

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

In the Matter of :
MICHAEL JOSEPH BOYLAN :
HAROLD HARRIS :

:

INITIAL DECISION

August 14, 1980
Washington, D.C.

Ralph Hunter Tracy
Administrative Law Judge

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APPEARANCES: Leonard H. Rossen, Hillel T. Cohn and James
C. Johnson of the Los Angeles Regional
Office for the Division of Enforcement.

Sheldon M. Jaffe for Michael Joseph Boylan,
Harold Harris pro se.

BEFORE: Ralph Hunter Tracy, Administrative Law Judge

These are public proceedings instituted by an order of the Commission (Order) dated May 15, 1978, and amended July 19, 1971,^{1/} pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 (Exchange Act) to determine whether the above-named respondents committed various charged violations of the Exchange Act and regulations thereunder as alleged by the Division of Enforcement (Division) and the remedial action, if any, that might be appropriate in the public interest.

The Order, as amended, alleged, in substance, that during the period from on or about April 1, 1976 through December 31, 1976, respondents Michael Joseph Boylan (Boylan) and Harold Harris (Harris) willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and willfully aided and abetted violations of Sections 10(b), 7(a) and 7(c) of the Exchange Act, Rule 10b-5 thereunder and Regulation T promulgated by the Board of Governors of the Federal Reserve System concerning the arranging, extending and maintaining of credit to and for customers on securities.

The evidentiary hearing was held at Los Angeles, California, from September 25 to September 29, 1978, and from November 14, 1979 to November 19, 1979. Respondent Boylan was represented by counsel throughout the proceeding while respondent Harris appeared pro se. Proposed findings of fact and conclusions of law and supporting briefs were filed on behalf of Boylan, Harris and the Division.

^{1/} The Order was amended to clarify certain language, without objection by respondents, at a prehearing conference on July 19, 1978. (TR. 5)

The findings and conclusions herein are based upon clear and convincing evidence as determined from the record and upon observation of the witnesses.

Respondents

Michael Joseph Boylan (Boylan) is president of Gallagher, Gliksman, Boylan & Robbins (Gallagher, Gliksman), formerly known as the Ashlar Corporation (Ashlar). Ashlar became registered with the Commission as a broker-dealer on November 3, 1967 and changed its name to Gallagher, Gliksman and amended its registration on April 7, 1977. During the period encompassed by the Order it was Ashlar and will be referred to as such throughout this decision. Boylan was vice-president, treasurer, a director and owner of 25% - 50% of the voting stock of Ashlar from November 1975 through April 1977. Boylan holds a B.A. degree from St. John's University, New York, and has been in the brokerage business approximately 15 years. He was operations manager of Cantor Fitzgerald from 1971 until he joined Ashlar.

Harold Harris (Harris) was a salesman with Ashlar from April 1976 through April 1977. He had two years at the University of Colorado, one year at Brooklyn College in New York and three years in the evenings at the Institute of Finance while employed at Lehman Bros. (Lehman) in New York, as a back office man from 1955 to 1971. From 1971 through 1973 he was operations manager for Lehman in Los Angeles. In 1973 and 1974 he was vice president of Van Mark & Co., Beverly Hills, California, then operations manager

at Loeb, Rhoades & Co., and a registered representative at Paine, Webber and, Kidder, Peabody, respectively, before joining Ashlar.

During the period covered by the Order, April 1, 1976 through December 31, 1976, nine months, Ashlar was a broker-dealer doing business in Pasadena, California. It was a small firm, under the supervision of Boylan, and cleared its customers' transactions through other brokers. During the period herein it cleared its trades through four broker-dealers: Wedbush, Noble Cooke, Inc. (Wedbush), Bear, Stearns & Co., (Bear, Stearns), Mesirov & Co., (Mesirov) and Olde & Co., Inc. (Olde).

The only trades introduced in this proceeding were those conducted by Ashlar for Michael Batterman (Batterman) under nominee accounts of Savona Investments (Savona) and International Economic Associates (IEA). Batterman, who had been the subject of a Commission investigation and sanction, ^{2/} became an Ashlar customer through Harris who joined Ashlar in April 1976 and who had known Batterman at another brokerage firm.

Violations

The Order alleges that during the period from April 1, 1976 through December 31, 1976, Boylan and Harris willfully violated and willfully aided and abetted violations of Section 10(b) of the

^{2/} On the basis of an offer of settlement the Commission found that Batterman willfully violated and willfully aided and abetted violations of Sections 9(a)(1), 9(a)(2), 10(b) and 7(c)(1) of the Exchange Act and Rules 10b-5 and Regulation T thereunder and, as a result, barred him from association with any broker, dealer, investment company or investment adviser; provided, that at the end of a two-year period he could apply to become so associated in a non-supervisory capacity upon a showing that he would be adequately supervised. Exchange Release No. 12278/March 29, 1976. 9 SEC Docket 307 (April 31, 1976).

Exchange Act and Rule 10b-5 thereunder in that in connection with the purchase and sale of various securities they made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading and engaged in transactions, acts, practices and a course of business which would and did operate as a fraud and deceit.

As part of the above described conduct respondents made false and misleading statements concerning the identity of persons controlling, or participating in the control of Savona and IEA; made false and misleading statements with respect to the financial worth of IEA; made false and misleading statements as to the ability of Savona and IEA to pay for securities they purchased; omitted to disclose that Savona and IEA had reneged on securities transactions; omitted to disclose that the Savona and IEA accounts had been restricted pursuant to Regulation T; and aided and abetted Savona and IEA in a fraudulent scheme to purchase securities without the present ability to pay for those securities.

The Order alleges, further, that Respondents willfully aided and abetted Ashlar in violations of Sections 7(a) and 7(c) of the Exchange Act and Regulation T promulgated thereunder by causing Ashlar to extend and maintain credit in the special cash accounts of Savona and IEA in excess of the seven-day and thirty-five day periods prescribed by Sections 4(c)(2) and 4(c)(5), respectively, of Regulation T; causing Ashlar to fail to promptly cancel or otherwise liquidate the transactions or unsettled positions of Savona

and IEA who purchased securities in special cash accounts and did not make full cash payment within 7 days after the purchase date; and, causing Ashlar to fail to restrict the IEA account pursuant to Section 4(c)(8) of Regulation T.

In addition, the Order alleges that: On September 9, 1976, the Pacific Stock Exchange barred Boylan from association with any member for one year, fined him \$1,500 and fined Ashlar \$1,750 for failure to maintain proper books and records, failure to perform certain contracts and failure to properly supervise all employees; and on October 6, 1977, Boylan and Ashlar were censured by the NASD and fined \$500 plus costs for failure to maintain proper books and records and filing inaccurate financial statements.

Shortly after joining Ashlar, Harris opened a nominee account for Batterman under the name of Savona Investments (Savona). Batterman who had been a client of Harris' at Kidder, Peabody instructed Harris to operate the account on a delivery versus payment (DVP) basis. That is, securities purchased for the account were to be delivered by Ashlar's clearing broker Wedbush, to Savona's account at the Wells Fargo Bank in Los Angeles (Wells Fargo). Batterman's association with Savona was not disclosed to Wedbush.

Harris testified that during the later part of 1975 and up until he joined Ashlar, Batterman had been his client at Kidder, Peabody where he carried a margin account that never exceeded \$25,000 or \$30,000 and there had not been any problems. Although Harris and Boylan knew that Batterman had been sanctioned by the

Commission they did not know the details and made no effort to ascertain them.

On May 6, 1976, Savona purchased 1,000 shares of Halliburton stock which was delivered versus payment by the clearing broker, Wedbush. Subsequently, the stock was returned unpaid and credited back to the Savona account. On May 11, 1976 a 3 for 1 stock dividend was declared which increased the number of Halliburton shares in the Savona account to 3,000. These 3,000 shares were sold on May 11 and 12 without having been paid for by Batterman.

The Savona account purchased 2,000 shares of Sears, Roebuck & Company (Sears) on May 17 and May 25, 1976, respectively, or a total of 4,000 shares. These shares were DVP'd to Wells Fargo and were returned unpaid to Wedbush which liquidated the transaction with a loss of \$20,755.90. The account was restricted by Wedbush as required by Section 4(c)(8) of Regulation T.

Pursuant to the terms of the clearing agreement the loss was charged to Ashlar and collected by Wedbush from commissions due Ashlar. Ashlar, in turn, collected the loss from Harris from his commissions over a period of time.

Subsequent to the Savona renege, Batterman called Harris to discuss opening a second nominee trading account under the name of International Economic Associates (IEA). Batterman advised Harris that IEA was a foreign partnership^{*} and that Anthony Ward (Ward), "a prominent individual from overseas" would supply the necessary financing for the account's activities. Batterman suggested

*Records of the Chartered Bank of London show Batterman as a partner.

that trading this account through Ashlar would generate revenues to repay the loss that his previous account had incurred.

Following Batterman's renege in the Sear's transaction, Boylan had stated that Ashlar would not do any business with Batterman. However, he allowed Harris to open the IEA account on a DVP basis. Neither he nor Harris obtained from IEA, Ward or Batterman a financial statement or other evidence of the credit worthiness of the account. The IEA account was introduced by Ashlar to Wedbush with transactions to be handled on a DVP basis to the Chartered Bank of London at its Los Angeles branch. Neither Boylan or Harris informed anyone at Wedbush that Batterman was associated with the account although he had recently reneged on the Sears trade and Wedbush had restricted his account pursuant to Section 4(c)(8) of Regulation T.^{3/}

On June 3, 1976 Ashlar introduced a trade to Wedbush for the purchase of \$600,000 worth of Seafirst Corporation (Seafirst) bonds, DVP to the Chartered Bank. Upon delivery to the bank it was learned that there were insufficient funds in the account to cover the transaction. Accordingly, an officer of the bank called Wedbush and spoke to Edward Wedbush, president, who was surprised to learn that Batterman was associated with the account.^{4/}

^{3/} Section 4(c)(8) of Regulation T provides that unless funds sufficient for the purpose are already in the account, no security shall be purchased for, or sold to, a customer in a special cash account if during the preceding 90 days the customer had purchased another security in that account, and then, for any reasons whatever, without having been previously paid for in full, the security has been sold in the account or delivered out to any broker or dealer. (Underscoring supplied)

^{4/} Mr. Wedbush testified that he would not have accepted the account if he had known that Batterman was associated with it.

The account was liquidated by Wedbush for non-payment and restricted. Mr. Wedbush testified that he gave orders to cease doing business with Batterman and IEA and in that respect the accounts were restricted.

Ashlar entered into a clearing agreement with Bear, Stearns on June 21, 1976, and introduced the IEA account there on July 7, 1976, without informing Bear, Stearns of its previous failure to pay for purchases or that it was, in fact, restricted by reason of such failure under Section 4(c)(8) of Regulation T. This was, also, a DVP account to the Bank of California. On several occasions during July and August the bank notified Bear, Stearns that it would not accept delivery of securities for the account and on these occasions Ashlar was called upon to resolve the problem. Finally, when the bank refused to accept 1,000 shares of Abbott Laboratories and 500 shares of Texas Instruments Corporation, on August 23 and 27, 1976, respectively, Bear, Stearns liquidated the account and restricted it. Marshall Geller who was, at that time, a limited partner of Bear, Stearns in charge of the clearing business in Los Angeles, testified that the account was restricted by direction of Bear, Stearns' New York office following discussions over a period of time concerning the enumerable problems that the account was causing.

On August 16, 1976, Ashlar entered into clearing agreements with both Olde & Co., Inc., and Mesirow & Company. Neither firm was informed of the previous history of the account or that it had been restricted by Wedbush and Bear, Stearns and was still under

restriction. The account's activity at these two firms was very limited, although the 500 shares of Texas Instruments liquidated by Bear, Stearns were sold through Mesirow.

Respondents argue that Ashlar did not violate Sections 7(a) and 7(c) of the Exchange Act or Regulation T and that they did not aid and abet such violations. Sections 7(c) and 7(d) of the Act provide that it shall be unlawful for any person to extend, maintain or arrange for the extension or maintenance of credit to or for any customer in contravention of the rules and regulations adopted by the Federal Reserve Board. Respondents submit that Ashlar did not extend or maintain credit with respect to its introduced accounts. Ashlar was an introducing broker and not allowed by the Commission, under the net capital rule, to carry customer accounts or extend customers credit.

The relevant provisions of Rule 15c3-1 provide:

"(2) Notwithstanding the provisions of subparagraph (a)(1) hereof, a broker or dealer shall have and maintain net capital of not less than \$5,000 if he does not hold funds or securities for, or owe money or securities to, customers and does not carry accounts of, or for, customers except as provided for in subdivision (v) below, and he conducts his business in accordance with one or more of the following conditions and he does not engage in any other securities activities;

"(i) He introduces and forwards as a broker all transactions and accounts of customers to another broker or dealer who carries such accounts on a fully disclosed basis and (the introducing broker or dealer) promptly forwards all of the funds and securities of customers received in connection with his activities as a broker;"

The exemption from the net capital rule for introducing brokers prohibits introducing brokers from owing funds or securities to customers. This prohibits the extension of credit

for if the broker extends credit the broker must owe the customer the securities purchased with the credit extended. The terms "introducing broker" and "account" it is submitted mean precisely what they say. An introducing broker cannot carry a customer account but is limited to introducing the account to the clearing broker. The accounts in all instances must be those of the clearing broker who generally is the only party with the capital and facilities to handle the transactions.

Aside from respondents' argument, Section 4(a)(1) of Regulation T provides that a creditor may establish for any customer one or more special accounts. Section 4(c)(1) provides that in a special cash account, a creditor may effect for or with any customer bona fide cash transactions in securities....

These provisions of Regulation T clearly indicate that the broker executing the transactions is the creditor or the one extending credit and this would be the clearing broker. To argue that the account is the introducing broker's once he has handed it over to the clearing broker is fallacious. The clearing broker is obligated to abide by the applicable law, and accordingly in the instant case, was the only one in a position to violate Regulation T. However, by promptly liquidating the account for non-payment, pursuant to Section 4(c)(2) of Regulation T,^{5/} such

^{5/} Section 4(c)(2) provides: In case a customer purchases a security (other than an exempted security) in a special cash account and does not make full cash payment for the security within 7 days after the date on which the security is so purchased, the creditor shall... promptly cancel or otherwise liquidate the transaction or the unsettled portion thereof.

violation was avoided. Although the account was restricted or "frozen" pursuant to Section 4(c)(8), supra p. 7, n. 3, there was no violation.

Vincent Fay, vice-president of Bache, Halsey, Stuart, Shields (Bache) from their home office in New York was qualified as an expert witness and testified that only one person must make the decision concerning Regulation T and that is the clearing broker who is responsible for keeping the regulation. The clearing broker makes the decision on whether or not to apply for an extension under Regulation T. The introducing broker is expected to know his customer and to advise the clearing broker of any problems. Mr. Fay testified that when a broker delivers an account that is under restriction to another broker he must, under stock exchange regulations, inform the other broker of such restriction. (See Rule 431(d)(9), NYSE p. 13, n.8, infra.)

The Order charges Boylan and Harris only with aiding and abetting Ashlar's violation of Regulation T. However, if there was no violation there can be no aiding and abetting. As the Court said in SEC v. Coffey, 6 Cir. 1974, 493 F.2d 1304, 1316, cert. denied, 1975, 420 U.S. 908:

"... we find that a person may be held as an aider and abettor only if some other party has committed a securities law violation, if the accused party had general awareness that his role was part of an overall activity that is improper, and if the accused aider-abettor knowingly and substantially assisted the violation."

In view of the foregoing it is found that there was no violation of Regulation T and, accordingly, the charge of aiding and abetting such violation by Boylan and Harris is dismissed.

Although it has been found that there was no violation of Regulation T in the instant proceeding this does not mean that no fraud or deception was practiced by Boylan and Harris. On the contrary, the deceit and deception engaged in by Ashlar, Boylan and Harris in introducing accounts to clearing brokers clearly violated Section 10 of the Exchange Act and Rule 10b-5 thereunder.

The failure to disclose Batterman's connection with the Savona account in its initial transaction with Wedbush is, itself, highly persuasive of respondents deliberate intent to deceive, mislead and defraud. ^{6/} That this was a material omission is indicated by Mr. Wedbush's testimony that his firm would not have accepted the account had it known of Batterman's connection with it. Subsequently, when the IEA account was introduced to Bear Stearns, Olde and Mesirov, no disclosure was made of Batterman's connection with the account or the fact that IEA had previously been restricted and was, or should have been, under restriction at the time it was introduced to the respective clearing brokers.

In addition, another possible motive for respondents fraudulent conduct was the temptation offered by Batterman when he told Harris that he would give him the IEA account so that Harris could earn commissions to make up for the loss he suffered in the Savona renege on the Sears transaction.

6/ Weitzman v. Stein, 436 F. Supp. 895, 903 (S.D.N.Y., 1977).

The clearing brokers were accepting the accounts in good faith on the representations made but were victimized by the omission of material facts. At least they should have had an opportunity to consider the significance of the omissions. Here there was substantial likelihood that the disclosure of the omitted facts would have been viewed by the clearing brokers as having significantly altered the "total mix" of the information made available.^{7/}

As Fay testified, the clearing broker expects the introducing broker to advise him of any problems with the account. Although Ashlar was not subject to NYSE rules,^{8/} Boylan, as a registered principal and Harris, as a registered representative, associated with a registered broker-dealer, were obligated to employ a high standard of care in discharging their duties.

Arrangements between clearing and introducing firms are a matter of contract between them so long as the public interest is not jeopardized. But where, as here, the record shows Boylan and Harris were aware of serious irregularities in the Savona and IEA accounts, it seems both reasonable and in the public interest to impose on respondents an independent obligation to make inquiry and take prompt steps to terminate any participation in activity which might be violative of the securities laws and detrimental to the public interest.^{9/}

7/ TSC Industries v. Northway, Inc., 426 U.S. 438, 449 (1976).

8/ NYSE Rule 431(d)(9) provides that a member organization transferring an account which is under restraint to another member organization shall inform the receiving member organization of the restraint.

9/ D.H. Blair & Co., et al., 44 S.E.C. 320, 328 (1970).

It is found that Boylan and Harris willfully violated Section 10 of the Exchange Act and Rule 10b-5 thereunder. There is no question as to intent as the only way a clearing broker could be induced to accept the accounts in question was to conceal the real facts and no reasonable person could conclude otherwise. Accordingly, it is found that Boylan and Harris acted with scienter and that the violations were clearly willful.^{10/}

Public Interest

The remaining issue concerns the remedial action which is appropriate in the public interest with respect to the finding that respondents violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The Division proposes that Boylan be suspended from association with any broker or dealer, investment adviser or investment company for a period of 90 days and that thereafter he be suspended from association as a financial principal with any broker or dealer, investment adviser or investment company for a period of an additional 9 months. It is further recommended that following the suspension above, Boylan's activities be limited for an additional 3 years in that he will not associate with any broker or dealer unless that broker or dealer has a financial principal other than himself. It is proposed that Harris be suspended from any association with any broker or dealer, investment adviser or

^{10/} Aaron v. Securities and Exchange Commission, 48 U.S.L.W. 4603 (June 2, 1980); Securities and Exchange Commission v. Blatt, 583 F.2d 1325, 1334 (5th Cir. 1978).

investment company for a period of 120 days.^{11/} Respondents, on the other hand, assert that no sanction other than a censure is required.

The Division points out, in mitigation, that the violations alleged herein occurred approximately 4 years ago; that Harris has since left the securities industry; and that Boylan is now associated with a larger, more effectively managed firm where the responsibility for overseeing the operations of the firm is shared by other principals.

Both Ashlar and Boylan have previously been subjected to sanctions by the NASD, as well as the Pacific Stock Exchange (PSE). On September 9, 1976 the PSE barred Boylan from association with any member for one year, fined him \$1,500 and fined Ashlar \$1,750 based upon failure to maintain proper books and records, failure to perform certain contracts and failure to properly supervise all employees. On October 6, 1977, Gallagher, Gliksman (formerly Ashlar) and Boylan were censured by the NASD and fined \$500 plus costs based upon failure to maintain proper books and records and for filing inaccurate financial statements. On October 27, 1978, the NASD censured Gallagher, Gliksman, Boylan and another principal of the firm and imposed a \$5,000 fine jointly and severally, plus costs. This sanction was based on inaccurate and misleading FOCUS reports; the payment of \$21,000 to a non-registered

^{11/} The only sanctions which may be imposed are those called for in the Exchange Act under which this proceeding was brought.

person for arranging municipal securities transactions; and failure to maintain books and records in accordance with SEC Rules 17a-3 and 17a-4. On or about February 6, 1979, Boylan signed a waiver, admission and consent agreeing to the imposition of a censure and \$500 fine by the NASD on himself and Gallagher, Gliksman for deficiencies found by an NASD examiner during an inspection of the firm in June and July 1978.

In addition to the seemingly continuous problems with the NASD, Boylan did not abandon his attempts to introduce the IEA account to other brokers until the NASD advised him to do so. In a letter to Harris, dated August 27, 1976, RE: International Economic Associates, Boylan states:

"As per conversation with you this date and in compliance with the wishes of the NASD as related to me yesterday the captioned account is restricted for a period of ninety (90) days from the date of the involuntary sale of 500 shares of TXN. By restriction is meant no further trading.

They (NASD) advised that while it is probably within the letter of the law to trade via a broker not involved with the aforementioned trade, it is stretching the intent for us to introduce the account to another broker. Because I could possibly agree with this interpretation, and to foster better relations with the NASD I must agree.

Copies of this letter were sent to the NASD, Bear, Stearns and Olde.

The respondents state that it is also significant for purposes of the public interest to note that no customer lost money, and no clearing broker lost money in the transactions alleged; that, in hindsight, they made an erroneous business

judgment in taking the Savona account, but that they paid handsomely for this error, having to indemnify Wedbush over \$20,000.

The fact that no investors or brokers were injured is not a necessary element in Commission enforcement proceedings. Hughes v. S.E.C., 174 F.2d 969, 974 (D.C. Cir. 1949); Berko v. S.E.C., 316 F.2d 137, 143 (2nd Cir. 1963); O'Leary v. S.E.C., 424 F.2d 908, 912 (D.C. Dir. 1965).

Moreover, rather than an error in judgment this was a fraudulent concealment which not only put brokers, and investors, capital at risk, but could very well have resulted in substantial losses to all concerned. As the Supreme Court recently said: "... the welfare of investors and financial intermediaries are inextricably linked - frauds perpetrated upon either business or investors can redound to the detriment of the other and to the economy as a whole." United States v. Naftalin, CCH Fed. Sec. L. Rep. ¶96,866 (1979). The fact that respondents were responsible for reimbursing a loss caused by their own action is not considered a mitigating circumstance. Although as the staff notes, the violation found herein occurred approximately 4 years ago, the record shows additional violations involving Boylan in each of the years 1976, 1977, 1978 and 1979, resulting in substantial sanctions. It is apparent that Boylan and the firms with which he is associated require constant vigilance by the security regulatory agencies, including the PSE,

the NYSE and the SEC. The violation found herein was serious and the previous violations were equally serious, as well as varied. Boylan's record reflects either an unwillingness or lack of capacity to operate as a broker-dealer in conformity with applicable laws and regulations.

In dealing with public interest requirements in a particular case weight must be given to the effect of the decision on the welfare of investors as a class and on standards of conduct in the securities business generally. If these proceedings are to be truly remedial, they must have a deterrent effect not only on the present respondents, but also on others who may be tempted to engage in similar misconduct.^{12/}

The appropriate remedial action as to a particular respondent depends on the facts and circumstances applicable to him and cannot be measured precisely on the basis of action taken against another respondent, particularly where, as here, the positions and responsibilities of the respondents differed.^{13/}

Upon consideration of all of the circumstances, it is believed that the public interest requirements will be served by a suspension from association with any broker or dealer of 120 days for Harris and 90 days for Boylan. Further, following the suspension above, Boylan is to be suspended from association

^{12/} Thomas A. Sartain, Sr., Exchange Act Release No. 16561/February 8, 1980; Arthur Lipper Corporation v. S.E.C., 547 F.2d 171, 184 (C.A. 2, 1976), cert. denied, 343 U.S. 1009.

^{13/} Dlugash v. S.E.C., 373 F.2d 107, 110 (C.A. 2, 1967).

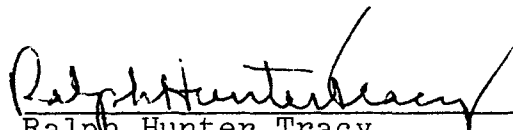
with any broker or dealer as a financial principal for an additional 9 months.

Accordingly, IT IS ORDERED that Harold Harris and Michael Joseph Boylan are suspended from association with any broker or dealer for periods of 120 days and 90 days respectively, and that Boylan is further suspended for an additional period of 9 months from association with any broker or dealer as a financial principal.

FURTHER ORDERED that the charge against respondents of aiding and abetting violations of Sections 7(a) and 7(c) of the Exchange Act and Regulation T promulgated thereunder are dismissed.

This order shall become effective in accordance with and subject to the provisions of Rule 17(f) of the Commission's Rules of Practice.

Pursuant to that Rule, this initial decision shall become the final decision of the Commission as to each party who has not filed a petition for review pursuant to Rule 17(b) within fifteen days after service of the initial decision upon him, unless the Commission, pursuant to Rule 17(c), determines on its own initiative to review this initial decision as to him. If a party timely files a petition for review, or the Commission takes action to review as to a party, the initial decision shall not become final with respect to that party.^{14/}



Ralph Hunter Tracy
Administrative Law Judge

August 14, 1980
Washington, D.C.

^{14/} All proposed findings, conclusions and contentions have been considered. They are accepted to the extent that they are consistent with this decision.