford's written supervisory policies and procedures, including, but not limited to Gilford's AML policies and procedures; (ii) review Gilford's system for implementing its supervisory policies and procedures; and (iii) make recommendations concerning these policies and procedures with a view to assuring compliance with supervisory responsibilities.

b. No later than ten (10) days following the date of the Independent Consultant's engagement, provide to the Commission staff a copy of the engagement letter detailing the Independent Consultant's responsibilities pursuant to paragraph 38(a) above.

c. Require the Independent Consultant, at the conclusion of the review, which in no event shall be more than 120 days after the entry of the Order, to submit a report to Gilford and the Commission staff. The report shall address the supervisory issues described above and shall include a description of the review performed, the conclusions reached, the Independent Consultant's recommendations for changes or improvements to the policies, procedures, and practices of Gilford and a procedure for implementing the recommended changes or improvements to such policies, procedures, and practices.

d. Adopt, implement and maintain all policies, procedures, and practices recommended in the report of the Independent Consultant within 150 days of the date of entry of the Order. As to any of the Independent Consultant's recommendations about which Gilford and the Independent Consultant do not agree, such parties shall attempt in good faith to reach agreement within 180 days of the date of the entry of the Order. In the event that Gilford and the Independent Consultant are unable to agree on an alternative proposal, Gilford will abide by the determinations of the Independent Consultant and adopt those recommendations deemed appropriate by the Independent Consultant.

e. Cooperate fully with the Independent Consultant in its review, including making such information and documents available as the Independent Consultant may reasonably request, and by permitting and requiring Gilford's employees and agents to supply such information and documents as the Independent Consultant may reasonably request.

f. In order to ensure the independence of the Independent Consultant, Gilford (i) shall not have the authority to terminate the Independent Consultant without the prior written approval of the Commission staff; (ii) shall compensate the Independent Consultant, for services rendered pursuant to the Order at their reasonable and customary rates.

g. Require the Independent Consultant to enter into an 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 into any employment, consultant, attorney-client, auditing or other professional relationship with Gilford, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity. The agreement will also provide that the Independent Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Independent Consultant in performance of his/her duties under this Order shall not, without

prior written consent of the Philadelphia Regional Office, Division of Enforcement, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Gilford, 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.

h. Certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to Mary P. Hansen, Assistant Regional Director, Philadelphia Regional Office, with a copy to the Office of Chief Counsel of the Division of Enforcement, no later than sixty (60) days from the date of the completion of the undertakings.

i. Gilford may apply to the Commission staff for an extension of the deadlines described above before their expiration, and upon a showing of good cause by Gilford, the Commission staff may in its sole discretion, grant such extensions for whatever time period it deems appropriate.

39. Worthington and Kaplan have each undertaken to:

a. Provide to the Commission, within 15 days after the end of the twelve month suspension period described below, an affidavit that he has complied fully with the sanctions described in Section IV below.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 8A of the Securities Act and Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that**:**

A. Gilford

1. Respondent Gilford shall cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act, Sections 15(b)(7) and 17(a) of the Exchange Act and Rules 15b7-1, 17a-3(a)(12) and 17a-8 thereunder, and Rule 10(a) of Regulation S-P (17 C.F.R. § 248.10(a)).

2. Respondent Gilford is censured.

3. Respondent Gilford shall, within 30 days of the entry of this Order, pay disgorgement of $275,000, prejudgment interest of $77,113, and a civil penalty of $260,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 or 31 U.S.C. §3717. Payment shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Securities and Exchange Commission, Office of Financial Management, 100 F St., NE, Stop 6042, Washington, DC 20549; and (D) submitted under cover letter that identifies Gilford as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Elaine C. Greenberg, Associate Regional Director, Securities and Exchange Commission, Philadelphia Regional Office, 701 Market Street, Suite 2000, Philadelphia, Pennsylvania 19106.

4. Respondent Gilford shall comply with the undertakings enumerated in paragraphs 38(a)-(i) above.

B. Worthington

1. Respondent Worthington shall cease and desist from committing or causing any violations and any future violations of Sections 15(b)(7) and 17(a) of the Exchange Act and Rules 15b-7 and 17a-3(a)(12) thereunder.

2. Respondent Worthington be, and hereby is suspended from association in a supervisory capacity with any broker or dealer for a period of twelve months, effective on the second Monday following the entry of this Order.

3. Respondent Worthington shall, within 30 days of the entry of this Order, pay a civil penalty of $45,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717. Payment shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Securities and Exchange Commission, Office of Financial Management, 100 F St., NE, Stop 6042, Washington, DC 20549; and (D) submitted under cover letter that identifies Worthington as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Elaine C. Greenberg, Associate Regional Director, Securities and Exchange Commission, Philadelphia Regional Office, 701 Market Street, Suite 2000, Philadelphia, Pennsylvania 19106.

4. Respondent Worthington shall comply with the undertaking enumerated in paragraph 39(a) above.

C. Kaplan

1. Respondent Kaplan shall cease and desist from committing or causing any violations and any future violations of Rule 10(a) of Regulation S-P (17 C.F.R. § 248.10(a))..

2. Respondent Kaplan be, and hereby is suspended from association in a supervisory capacity with any broker or dealer for a period of twelve months, effective on the second Monday following the entry of this Order.

3. Respondent Kaplan shall, within 30 days of the entry of this Order, pay disgorgement of $225,000, prejudgment interest of $63,092 and a civil penalty of $30,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 or 31 U.S.C. §3717. Payment shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Securities and Exchange Commission, Office of Financial Management, 100 F St., NE, Stop 6042, Washington, DC 20549; and (D) submitted under cover letter that identifies Kaplan as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Elaine C. Greenberg, Associate Regional Director, Securities and Exchange Commission, Philadelphia Regional Office, 701 Market Street, Suite 2000, Philadelphia, Pennsylvania 19106.

4. Respondent Kaplan shall comply with the undertaking enumerated in paragraph 39(a).

D. Granahan

1. Respondent Granahan shall cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

2. Respondent Granahan is censured.

3. Respondent Granahan shall, within 30 days of the entry of this Order, pay a civil penalty of $20,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717. Payment shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the

Securities and Exchange Commission; (C) hand-delivered or mailed to the Securities and Exchange Commission, Office of Financial Management, 100 F St., NE, Stop 6042, Washington, DC 20549; and (D) submitted under cover letter that identifies Granahan as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Elaine C. Greenberg, Associate Regional Director, Securities and Exchange Commission, Philadelphia Regional Office, 701 Market Street, Suite 2000, Philadelphia, Pennsylvania 19106.

By the Commission.

Elizabeth M. Murphy
Secretary