

For RELEASE Tuesday, December 7, 1971

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

Securities Act of 1933
Release No. 5216

The Securities and Exchange Commission today issued a notice that the initial decision of a hearing examiner, disqualifying Irwin L. Germaise and Thomas F. Quinn, members of the New York bar, from appearing or practicing before the Commission, has become final. Germaise is disqualified for 2 years and Quinn is barred with the proviso that if a criminal conviction as to him is reviewed and reversed he may apply to have the bar reduced to a 2 year disqualification.

The disciplinary action was based on findings that Germaise, who represented Bagels U.S.A., Inc., in a public offering of its stock beginning in December 1968, and Quinn, who represented the underwriter in the offering, failed to disclose that they were partners in the practice of law from mid-November 1968, and did not advise the underwriter of that fact. By those omissions, it was held that respondents misled investors and potential investors in contravention of the antifraud provisions of the federal securities laws, misled the Commission, and violated the Canons of Ethics of the American Bar Association by representing clients with conflicting interests without first obtaining their express and informed consent. In addition, respondents, both of whom the examiner noted were well experienced in securities laws, were found to have been responsible, in part knowingly and in part through not properly carrying out their professional responsibilities as attorneys, for the failure of the Bagels offering circular to disclose, as required, various loans to be repaid out of the proceeds of the offering, including short-term loans made to the company by directors and promoters, and a contract to purchase property as well as a recent purchase of equipment, and for misrepresentations in the offering circular concerning the number and identity of the shareholders of corporations acquired by Bagels.

Quinn's conviction was a further factor in the sanction imposed upon him. The conviction, by a Federal District Court and affirmed by a Court of Appeals, was for violations of the registration and antifraud provisions of the Securities Act of 1933 in connection with the sale of stock of Kent Industries, Inc. in 1963.

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