STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
Telephone (973) 504-3600

IN THE MATTER OF:

STEVEN KOLINSKY
(CRD# 1090913);
STEPHEN E. HILL
(CRD# 2202940); and
ROY F. GLASSBERG
(CRD# 2890633)

Respondents.

**SUMMARY ORDER**

Pursuant to the authority granted to Marc B. Minor, Chief of the New Jersey Bureau of Securities ("Bureau Chief"), under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. ("Securities Law"), including N.J.S.A. 49:3-58 and N.J.S.A. 49:3-70.1, and certain regulations, and based on a review of the relevant facts, including documents obtained during the investigation by the New Jersey Bureau of Securities ("Bureau"), the Bureau Chief hereby finds that there is good cause and it is in the public interest to enter this Summary Order, and makes the following findings:

## INTRODUCTION

Steven Kolinsky ("Kolinsky") and Stephen Elliot Hill ("Hill"), both of Upper Saddle River, have been business partners since 1991, and in 2001, formed Kolinsky-Hill Financial Group Inc. ("Kolinsky-Hill Financial"), a New Jersey financial services company. Kolinsky and Hill were registered agents and investment adviser representatives with various firms. Throughout the years, Kolinsky-Hill acquired several professional athlete clients who had substantial assets, but little investment knowledge or time to watch their money.

Beginning approximately 2007, Kolinsky and Hill solicited and raised approximately $5 million from these clients to invest in a complex development deal. Kolinsky and Hill did not disclose these investments to their broker-dealer, and sales material related to the deal contained false information about Hill's credentials. In 2008, Hill also orchestrated the creation of false documents, and the withdrawal over $1.7 million from a player's accounts to benefit Hill's wife's company, Gryphon-Hill, LLC. The fraudulent conduct, failed supervision, and complicity of respondents with respect to client accounts violate the Securities Law as detailed below.

## FINDINGS OF FACT

**A. Respondents**

1. Steven Kolinsky (CRD# 1090913), residing in Upper Saddle River, New Jersey, was registered with the Bureau as an agent and/or investment adviser representative since approximately 1987. Relevant registrations include:

   a. NFP Securities Inc. (CRD #42046) ("NFP"): Feb. 2001- Jun. 2008, agent; Oct. 2005 - Jun. 2008, investment adviser representative;

   b. Royal Alliance Associates, Inc. (CRD# 23131): ("Royal Alliance") Jun. 2008 - Apr. 2010, agent and investment adviser representative;

   c. Kolinsky Wealth Management, LLC (CRD# 153763): Jun. 2010 - present, investment adviser representative;

   d. Sobel Financial Advisors, LLC (CRD# 124959): investment adviser representative application pending; and

   e. Investors Capital Corp (CRD# 30613): agent application pending.

2. Stephen Elliot Hill (CRD# 2202940), residing in Upper Saddle River, New Jersey, was registered with the Bureau as an agent and/or investment adviser representative since approximately 1993. Relevant registrations include:

a. NFP: Feb. 2001 - Sept. 2008, agent; Oct. 2005 - Sept. 2008, investment adviser representative; and

b. Royal Alliance: Sept. 2008 - Apr. 2010, agent and investment adviser representative.

3. Roy F. Glassberg (CRD# 2890633), residing in Boca Raton, Florida, was registered with the Bureau as an agent since approximately 1998. Relevant registrations include:

a. NFP: Mar. 2001 - Aug. 2008, agent; and

b. Royal Alliance: Aug. 2008 - Apr. 2010, agent, and Sept. 2008 - Apr. 2010, investment adviser representative.

**B. Other Entities and Individuals**

4. Kolinsky-Hill Financial, a New Jersey Corporation providing money management services and insurance sales, maintained its principal office at 50 Tice Blvd., Atrium Level, Woodcliff Lake, New Jersey. Kolinsky and Hill have been business partners since approximately 1991 and were Kolinsky-Hill Financial's only members. From approximately March 2001 to August 2008, Kolinsky-Hill Financial operated the branch of NFP which employed Kolinsky, Hill, Ciano, and Glassberg. Then, from approximately August 2008 to April 2010, Kolinsky, Hill, Ciano, and Glassberg switched their registered affiliation and operated as a branch of Royal Alliance.

5. David Louis Ciano (CRD# 2174074), residing in Hawthorne, New York, was registered with the Bureau as an agent and/or investment adviser representative since approximately 1992. Relevant registrations include:

a. NFP: Feb. 2001 - Jun. 2008, agent and Oct. 2005 - Jun. 2008, investment adviser representative, and May 2006 - Sept. 2008, branch supervisor;

b. Royal Alliance: Sept. 2008 - Apr. 2010, agent and investment adviser representative;

c. Investors Capital Corp., Sept. 2010 - present, agent;

d. Kolinsky Wealth Management, LLC: May 2010 - present, investment adviser representative;

e. Sobel Financial Advisors, LLC: September 2010 - present, investment adviser representative.

6. NFP has been registered with the Bureau as broker-dealer and notice filed[1] as an investment adviser since April 1997. NFP is headquartered in Austin, Texas.

7. Royal Alliance has been registered with the Bureau as a broker-dealer since May 1989 and notice filed as an investment adviser since July 1991. Royal Alliance is headquartered in New York.

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[1] NFP registers as an investment adviser with the U.S. Securities and Exchange Commission ("SEC"). The Securities Law requires NFP to also file, with the Bureau, any forms that are filed with the SEC because it is has New Jersey residents as clients.

8. Crown Developers LLC ("Crown"), a New Jersey limited liability company, was formed by Kolinsky and Hill, who are its managing members. STR Builders LLC also known as STR Realty, LLC ("STR"), was formed on July 26, 2004, and is now known as Crown Builders.

9. Hackensack Park Plaza, LLC ("Hackensack Park Plaza"), a Delaware limited liability company, was formed on October 26, 2007. River Street Project LLC ("River Street"), a New Jersey limited liability company, was formed on February 13, 2007, and is Hackensack Park Plaza's manager and 80% owner. River Street's managing members are Kolinsky, Ed Koenig ("Koenig"), then a NFP client, and Kevin Schmidt ("Schmidt"). River Street is owned and controlled by K & K 320 River Street LLC ("K&K") and Partners Investment Properties LLC ("PIP"). K&K, a Delaware limited liability company, is owned by Kolinsky, Hill, Koenig, and Koenig's sons, David and Jeffrey Koenig. K&K's managing members are Kolinsky and Koenig. Like Kolinsky-Hill Financial, Crown, Hackensack Park Plaza, River Street and K&K all maintain principal offices at 50 Tice Blvd., Woodcliff Lake, New Jersey. PIP, a New Jersey limited liability company, maintains its principal office at 370 Indian Trail Drive, Franklin Lakes, New Jersey. Schmidt is PIP's sole managing member.

10. Snap-on Smile Inc. ("SOS"), a New York corporation, is in the business of manufacturing and distributing a product known

as Snap-on Smile to dentists, which is a dental prosthesis that snaps over a patient's natural teeth.[2] Snap-on Smile LLC ("SOS LLC"), a Delaware limited liability company, was formed to operate substantially the same business as SOS. Firefly Smile Holdings Company, formerly known as SOS Holding Company LLC, ("SOS Holdings"), is a Delaware Limited Liability Company formed on August 5, 2008. SOS LLC is the managing member of SOS Holdings.[3] SOS, SOS LLC, SOS Holdings, SOS OPCO, SOS IPCO each maintained its principal offices in New York.

11. Gryphon-Hill, LLC ("Gryphon-Hill"), a Florida limited liability company, was formed on September 10, 2008 with Glassberg and Lauri Hill ("Lauri"), Hill's wife, as managing members. Upon information and belief, Gryphon-Hill was formed as an investment vehicle for SOS OPCO. Lauri did not perform any duties at Gryphon-Hill as Hill handled all of the investments for him and his wife. Gryphon-Hill maintains a principal place of business in Boca Raton, Florida. Glassberg is the registered agent of Gryphon-Hill.

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[2] Until November 2009, SOS was primarily controlled by Dr. Marc Mordecai Liechtung.

[3] SOS OPCO LLC, now known as Firefly Royalty OPCO LLC ("SOS OPCO") is a Delaware limited liability company formed on May 8, 2008, and maintains its principal office in New York. SOS Holdings is the managing member of SOS OPCO. Firefly IPCO LLC, formerly known as SOS IPCO LLC, ("SOS IPCO"), is a Delaware limited liability company formed on August 5, 2008 and maintains its principal office in New York.

## C. UNDISCLOSED OUTSIDE BUSINESS ACTIVITIES OF KOLINKSY AND HILL RELATED TO LAND DEALS

### i) STR

12. On June 25, 2004, Kolinsky and Hill formed STR, whose business was to develop residential real estate.

13. Kolinksy and Hill built two houses, through STR, without any additional investors.

14. In approximately May 2005, Kolinsky and Hill , on behalf of STR, solicited and sold securities to at least three (3) of Kolinsky's NFP clients, to fund the purchase and development of at least one property located at 23 Elden Drive, Saddle River, New Jersey.[4]

15. As a result of Kolinsky and Hill's solicitation, the NFP clients each invested at least $250,000.

16. Although Kolinsky and Hill had disclosed "STR Realty" on their outside business activity forms, they failed to disclose that the business involved the solicitation and sale of securities.

### ii) Crown

17. In April 2006, Crown, through Hill, solicited Hill's NFP client, C.F., to invest in a company "acquiring a parcel of real property including an interest real property located in Franklin Lakes, New Jersey for the purpose of developing such property as a single family residence." Upon reliance on Hill's

[4] Elden Drive LLC was incorporated for this project and was wholly owned by STR.

solicitation, C.F. invested $300,000.

18. The terms of C.F.'s investment were set forth in an agreement with Crown dated April 2006 ("Crown Agreement") and provided that in consideration for C.F.'s $300,000 investment:

> "[a]t or prior to the end of the term, Crown shall remit to C.F. the principal investment of $300,000.00 plus the greater of: (i) seventy-five thousand ($75,000.00); or (ii) eight (8%) percent of the net profit Crown shall have earned from Crown's sale of the Property after taking into account all of Crown's costs, disbursements and expenses including the payments made to C.F..." The term of the investment was "the earlier of (i) eighteen (18) months from the date of the execution of this agreement, or (ii) the sale of the property."

On May 3, 2007, Crown paid C.F. $348,000, $27,000 short of the $375,000 required by the Crown Agreement.

**iii) Hackensack Park Plaza**

19. On October 17, 2005, Schmidt, on PIP's behalf, entered into an agreement to purchase ("Purchase Agreement"), a seven acre parcel of land located along the Hackensack River in Hackensack, New Jersey ("Hackensack Parcel") for approximately $14,000,000.00.

20. On or about February 2007 Schmidt, on PIP's behalf, agreed to assign the Purchase Agreement to River Street, owned and controlled by PIP and K&K.

21. On October 29, 2007, the members of River Street agreed to assign the Purchase Agreement to Hackensack Park Plaza.

22. Subsequently, Kolinsky and Hill, on behalf of Hackensack Park Plaza, began soliciting their NFP clients to purchase Class B Non-Voting Limited Liability Units in Hackensack Park Plaza ("Hackensack Securities"). As a result, Hill and Kolinsky sold $5,000,000 worth of Hackensack Securities to at least eight (8) NFP clients that included C.F. and other current and former Major League Baseball players.

23. The Hackensack Park Plaza Private Placement Memorandum that was purportedly provided to one or more investors stated that Hill "received a Bachelor's Degree in Economics and Finance from the University of Buffalo in New York in 1987."

24. Hill did not graduate from college.

25. Upon information and belief, by assignment and assumption dated November 14, 2007, Hackensack Park Plaza assumed the obligations and benefits of the Purchase Agreement.

26. On November 20, 2007, Hackensack Park Plaza finalized the sale of the Hackensack Parcel.

27. To date, the property has not been resold or developed.

### D. Kolinsky and Hill Failed to Adequately Disclose to NFP Their Outside Business Activities and Their Solicitation of NFP Clients for Unapproved Investments

28. On or about January 18, 2005, Kolinsky signed a NFP Outside Business Activities Form ("Form"). Ciano signed the Form above the "OSJ Manager Signature." On the Form, Kolinsky

disclosed "STR Realty" as an outside business. Kolinsky identified Hill and Dichiara Builder LLC as his partners identifying the nature of the business as "construction - homebuilding."

29. In response to question #10 on the Form - "Are you aware of any potential conflicts of interest your involvement in [STR Realty] may pose?" - Kolinsky responded "None."

30. In response to question #11 on Form - "Have you ever or do you intend to recommend investment in or the purchase of or sale of securities of [STR Realty]?" - Kolinsky responded "no."

31. In response to question #13 on the Form - "Have you ever raised money for [STR Realty]?" - Kolinsky responded "no."

32. Also, on or about January 18, 2005, Hill completed and signed NFP Outside Business Activities Form ("Hill Form"). On the Hill Form, Hill disclosed STR Realty as an outside business. Hill identified Kolinsky and Dichiara Builder LLC as his partners identifying the nature of the business being "construction - homebuilding."

33. In response to question #10 on the Hill Form - "Are you aware of any potential conflicts of interest your involvement in [STR Realty] may pose?" - Hill responded "None."

34. In response to question #11 on the Hill Form - "Have you ever or do you intend to recommend investment in or the purchase of or sale of securities of [STR Realty]?" - Hill responded

"no."

35. In response to question #13 on the Hill Form - "Have you ever raised money for [STR Realty]?" - Hill responded "no."

36. Directly above Kolinsky's and Hill's signatures, the Forms stated "I hereby warrant that the above information is current and accurate to the best of my knowledge. In addition, I agree to promptly notify NFP Securities, Inc., my OSJ Manager, of any material changes by amending this request."

37. The NFP's Registered Representative Manuals for the relevant period provided that an Outside Business Activities Form be submitted to report any business activity outside of NFP.

38. Additionally, the NFP's Registered Representative Manuals for the relevant period also provided that the registered representative is responsible for keeping the Outside Business Activities information current and should submit amended forms to report any changes in activities.

39. As part of its compliance procedures, NFP required its registered representatives to complete an electronic annual compliance survey, available on NFP's website, which questioned whether all outside business activities were disclosed, accurate and complete.

40. Neither Kolinsky nor Hill updated their Outside Business Activity Form in May 2005, when in order to finance the purchase

and development of 23 Elden Drive, Kolinsky and Hill, solicited and sold securities to Kolinsky's NFP clients.

41. Kolinsky and Hill engaged in selling away when they solicited NFP clients to invest in a private securities transaction without prior approval from NFP.

42. At all relevant times, NFP's policies prohibited selling away.

**E. The Solicitation and Purported Sale of Snap-on Smile Securities to C.F.**

43. Kolinsky became the representative of record for most, if not all, of the customer accounts at the branch when he became registered at Royal Alliance in June 2008.

44. Glassberg became registered with Royal Alliance in August 2008. Hill and Ciano did not become registered with Royal Alliance until September 2008.

45. When Ciano became registered with Royal Alliance, Kolinksy and Ciano ran the office as they had at NFP. Ciano performed supervisory responsibilities that were delegated to him at NFP.

46. Royal Alliance's supervisory manuals, however, required that any delegation of supervisory duties be submitted and approved through a Delegation of Supervisory Tasks Form.

47. No Delegation of Supervisory Tasks Form was signed by Kolinsky and Ciano until January 22, 2009.

48. When Hill, Ciano and Glassberg became registered with Royal Alliance, Kolinsky remained the representative of record for most, if not all, of the accounts.

49. Kolinksy was C.F.'s representative of record from September 2008 through April 2010 for CF's Royal Alliance account number ending in 587.

50. On or about October 3, 2008, Hill solicited C.F. to invest $103,000 in Snap-on Smile. Relying upon the conversation with Hill, C.F. agreed to invest $103,000 in Snap-on Smile.

51. Although C.F. had only agreed to invest $103,000, Hill caused three transfers totaling approximately $1,800,000 to be made from C.F.'s accounts to SOS OPCO's bank account.

**Authorized Transfer**

52. On October 3, 2008, Hill directed Ciano to make the transfers of C.F.'s money. To effectuate the transfers, Ciano e-mailed C.F.'s accountant, who had authorization over C.F.'s funds, directing the accountant's office to transfer $103,000 to SOS OPCO's bank account. Upon reliance of Ciano's e-mail, C.F.'s accountant transferred $103,000 from C.F.'s bank account to an SOS OPCO bank account.

**Unauthorized Transfers**

53. Within hours of the request to transfer $103,000.00 and without C.F.'s permission, Ciano created two additional requests for transfer of funds to be sent to Pershing LLC ("Pershing"),

Royal Alliance's clearing firm.

54. The first request for transfer of funds ("First Request") Ciano created was addressed to Pershing from C.F., and directed Pershing to transfer $220,000 from C.F.'s account to SOS OPCO's bank account. Although the First Request purported to contain C.F.'s original signature, the signature was copied and applied without C.F.'s authorization from a Kolinsky-Hill Financial file. Ciano sent the First Request to Royal Alliance's operations department which then forwarded the falsified transfer instruction on to Pershing. Upon reliance of the falsified document, Pershing transferred $220,000 from C.F.'s Royal Alliance account ending in 6917 to SOS OPCO's bank account.

55. On October 3, 2008, Ciano also created a second request for transfer of funds ("Second Request") addressed to Pershing from "C.F." for $1,477,000 and directed Pershing to transfer the funds from C.F.'s account ending in 3587 to SOS OPCO's bank account. The Second Request was returned requiring a Medallion Signature Guarantee.

56. The Medallion Signature Guarantee is an industry accepted guarantee intended to convey that the customer signature is authentic.

57. Ciano notified Hill of the Medallion Signature Guarantee requirement. Ciano, aware that C.F. had not been in the office

that day, gave the Second Request to Kolinsky's secretary for a Medallion Signature Guarantee. Kolinsky was the only person in the branch authorized to execute a Medallion Signature Guarantee. Although Kolinsky was not in the office that day, a Medallion Signature Guarantee was on the transfer form when Ciano received the Second Request back.

58. Ciano then resent the Second Request to Royal Alliance's operations department which forwarded it to Pershing. Pershing then transferred $1,477,000 from C.F.'s Royal Alliance account to SOS OPCO's bank account.

59. C.F. was not aware that $1.8 million was transferred from his accounts to Snap-on Smile.

60. In or about November 20, 2009, Hill contacted C.F. and solicited C.F. to invest an "additional" $150,000 in Snap-on Smile. C.F., believing he had only invested $103,000, agreed to invest the purported additional $150,000.

61. On November 20, 2009, $150,000 was transferred from C.F.'s account at Royal Alliance to SOS OPCO's bank account.

62. On or about October 3, 2008, Gryphon-Hill and SOS OPCO executed a "Secured Promissory Note" which provided that in exchange for $2,000,000 from Gryphon-Hill, SOS OPCO agreed to pay Gryphon-Hill "interest at a rate per annum equal to twenty percent (20%) on the aggregate unpaid principal balance..."

63. Gryphon-Hill used the $1.8 million transferred to SOS OPCO

from C.F.'s accounts plus $100,000 each from Hill and Glassberg to finance the Secured Promissory Note with SOS OPCO.

64. Also on October 3, 2008, SOS Holdings entered the "Amended and Restated Limited Liability Company Agreement" ("Holdings Operating Agreement") which stated, among other things, that the managing members of SOS Holdings included Glassberg, and that Glassberg would be one of the managers of SOS Holdings, SOS OPCO and SOS IPCO.

65. During Hill's solicitation of C.F. on or about October 3, 2008 to invest in SOS OPCO, Hill failed to disclose to C.F. material facts including that:

a. Hill would be taking $1,800,000 from C.F. to invest in SOS OPCO;

b. Gryphon-Hill, not C.F., would be receiving the benefit of C.F.'s investment in Snap-on Smile,;

c. Gryphon-Hill was involved in the transaction, nor that it was controlled by Hill's wife and Glassberg; and

d. Hill's wife was a beneficial owner of the investment.

**Hill and Glassberg Failed to Disclose to Royal Alliance Their Outside Business Activities**

66. At all relevant times, Royal Alliance's policies required the disclosure of outside business activities to the firm and prohibited advisors from borrowing money from clients.

67. Royal Alliance's compliance procedures required its

financial advisors to complete annual certifications attesting to the financial adviser's outside business activities.

68. Contrary to Royal Alliance's policies, Hill failed to disclose to Royal Alliance that he was soliciting investments on behalf of Gryphon-Hill and that he would be soliciting C.F., a Royal Alliance client.

69. Contrary to Royal Alliance's policies, Glassberg failed to disclose to Royal Alliance that he was a manager of Gryphon-Hill and that Gryphon-Hill was raising money from C.F., a Royal Alliance client.

70. Although Kolinksy was the representative of record on C.F.'s account, he failed to detect or question the fact that in October 2008, C.F.'s Royal Alliance account has a withdrawal of $1,476,000.00, leaving a balance of $266.52.

## CONCLUSIONS OF LAW

### KOLINSKY AND HILL, ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE SECURITIES BUSINESS
### N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(vii)

71. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

72. Pursuant to N.J.S.A. 49:3-58(a): "The Bureau Chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant... (vii) has engaged in dishonest or

unethical practices in the securities ... business, as may be defined by rule of the Bureau Chief...."

73. Kolinsky and Hill engaged in dishonest and unethical practices in the securities business while registered at NFP, including that they:

a. failed to update their NFP business activity questionnaires to disclose that they would be soliciting and selling securities related to STR Realty.;

b. failed to disclose Crown as an outside business activity to NFP as required;

c. failed to disclose Hackensack Park Plaza LLC as an outside business activity to NFP as required;

d. failed to disclose K&K 320 River Street LLC as an outside business activity to NFP as required;

e. failed to disclose River Street Project LLC as an outside business activity to NFP as required; and

f. solicited and sold STR, Crown and Hackensack Park Plaza securities to NFP clients without notice to or approval of NFP.

74. Hill also engaged in the following dishonest and unethical practices in the securities business by failing to disclose to Royal Alliance, among other things, that he:

a. participated in creating Gryphon-Hill as an investment vehicle to invest in Snap-on Smile;

b. sold an unapproved investment by soliciting and selling to C.F., a Royal Alliance client, an investment in Snap-on Smile;

c. caused a transfer of funds from C.F.'s Royal Alliance account that he had not approved;

d. caused false documents to be submitted to Royal Alliance and Pershing that he knew C.F. did not sign or approve; and

e. caused a transfer of funds for Gryphon-Hill's benefit, a company in which he and his wife had a beneficial interest, without disclosing his or his wife's beneficial interest to C.F.

75. Kolinsky also engaged in dishonest and unethical practices in the securities business, by failing to detect or prevent the unauthorized withdrawal of $1,477,000.00 from a customer account for which he was the representative of record.

76. Based upon to foregoing and pursuant to N.J.S.A. 49:3-58(1), it is in the public interest to deny and/or revoke the agent and investment adviser representative registrations of Kolinsky.

77. Based upon to foregoing and pursuant to N.J.S.A. 49:3-58(1), it is in the public interest to revoke the agent and investment adviser representative registrations of Hill.

**KOLINSKY FAILED TO REASONABLY SUPERVISE**
**N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(xi)**

78. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

79. Kolinsky failed to reasonably supervise while at NFP and Royal Alliance by, among other things:

a. failing to notify NFP that Hill was conducting undisclosed outside business activities and was selling away;

b. improperly delegating supervisory responsibilities to Ciano;

c. failing to assign accounts to the representative(s) who were controlling the activity in the accounts and who were contacting/advising the customers at Royal Alliance; and

d. failing to know his client and suitably manage client accounts.

80. Based upon to foregoing and pursuant to N.J.S.A. 49:3-58(1), it is in the public interest to deny and/or revoke the agent and investment adviser representative registrations of Kolinsky.

**GLASSBERG ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE SECURITIES BUSINESS**
**N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(vii)**

81. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

82. Glassberg engaged in dishonest and unethical practices in the securities business, which is grounds, pursuant to N.J.S.A. 49:3-58(a)(2)(vii), to suspend the agent and investment adviser representative registrations of Glassberg by failing to disclose to Royal Alliance, among other things, that he:

a. maintained Gryphon-Hill as an outside business activity; and

b. served on the board of Snap-on Smile.

83. Based upon to foregoing and pursuant to N.J.S.A. 49:3-58(1), it is in the public interest to suspend the agent and investment adviser representative registrations of Glassberg.

**HILL EMPLOYED A SCHEME TO DEFRAUD A CLIENT**
**N.J.S.A 49:3-52(a), N.J.S.A. 49:30-53(a)(1), N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(ii)**

84. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

85. Pursuant to N.J.S.A. 49:3-52(a): "It shall be unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly (a) to employ any device, scheme, or artifice to defraud."

86. Pursuant to N.J.S.A. 49:3-53(a): "It shall be unlawful for any person who receives, directly or indirectly, any compensation from another person for advising the other person as to the value of securities or their purchase or sale ... (1) to employ any device, scheme or artifice to defraud the other person...."

87. Pursuant to N.J.S.A. 49:3-58(a): "The Bureau Chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant ... (ii) has willfully violated or willfully failed to comply with any provision of this act or any rule or order authorized by this act or has willfully, materially aided others in such conduct...."

88. Hill misappropriated C.F.'s funds by causing the transfer of approximately $1.7 million to Snap-On Smile without authorization from C.F., thus employing a device, scheme or artifice to defraud C.F. in violation of N.J.S.A. 49:3-52(a) and N.J.S.A. 49:3-53(a)(1), which is grounds, pursuant to N.J.S.A. 49:3-58(a)(2)(ii), to revoke the agent and investment adviser representative registrations of Hill.

89. Hill used the approximately $103,000.00 approved investment and $1.7 million of misappropriated C.F.'s funds for the benefit of Gryphon-Hill instead of purchasing the Snap-on Smile investment for C.F. By failing to use the funds as

stated, and for C.F.'s benefit without C.F.'s knowledge or assent Hill employed a device, scheme or artifice to defraud client in violation of N.J.S.A. 49:3-52(a), which is grounds, pursuant to N.J.S.A. 49:3-58(a)(2)(ii), to deny the agent and investment adviser representative registrations of Hill.

90. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), it is in the public interest to revoke the agent and investment adviser representative registrations of Hill.

91. The activities set forth herein are further grounds, pursuant to N.J.S.A. 59:3-70.1, to assess a monetary penalty of $10,000 for the first violation and $20,000 for each subsequent violation of the Securities Law.

**HILL CAUSED FALSE RECORDS OF THE FIRM TO BE CREATED AND SUBMITTED**
**N.J.S.A 49:3-52(a), N.J.S.A. 49:3-58(a)(1), N.J.S.A. 49:3-58(a)(2)(ii)**

92. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

93. Pursuant to N.J.S.A. 49:3-52(a): "It shall be unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly (a) to employ any device, scheme, or artifice to defraud."

94. Hill caused the firm's books and records as required to be maintained under N.J.S.A. 49:3-59(b) to be false.

95. The activities as set forth herein are violations of

N.J.S.A. 49:3-52(a), which is grounds, pursuant to N.J.S.A. 49:3-58(a)(2)(ii), to revoke the agent and investment adviser representative registrations of Hill and to suspend the agent and investment adviser representative registrations of Ciano.

96. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), it is in the public interest to revoke the agent and investment adviser representative registrations of Hill. The activities set forth herein are grounds, pursuant to N.J.S.A. 59:3-70.1, to assess a monetary penalty of $10,000 for the first violation and $20,000 for each subsequent violation of the Securities Law.

**HILL MADE UNTRUE STATEMENTS OF MATERIAL FACT OR OMMITTED MATERIAL FACTS**
**N.J.S.A. 49:3-52(b), N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(ii)**

97. The preceding paragraphs are incorporated by reference as though set forth verbatim herein. Pursuant to N.J.S.A. 49:3-52(b): "It shall be unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly (b) to make any untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made not misleading."

98. Hill made untrue statements of material facts or omitted to state material facts, including but not limited to, that:

a. he received a Bachelor's Degree in Economics and Finance from the University of Buffalo in New York in 1987 when in fact he had no degree at all;

b. he omitted to advise C.F. that C.F. had already invested $1.8 million in SOS when Hill sought and C.F. granted approval to invest the "additional" $150,000; and

c. he failed to disclose to C.F. and Royal Alliance that he, and his wife, had and would receive additional beneficial interest in Gryphon Hill as a result of C.F.'s interest in S.O.S.

99. The activities as set forth herein are violations of N.J.S.A. 49:3-52(b), which is grounds, pursuant to N.J.S.A. 49:3-58(a)(2)(ii), to revoke the agent and investment adviser representative registrations of Hill.

100. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), it is in the public interest to revoke the agent and investment adviser representative registrations of Hill.

101. The activities set forth herein are grounds, pursuant to N.J.S.A. 59:3-70.1, to assess a monetary penalty of $10,000 for the first violation and $20,000 for each subsequent violation of the Securities Law.

THEREFORE, it is on this **30th day of November 2010**, hereby **ORDERED**,

That the agent and investment adviser representative registrations of Steven Kolinsky are **REVOKED** any outstanding applications for registration are **DENIED** pursuant to N.J.S.A. 49:3-58(a)(2)(ii), (vii)and (xi);

That the agent and investment adviser representative registrations of Stephen Hill are **REVOKED** pursuant to N.J.S.A. 49:3-58(a)(2)(ii) and (vii;

That Stephen Hill is denied all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b);

That the exemptions to the registration requirements as to Stephen Hill, provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c) and N.J.S.A. 49:3-56(g,) are hereby revoked;

That the agent and investment adviser representative registrations of Roy Glassberg are **SUSPENDED** for two months pursuant to N.J.S.A. 49:3-58(a)(2)(vii);

That pursuant to N.J.S.A. 59:3-70.1, Stephen Hill is hereby assessed and shall pay a civil monetary penalty in the amount of $210,000.00.

By: _____
Marc B. Minor
Chief, Bureau of Securities

## NOTICE OF RIGHT TO HEARING

Pursuant to N.J.S.A. 49:3-58(c)(2), upon service or notice of the Summary Order issued by the Bureau Chief, the applicant shall have up to fifteen (15) days to respond to the Bureau in the form of a written answer and written request for a hearing. A request for a hearing must be accompanied by a written response in accordance with N.J.A.C. 13:47A-13.13 addressing specifically each of the reasons set forth in the Summary Order which formed the basis for its entry. A general denial is unacceptable.

Pursuant to N.J.S.A. 49:3-58(c)(2), the Bureau Chief shall, within five (5) days of receiving the answer and a request for a hearing, either transmit the matter to the Office of Administrative Law for a hearing or schedule a hearing at the Bureau of Securities. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney.

Pursuant to N.J.S.A. 49:3-58(c)(3), if an applicant fails to respond by filing a written answer and request for a hearing with the Bureau within the fifteen (15) day prescribed period,

the Summary Order shall remain in effect until modified or vacated.

## NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., provides several enforcement remedies which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action denying your application for registration, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action. N.J.S.A. 49:3-70.1.