UNITED STATES OF AMERICA before the SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934 Release No. 53489 / March 16, 2006

ADMINISTRATIVE PROCEEDING File No. 3-12237

	:
In the Matter of	:
Jon M. Bloodworth, Esq.	:
Respondent.	:
	:

ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO RULE 102(e) OF THE COMMISSION'S RULES OF PRACTICE, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Jon M. Bloodworth ("Bloodworth" or "Respondent") pursuant to Rule 102(e) of the Commission's Rules of Practice.¹

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") 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

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . attorney . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

herein, except as to the Commission's jurisdiction over him and the subject matter of these proceeding, and the findings contained in paragraph III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Bloodworth, age 47, is an attorney admitted to practice in the State of California. During the relevant time period, Bloodworth served as general counsel to Busybox.com, Inc. ("Busybox"). Acting in his capacity as Busybox general counsel, Bloodworth signed and caused to be filed with the Commission the registration statement for the initial public offering ("IPO") of the securities of Busybox that took place in June 2000 (File Number 333-80315). Bloodworth also assisted with the preparation of the Busybox IPO registration statement. Bloodworth has therefore practiced before the Commission within the meaning of Rule 102(f) of the Commission's Rules of Practice [17 CFR § 201.102(f)].

2. Busybox is a defunct Delaware company that was headquartered in Century City, California. Busybox's common stock is registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 ("Exchange Act") and traded on the NASDAQ Small Cap Market from June 2000 until April 2001, when it was delisted. Busybox sold photographs, film footage and "broadcast quality" digital video over the Internet.

3. On June 24, 2005, the Commission filed a complaint against Bloodworth in <u>Securities and Exchange Commission v. Patrick A. Grotto, Mark B. Leffers, and Jon M.</u> <u>Bloodworth ("SEC v. Bloodworth</u>") in the United States District Court for the Southern District of New York, under case number 05 CV 5880 (GEL) (JCF). On November 8, 2005, Bloodworth consented to the entry of the Final Judgment in <u>SEC v. Bloodworth</u>, without admitting or denying the allegations in the complaint, except as to jurisdiction, which he admitted. On February 27, 2006, the United States District Court for the Southern District of New York entered the Final Judgment, which, among other things: permanently restrains and enjoins Bloodworth from violating Section 17(a) of the Securities Act of 1933 [15 U.S.C. § 77q(a)]; and permanently restrains and enjoins Bloodworth from violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. Bloodworth was also ordered to pay \$105,936 in disgorgement of ill-gotten gains from the conduct alleged in the complaint and \$35,680 in prejudgment interest.

4. The Commission's complaint filed in <u>SEC v. Bloodworth</u> alleges, among other things, the following facts. Bloodworth and others engaged in fraud in connection with the June 2000 IPO of Busybox securities. Barron Chase Securities Inc. ("Barron Chase"), the lead underwriter for the Busybox IPO, agreed to underwrite a firm commitment offering that would raise approximately \$12.8 million for Busybox. After he learned that Barron Chase was having difficulty selling the IPO securities to bona fide investors, Bloodworth agreed to purchase shares to

help complete the offering. Specifically, Bloodworth and several other Busybox officers and directors ("insiders") agreed secretly to "purchase" IPO securities using undisclosed payments styled as "bonuses," and Busybox's outside securities counsel received an inflated and undisclosed legal fee paid in IPO securities. Barron Chase secretly financed these transactions and, during the IPO closing, Bloodworth and others caused Busybox to repay Barron Chase out of the proceeds of the offering. As a result of these purchases, Bloodworth and other insiders at Busybox along with its outside securities counsel acquired almost 20% of the securities being offered in the IPO and reduced the proceeds available to Busybox by over \$2.1 million. Bloodworth knew that the IPO registration statement and prospectus did not disclose the insiders' stock purchases, the inflated legal fee paid to outside counsel, Barron Chase's financing of these transactions or the repayment to Barron Chase using IPO proceeds.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Bloodworth's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that Bloodworth is suspended from appearing or practicing before the Commission as an attorney.

By the Commission.

Nancy M. Morris Secretary