

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 51866 / June 17, 2005

INVESTMENT ADVISERS ACT OF 1940  
Release No. 2398 / June 17, 2005

ADMINISTRATIVE PROCEEDING  
File No. 3-11955

In the Matter of  
  
LAWRENCE A. CLASBY,  
  
Respondent.

ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
15(b) OF THE SECURITIES EXCHANGE  
ACT OF 1934 AND SECTION 203(f) OF THE  
INVESTMENT ADVISERS ACT OF 1940,  
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 pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act") against Lawrence A. Clasby ("Respondent").

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 herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.1 and III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

### III.

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

1. Clasby, age 38, resides in Lake Shore, Texas. Clasby was associated as a registered representative with five broker-dealers from July 1988 through June of 2001. He also held himself out to be an investment adviser at all times relevant to this proceeding and was registered as an investment adviser in Louisiana in 1997 and 1999. Clasby has never been registered with the Commission as an investment adviser, nor was he required to be. He has successfully completed the exams necessary to hold various securities licenses.

2. On May 5, 2005, a final judgment was entered by consent against Clasby, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, and Rule 101 of Regulation M in the civil action entitled *Securities and Exchange Commission v. Carl R. Rose, Lawrence A. Clasby, et al.*, Civil Action Number H-04-CV-2799, in the United States District Court for the Southern District of Texas.

3. The Commission's complaint alleged that, from late 1999 through September 2000, in connection with a manipulation of publicly traded securities, Clasby promoted the securities to investors in the face of red flags that should have alerted him to the manipulation and induced purchases in the market while engaging in distributions of the manipulated stock. The complaint also alleged that Clasby sold unregistered securities.

### IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Clasby be, and hereby is barred from association with any broker, dealer, or investment adviser;

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any

restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission,

Jonathan G. Katz  
Secretary