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

IN THE MATTER OF: Steven Hold (CRD# 2354154), Robert Vallone (CRD# 1429425), and: William Tobias (CRD# 2622866)	SUMMARY REVOCATION ORDER

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities ("Bureau") by the Uniform Securities Law, as amended, L. 1997, c. 276 N.J.S.A. 49:3-47 et seq., ("Law"), more particularly, N.J.S.A. 49:3-58, and after careful review and due consideration of the Securities and Exchange Commission's ("SEC") Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21(C) of the Securities Exchange Act of 1934 and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and Cease-and-Desist Orders ("SEC Order") dated September 25, 2012 the Bureau Chief has determined that the agent and investment adviser representative registration of Steven Hold, Robert Vallone, and William Tobias shall be **REVOKED** pursuant to the reasons that follow:

FINDINGS OF FACT

1. Hold Brothers On-Line Investment Services, LLC, now known as Tafferer Trading LLC, (CRD#36816) ("Hold Brothers") has been registered with the Bureau as a broker-dealer

since December 8, 1994. It has a principal place of business of 1177 Avenue of the Americas, New York, NY 10036.

2. Steven Hold (CRD# 2354154) residing in Warren, NJ, was registered with the Bureau as an agent of various broker-dealers since June 1993. He was most recently registered with the Bureau as an agent of Hold Brothers since March 1995.

3. Robert Vallone (CRD# 1429425) ("Vallone") residing in Princeton Junction, NJ, was registered with the Bureau as an agent of Hold Brothers since September 2006.

4. William Tobias (CRD# 2622866) ("Tobias") residing in Hoboken, NJ, was registered with the Bureau as an agent of various broker-dealers since May 1995. He was most recently registered with the Bureau as an agent of Sodalite Financial Services LLC since January 2009 and Hold Brothers since August 2012.

5. In anticipation of the SEC proceedings, Hold Brothers On-Line Investment Services, LLC, Steven Hold, Robert Vallone, and William Tobias submitted Offers of Settlement, which the SEC accepted. Respondents consented to the entry of the SEC Order without admitting or denying the SEC's findings, which are incorporated herein by reference.

6. Hold Brothers was a limited liability company made up of one Class A member, Hold Brothers Inc., which was wholly owned by Steven Hold and another individual, and a number of Class B members who conducted proprietary day trading. Additionally, Hold Brothers conducted proprietary day trading and traded on behalf of retail customer traders.

7. Steven Hold funded and partially owned two Hold Brothers "customer" accounts for two foreign companies, Trade Alpha Corporate Ltd and Demostrate, LLC. Hold Brothers controlled the overseas traders by, among other things, determining and allocating buying power, establishing stop-loss limits, and, through Hold Brothers affiliated personnel, dictating the profit

distribution between Demostrate and Trade Alpha and the traders. Steven Hold funded Demostrate and Trade Alpha, and Demostrate and Trade Alpha provided the capital for the manipulative trading by their traders.

8. The SEC found that during the period of January 2009 through September 2012, overseas traders who accessed the U.S. markets through Hold Brothers, including some through the Demostrate and Trade Alpha accounts, engaged in a manipulative trading strategy, commonly known as "layering" or "spoofing". The traders placed an order to buy (or sell) with the intention of executing the order placed. They then immediately placed orders to sell (or buy) the same securities with no intention to have these orders executed. This was done for the purpose of attracting other orders to manipulate market prices against the original bona fide order.

9. The SEC found that Hold Brothers failed to adequately monitor for manipulative trading practices, and failed to investigate red flags that were raised throughout this period. Hold Brothers failed to adequately supervise Demostrate Traders, and lacked adequate surveillance systems and procedures to prevent or detect manipulative trading activity.

10. Beginning in 2009, Steven Hold, Vallone and Tobias became aware of red flags, including several emails, which suggested that the overseas traders who traded through Hold Brothers were engaged in manipulative trading practices. Hold Brothers also received inquiries from FINRA and national securities exchanges regarding concerns of manipulative trading activity. Nevertheless, the respondents recklessly continued to provide the overseas traders buying power and/or access to the U.S. markets and failed to conduct adequate follow-up. Hold Brothers failed to implement procedures and policies to ensure that red flags were responded to adequately.

11. Steven Hold was Robert Vallone's supervisor. Steven Hold received emails, and had knowledge of suspected manipulative trades by the overseas traders. He was aware that Vallone was responsible for reviewing these trades, and knew that inaction by Vallone could aid continued manipulative trading practices. Steven Hold failed to adequately supervise Vallone to ensure Vallone took steps to determine if manipulative trading had occurred and to adequately respond to red flags. If Steven Hold had adequately supervised Vallone, he may have detected and prevented Vallone's aiding and abetting violations of Section 9(a)(2).

12. Regardless of numerous red flags raised that indicated manipulative trading, Hold Brothers failed to file a single Suspicious Activity Report.

13. The SEC found that violations including the following had occurred:

a. Steven Hold, Robert Vallone, and William Tobias willfully aided and abetted and caused Hold Brothers' violations of Section 9(a)(2) of the Exchange Act;

b. Steven Hold failed to reasonably supervise Robert Vallone in connection with Vallone's violations of the securities laws.

14. The SEC ordered, among other things:

a. Vallone and Tobias were barred from association with any financial investment firm, including but not limited to, broker-dealers and investment advisors; prohibited from affiliating professionally with any investment company registered with the SEC, including but not limited to, serving as an employee, officer, director or underwriter; and barred from participating in the offering of penny stock. Vallone and Tobias were granted the right to apply for reentry after three years.

b. Steven Hold was barred from association with any financial investment firm, including but not limited to, broker-dealers and investment advisors; prohibited from affiliating professionally with any investment company registered with the SEC, including but not limited to, serving as an employee, officer, director or underwriter; and barred from participating in the offering of penny stock. Steven Hold was granted the right to apply for reentry after two years.

c. Steven Hold was barred from association in a supervisory capacity with any financial investment firm with the right to apply for reentry after three years.

d. Steven Hold, Vallone, and Tobias were each ordered to pay a civil monetary penalty of $75,000 to the United States Treasury.

CONCLUSIONS OF LAW

HOLD BROTHERS ON-LINE INVESTMENT SERVICES, LLC, STEVEN HOLD, ROBERT VALLONE AND WILLIAM TOBIAS ARE THE SUBJECT OF AN ORDER BY THE SECURITIES AND EXCHANGE COMMISSION SUSPENDING THEM FROM A NATIONAL SECURITIES ASSOCIATION

N.J.S.A. 49:3-58(a)(1)
N.J.S.A. 49:3-58(a)(2)(vi)

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

4. Pursuant to N.J.S.A. 49:3-58(a):

> [t]he 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 . . . (vi) is the subject of an order of the Securities

> and Exchange Commission, a self-regulatory organization, the Commodity Futures Trading Commission, an insurance regulator, or a federal or state banking regulator, suspending or expelling him from a national securities or commodities exchange or national securities or commodities association registered under the "Securities Exchange Act of 1934"...

5. Steven Hold, Robert Vallone and William Tobias are the subject of an SEC Order barring their association with any participant in the securities industry with the ability to reapply after three years. This is cause, pursuant to N.J.S.A. 49:3-58(a)(2)(vi), to suspend each of their registrations, respectively.

6. Based upon the foregoing, the revocation of respondents' registration as agents is in the public interest, and necessary for the protection of investors.

STEVEN HOLD HAS FAILED TO REASONABLY SUPERVISE THE AGENTS OF HOLD BROTHERS, FOR WHOM HE HAD SUPERVISORY RESOPNSIBILITY

N.J.S.A. 49:3-58(a)(1)
N.J.S.A. 49:3-58(a)(2)(xi)

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

8. Pursuant to N.J.S.A. 49:3-58(a):

> [t]he 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 . . . (xi) has failed reasonably to supervise the agents of a broker-dealer for whom he has supervisory responsibility.

9. As described above, Steven Hold failed to adequately supervise Robert Vallone in detecting and reporting manipulative trading practices.

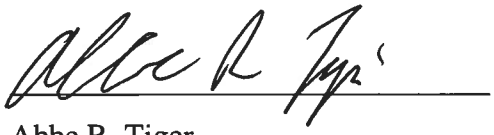
10. This is cause, pursuant to N.J.S.A. 49:3-58(a)(2)(xi), to revoke Steven Hold's registration as an agent failing to reasonably supervise the agents for whom he had supervisory responsibility.

11. Based upon the foregoing, the revocation of Steven Hold's registration as an agent is in the public interest, and necessary for the protection of investors.

CONCLUSION

For the reasons stated above, it is on this 7TH DAY of May 2013 **ORDERED** that:

1. The agent registrations of Steven Hold, Robert Vallone and William Tobias be **REVOKED** pursuant to N.J.S.A. 49:3-58(a)(1), N.J.S.A. 49:3-58(a)(2)(vi) and N.J.S.A. 49:3-58(a)(2)(xi).
2. Upon reapplication:
   a. All monetary penalties owed to the SEC must be paid in full.
   b. Steven Hold, Robert Vallone and William Tobias must be in compliance with all provisions of the SEC Order, including but not limited to, section IV(H) of the SEC Order.
   c. Steven Hold, Robert Vallone and William Tobias will be subject to a Heightened Supervision Agreement.



Abbe R. Tiger
Chief, Bureau of Securities

NOTICE OF RIGHT TO HEARING

Pursuant to the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., specifically, N.J.S.A. 49:3-58(c), the bureau chief shall entertain on notice of no less than three (3) days, a written application to lift the summary revocation on written application of the applicant or registrant and in connection therewith may, but need not, hold a hearing and hear testimony, but shall provide to the applicant or registrant a written statement of the reasons for the summary revocation.

This matter will be set down for a hearing if a written request for such a hearing is filed with the Bureau within 15 days after the respondent receives this Order. A request for a hearing must be accompanied by a written response, which addresses specifically each of the allegations set forth in the Order. A general denial is unacceptable. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney.

Orders issued pursuant to this subsection to suspend or revoke any registration shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the order to suspend or revoke any registration shall be held in any event within 20 days after it is requested, and the filing of a motion to vacate the order shall toll the time for filing an answer and written request for a hearing.

If no hearing is requested, the Order shall be entered as a Final Order and will remain in effect until modified or vacated. If a hearing is held, the Bureau Chief shall affirm, vacate or modify the order in accord with the findings made at the hearing.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law 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 revoking your 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.

You are further advised that the entry of the relief requested does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.