UNITED STATES OF AMERICA

before the

SECURITIES AND EXCHANGE COMMISSION

In the Matter of

HARWYN SECURITIES, INC.
580 Fifth Avenue
New York, New York

File No. 8-8648

RECOMMENDED DECISION

IRVING SCHILLER
Hearing Examiner

Washington, D. C.
August 6, 1962

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In the Matter of HARWYN SECURITIES, INC. 580 Fifth Avenue New York, New York File No. 8-8648	RECOMMENDED DECISION

BEFORE: IRVING SCHILLER, HEARING EXAMINER

APPEARANCES: George L. Mahr, Esq., of the New York Regional Office of the Commission for the Division of Trading and Exchanges

Harwyn Securities, Inc. by Harry Weintraub

Irving Singer and Harry Weintraub in pro se

These proceedings were instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act") to determine whether to revoke or, pending final determination of the question of revocation, to suspend the registration as a broker and dealer of Harwyn Securities, Inc. ("Registrant") and whether, under Section 15A(b)(4) of the Exchange Act, Harry Weintraub ("Weintraub"), Irving Singer ("Singer"), Robert Schlacter ("Schlacter") or any of them, are each a cause of any order of revocation which may be issued. 1/

The order for proceedings alleges that during the period from about November 3, 1960 to about February 7, 1961 registrant, Weintraub, Singer, and Schlacter improperly made false and misleading statements of material facts in connection with the offer and sale of the Class A common stock of Chase Savings and Loan Association, Inc. ("Chase") and that during the period from about December 2, 1960 to about January 12, 1961 registrant, directly and indirectly, while participating in the

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1/ Section 15(b) of the Exchange Act, as applicable here, provides that the Commission shall revoke the registration of a broker or dealer if it finds that it is in the public interest and that such broker or dealer or any officer, director, or controlling or controlled person of such broker or dealer, has willfully violated any provision of that Act or of the Securities Act of 1933 or any rule thereunder.

Under Section 15A(b)(4) of the Exchange Act, in the absence of Commission approval or direction, no broker or dealer may be admitted to or continued in membership in a national securities association if the broker or dealer or any partner, officer, director or controlling or controlled person of such broker or dealer was a cause of any order of revocation which is in effect.

distribution of the common stock of Chase, bid for shares of said stock in willful violation of the anti-fraud provisions of the Securities Act of 1933 ("Securities Act") and of the Exchange Act [2/] and Weintraub and Singer caused registrant to engage in such activities; that registrant, aided and abetted by Weintraub and Singer, effected securities transactions in willful violation of the net capital requirements of Section 15(c)(3) of the Exchange Act and Rule 17 CFR 240.15c3-1 thereunder; [3/] that registrant, aided and abetted by Weintraub and Singer, willfully violated Section 17(a) of the Exchange Act and Rule 17 CFR 240.17a-3 by failing to make and keep current certain books and records of registrant as required under said rule [4/]; and that registrant,

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2/ The anti-fraud provisions alleged to have been violated are Section 17(a) of the Securities Act and Sections 10(b) and 15(c)(1) of the Exchange Act and Rules 10b-5, 10b-6 and 15c1-2 (17 CFR 240.10b-5, 10b-6 and 15c1-2) thereunder. The effect of these provisions, as applicable here, is to make unlawful the use of the mails or means of interstate commerce in connection with the purchase or sale of any security by the use of a device to defraud, an untrue or misleading statement of material fact, or any act, practice or course of business which operates or would have operated as a fraud or deceit on a customer or by any other means of manipulative, deceptive, or fraudulent device.

3/ Section 15(c)(3) of the Exchange Act prohibits the use of the mails or interstate facilities by a broker or dealer in securities transactions otherwise than on a national securities exchange, in contravention of the Commission's rules prescribed thereunder providing safeguards with respect to the financial responsibility of brokers and dealers. Rule 15c3-1 provides, subject to certain exemptions not applicable here, that no broker or dealer shall permit his aggregate indebtedness to all other persons to exceed 2,000 per cent of his net capital computed as specified in the rule.

4/ Section 17(a) of the Exchange Act requires registrant's brokers or dealers to make and keep current such books and records as the Commission may prescribe as necessary and appropriate in the public interest or for the protection of investors. Rule 17a-3 specifies the books and records which must be maintained and kept current.

Weintraub and Singer are permanently enjoined by order of the United States District Court for the Southern District of New York from engaging in and continuing in certain conduct and practices in connection with the sale of securities.

After appropriate notice, hearings were held before the undersigned Hearing Examiner. Proposed findings of fact and conclusions of law in support thereof were filed by the Division of Trading and Exchanges.

The following findings and conclusions are based on the record, the documents and exhibits therein and the Hearing Examiner's observations of the various witnesses:

1. Registrant, a New York corporation, has been registered with the Commission as a broker-dealer since July 9, 1960. Weintraub has been and is president, director and beneficial owner of more than 10% of the Common stock of the registrant.

Record Keeping and Net Capital Violations

2. Registrant stipulated and the Hearing Examiner finds that as of December 31, 1960 registrant had a net capital deficiency in the amount of $2,130 and that as of January 18, 1961 it had a net capital deficiency of $5,310.[5/] The record discloses and the Hearing Examiner

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5/ The registrant conceded the net capital deficiency in excess of $5,000. Weintraub explained that $3,000 of this deficiency, though admittedly a contractual obligation and properly considered as a liability, arose out of the purchase of office furniture and equiptment which was returned to the seller subsequent to January 18, 1961. Even if such contractual liability were to be disregarded, registrant's net capital deficiency as at January 8, 1961 was admittedly in the amount of $2,160.

finds between the period December 31, 1960 and January 18, 1961 registrant used the mails and facilities of interstate commerce to effect transactions and securities when its aggregate indebtedness to all other persons computed pursuant to the aforementioned rule exceeded 2,000 per cent of its net capital and that registrant willfully violated Section 15(c)(3) of the Exchange Act and Rule 17 CFR 240.15c3-1 thereunder.

Record Keeping

3. Registrant stipulated and the Hearing Examiner finds that on January 13, 1961 registrant's books and records were posted only to December 30, 1960. By reason thereof registrant on said date was in willful violation of Section 17(a) of the Exchange Act and Rule 17 CFR 240.17a-3 thereunder. The record further discloses that on January 19, 1961 registrant's books and records were being maintained and kept current in compliance with the aforesaid Section and Rule.

Violations of the Anti-fraud Provisions

4. The record discloses that during the period from about November 3, 1960 to about February 7, 1961 registrant, through Weintraub, Singer and Schlacter, offered and sold shares of common stock of Chase by means of false and misleading representations of material fact and omitted to state material facts necessary in order to make the statements made not misleading. Six witnesses testified concerning representations made to them with respect to the Chase stock. They were all told that the Chase stock would increase in price. According to the testimony such

representations included statements that

> "within six weeks [Chase] will make at least $600.00, would probably double in price in short period of time, that it was a new stock -- bound to make money, couldn't lose any money with it, that secret negotiations were going on within the company -- stock would go to 6 or 7, or possibly $8, after the turn of the year, that [Chase] will go on the market, let's say, tomorrow, and from tomorrow all the stock will go, that Chase would go higher than Phoenix, that Phoenix was selling at 9 -- it [Chase] would do better than that, and that [Chase] would pay off like a slot machine."

Two of such witnesses testified they were told that Chase would pay dividends. The statements made to prospective investors concerning the increase in the price of the stock and the payment of dividends were unwarranted and without basis.

5. Chase was organized in April of 1960 in Maryland. In November 1960 registrant acted as underwriter with respect to an offering of 600,000 shares of common stock by Chase. In connection with such offer to the public registrant used a prospectus, a copy of which was received by at least one of the investor witnesses. Henry P. York, who was Chase's president from December 1960 through approximately the middle of January 1961, testified that he visited the offices of Chase in Baltimore, Maryland on one occasion, that he had no knowledge of any operations being conducted by Chase and that in December of 1960 and early January 1961 two salary checks issued to him by Chase were returned by the bank marked "Insufficient Funds." Another individual testified he was a vice president, treasurer and a director of Chase, that he never exercised any of the foregoing functions and

that Chase never commenced operations. He further testified he attended one meeting of the Board of Directors upon the formation of the corporation and none thereafter. Some time in January of 1961 this officer was informed by the Chemical Bank New York Trust Company that the Chase account was overdrawn and that the Bank had returned checks issued by Chase for insufficient funds. The record discloses that on September 14, 1960 the Chase account at the Chemical Bank New York Trust Company was overdrawn, that in October 1960 it was overdrawn on eight days in amounts ranging from $75 to approximately $1,700; in November 1960, it was overdrawn on eleven days in amounts ranging from $160 to approximately $1,900; in December 1960, it was overdrawn on eight days between December 2 and December 28 in amounts ranging up to $6,700; and from December 28, 1960 through January 18, 1961, it was continuously overdrawn in amounts ranging up to approximately $5,000. The record further discloses that as at the date of the hearing the Chase account at the said Bank was overdrawn in the amount of $941.95.

6. All of the witnesses who testified concerning registrant's offer of Chase stock to them stated they were not informed that Chase was not in operation or that during the period December 1960 to January 1961 it was unable to meet its financial obligations as they matured. The record disclosed that when registrant undertook to offer the Chase stock to the public it had no knowledge or information concerning Chase's operation or its financial condition nor does the record disclose any effort was made to secure such information to make it available to investors. It should be further noted that both the

president and vice president of Chase maintained offices or resided in New York City where registrant was located yet registrant made no attempt to ascertain what Chase's status actually was. Four of the six witnesses who testified stated that their purchases were made in reliance on the information and advice given to them by registrant's salesmen.

7. Moreover, the evidence reflects that registrant undertook a selling campaign of Chase stock by utilizing a deceptive prospectus which was designed to arouse interest in the savings and loan business and followed this up by telephone calls promising a price rise in the stock being offered. A brief review of the selling brochure will illustrate the deceptive nature of the material used. The brochure consists of 23 pages, of which 13 are devoted to a description of the substantial growth of the savings and loan business. Included is a table showing the rise in the number of associations and their total assets from 1900 to 1959, the amount of dividends distributed in 1959 to savings account holders by associations together with a table showing the amount of dividends paid to savers by associations from 1946 through 1959, a table depicting the source of gross income of the associations, a table showing the substantial increase in the dollar amount of mortgage financing by savings and loan associations as compared with Mutual Savings Banks, Commercial Banks, Insurance Companies and all other lenders, and a table showing the substantial growth of liquid assets of associations from 1940 through 1959. The obvious purpose of portraying these statistics was to suggest to prospective investors that the

substantial growth of operations of savings and loan associations could in some fashion be duplicated by Chase and to imply that an investment in Chase would achieve the same results as the associations depicted. However, the success of the associations shown is no indicia of any reasonable prospect of the future growth or success of Chase. There was no basis for furnishing to prospective investors of Chase the information concerning existing and operating associations since Chase had as yet not commenced operations without at least a complete statement explaining the distinguishing features between the operations and experience of the associations depicted and Chase. On the next to the last page of the brochure the statement is made that the issue must be considered a speculation. However, no attempt was made to spell out the speculative features of such an issue, nor was any effort made to point up the differences between Chase and the established savings and loan associations depicted, the manner in which Chase proposed to conduct its operations, the area in which it proposed to operate, the nature and types of loans it proposed to make or any other information concerning Chase which a prospective investor should be furnished so that he could make an informed judgment as to the merits of the investment. An underwriter who is seeking funds from the public on behalf of an issuer has a duty to verify the issuer's financial and operational status and not merely rely on an issuer's obviously self-serving statements particularly where as here such statements become false and misleading by reason of the issuer's inability to meet its financial obligations during the time

its stock is being offered to the public.[6/] The Hearing Examiner finds that registrant's use of a brochure which omitted to state material facts necessary in order to make the statements made in the light of the circumstances under which they were made not misleading constituted a scheme to defraud and a course of conduct which operated as a fraud and deceit on the public in violation of Sections 10(b) and 17(a) of the Securities Act and of Rule 10b-5 and Section 15(c)(1) of the Exchange Act and Rule 15c1-2 thereunder.

8. The Hearing Examiner credits the testimony of all of the customer witnesses and finds that the representations made by registrant's representatives concerning an increase in the price of a promotional and speculative security of an unseasoned company such as Chase cannot possibly be justified and was fraudulent within the meaning of the anti-fraud provisions of the securities laws. The Commission had held that a broker-dealer in his dealings with customers impliedly represents that his opinions and predictions respecting a stock which he has undertaken to recommend are responsibly made on the basis of actual knowledge and careful consideration.[7/] That registrant had no such knowledge nor gave careful consideration to its recommendation to prospective investors is evident from the record. A representation by a salesman that a stock

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6/ See Charles E. Bailey & Company, 35 SEC 33 (1953).

7/ Alexander Reid & Co., Inc., Securities Exchange Act Release 6727 (February 8, 1962).

will increase in value implies that there is a reasonable basis in fact for such prediction and where such a statement has no rational basis it becomes false, particularly where the statement is used to mislead investors.[8/]

9. The Hearing Examiner concludes that with respect to the offer and sale of the Chase stock registrant made false and misleading statements of material facts and omitted to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, in willful violation of Section 10(b) of the Securities Act and Rule 10b-5 thereunder, Section 17(a) of the Securities Act and Section 15(c)(1) of the Exchange Act and Rule 15c1-2 thereunder.

Violation of Rule 10b-6

10. As previously noted, during the period December 1960 through January 1961 registrant was engaged in the distribution of the Chase common stock, as underwriter. The evidence discloses that immediately prior to December 2, 1960 registrant had an understanding with Lawson and Company, a broker and dealer, whereby Lawson and Company would place bid and ask quotations in the National Daily Quotation Service, Inc. ("Pink Sheets") and that for such services Lawson and Company was to receive a commission from registrant in the amount of

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8/ Knickerbocker Merchandising Co. v. United States, 13 F. 2d 544 (C.A. 2, 1926).

1/16th for each Chase share purchased and 1/8th for each Chase share sold. Sylvester Lawson, a partner of Lawson and Company, testified he made the foregoing arrangements after talking with Messrs. Weintraub and Singer and that it was the essence of the understanding that registrant would purchase from Lawson all of the Chase stock which Lawson and Company would purchase at 4-1/4 and that registrant would supply Lawson and Company with all of the Chase stock that Lawson could sell at 5 and that prior to effecting any transactions Lawson would seek confirmation from either Weintraub or Singer.

11. In pursuance of the foregoing understanding, Lawson placed bid and ask quotations in the Pink Sheets on 20 business days during the period December 2 through December 30, 1960 and on eight days between January 3 and 12, 1961. During the month of December the bid price inserted was always 4-1/4 with no bids on five days, the asked price was constantly 5 and on one occasion Lawson inserted a bid wanted on 500 shares. During January 1961 the bid was constantly at 4-1/4 and the asked at 5.

12. Rule 10b-6 promulgated under Section 10(b) of the Act provides in pertinent part, with exceptions not applicable here, that it shall constitute a "manipulative or deceptive device or contrivance" as used in Section 10(b) of the Act for any person "who is an underwriter or prospective underwriter in a particular distribution of securities. . . .directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, ...either

alone or with one or more other persons, to bid for or purchase for any account in which he has a beneficial interest, any security which is the subject of such distribution, ...or to attempt to induce any person to purchase any such security. . . .until after he has completed his participation in such distribution." It is clear from the record that during the period that Lawson and Company was inserting bid and ask quotations in the Pink Sheets registrant had not completed its distribution of the Chase stock.

13. During the course of the hearings Messrs. Weintraub and Singer urged that registrant did not request Lawson to go into the Pink Sheets but that such idea emanated from Lawson and registrant agreed with such idea. The Commission in promulgating Rule 10b-6 specifically set forth what it regards as a manipulative or deceptive device and clearly stated that it encompasses any underwriter engaged in a distribution of securities who directly or indirectly, either alone or with one or more other persons, bids for or purchases any security which is the subject of such distribution. It is the Hearing Examiner's opinion that within the umbra of the said Rule it is immaterial who originated the plan to insert bid and ask quotations in the Pink Sheets. It is sufficient to come within the proscription of the aforementioned Rule for quotations to be inserted in the Pink Sheets by a broker with the knowledge and consent of an underwriter engaged in a distribution of securities under circumstances wherein the such underwriter agrees to buy from such broker all the stock he purchases and agrees to sell to such broker all the stock needed to fill his orders. In the instant

case the record discloses that Messrs. Weintraub and Singer, during the period it was distributing the Chase stock, knew Lawson and Company would insert bid and ask quotations in the Pink Sheets and agreed to pay Lawson and Company a commission for such service in connection with any transactions effected by such firm. It is clear from the testimony of Sylvester Lawson that his understanding with registrant was that any transactions which he effected would be at no risk to his firm since registrant had agreed to purchase from Lawson whatever stock he would acquire at 4-1/4 and to supply Lawson all the stock that he could sell at 5 and that such understanding prompted him to insert the quotations in the Pink Sheets. Registrant also urged that since, in fact, it effected no transactions with Lawson and Company there could be no violation of the said rule. The Hearing Examiner rejects such contention. The rule defining a manipulative or deceptive device includes any "attempt to induce any person to purchase any such security." Clearly, registrant's knowledge as underwriter during a distribution that bid and ask quotations would be published in the Pink Sheets, coupled with its agreement to pay the broker inserting such quotations a commission for effecting any transactions, was at least an attempt to induce a person to purchase the Chase stock within the meaning of the said Rule.

14. The Hearing Examiner finds that the insertion of bid and ask quotations in the Pink Sheets by Lawson and Company with the knowledge and consent of registrant for which Lawson and Company was to be paid a

commission constituted the use by registrant of a manipulative or deceptive device or contrivance and that registrant willfully violated Section 10(b) of the Exchange Act and Rule 10b-6 promulgated thereunder.

Injunction

15. On February 7, 1961 on the basis of a complaint filed by this Commission which, in essence, alleged acts and practices similar to those set forth hereinabove and with the consent of registrant, Singer and Weintraub, the United States District Court for the Southern District of New York permanently enjoined registrant, Weintraub and Singer from violating the anti-fraud, net capital and record keeping provisions of the Securities Act and the Exchange Act. 9/

Findings as to Weintraub, Singer and Schlacter

16. As previously noted, Weintraub has been and is president, a director and owner of more than 10% of registrant's capital stock. The record discloses that Singer was registrant's sales manager. His functions as such included hiring of salesmen and the general supervision of their activities. In addition, the record discloses that Singer, along with Weintraub, on behalf of registrant participated in conducting negotiations with Sylvester Lawson for the insertion of

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9/ Civil Action File No. 61 Civ. 163.

quotations in the Pink Sheets by Lawson and Company. Schlacter was employed as a salesman by registrant.

17. The record discloses that Weintraub, Singer and Schlacter made the representations to invester witnesses concerning the increase in the price of the Chase stock. Weintraub represented that the Chase stock was bound to make money and that a prospective purchaser couldn't lose any money. Singer represented that there were secret negotiations going on within the company and that the stock would go to 6 or 7 or possibly $8 a share, that the stock would double and that within six weeks the purchaser would make at least $600. Schlacter represented that the stock would double in price, that it would go higher than Phoenix [Bank] and that it would pay off like a slot machine. At the time of the foregoing representations were being made it is clear that Weintraub and Singer knew that Chase had been recently organized, that it had no operational experience and was a highly speculative security. The record is barren of any basis upon which a prognostication of an increase in the price of the Chase stock could be justified. Moreover, during the period Weintraub, Singer and Schlacter were selling the Chase stock no effort was made by them to ascertain any information concerning Chase or its financial condition. As previously noted, an inquiry concerning Chase's operations during December 1960 or early January 1961 to either Chase's president or its vice-president and treasurer by any of these persons selling the Chase stock would have revealed the fact that Chase was unable to meet its

financial obligations that its bank account was overdrawn and that its checks were being returned by the bank for insufficient funds. Weintraub, Singer and Schlacter on behalf of registrant acting as underwriter of the Chase stock were seeking funds from the public to finance a new and speculative venture and therefore had a duty to exercise reasonable care to secure information concerning the financial condition of an issuer whose stock they were offering.[10/] Their failure in this respect demonstrated a careless and reckless disregard of their responsibilities as brokers and dealers in their dealings with customers. Wholly apart from the inability of Chase to meet its financial obligations, the predictions of a substantial price rise to named figures concerning a promotional and speculative security of an unseasoned company cannot possibly be justified and such predictions are fraudulent within the meaning of the anti-fraud provisions of the Securities Act and Exchange Act.[11/] In addition, consideration is also given by the Hearing Examiner to the fact that neither Weintraub nor Singer took the stand in his own behalf to deny or controvert the testimony given by customer witnesses. It is well settled that the failure of a party to testify in a non-criminal case in explanation of suspicious facts and circumstances peculiarly within his knowledge, fairly warrants the inference that his testimony, if produced, would have been adverse.[12/]

10/ Cf. Charles E. Bailey & Co., 35 SEC 33, 42 (1953)

11/ See Alexander Reid & Co., Inc., footnote 7, supra.

12/ N. Sims Organ & Co., Inc., Securities Exchange Act Release No. 6495, aff'd 293 F. 2nd, 1958 (C.A.2, 1961).

The Hearing Examiner finds that Weintraub, Singer and Schlacter willfully violated Section 17(a) of the Securities Act, Section 10(b) and 15(c)(1) of the Exchange Act and Rules 17 CFR 240.10b-5 and 17 CFR 240.15c1-2 promulgated thereunder.

18. With respect to the Hearing Examiner's finding that registrant willfully violated Section 10(b) of the Exchange Act and Rule 17 CFR 10b-6 thereunder by reason of the publication of quotations in the Pink Sheets by Lawson & Co. while registrant was engaged in underwriting the Chase stock, it is evident from the record and both Weintraub and Singer admitted they were directly involved in the arrangements with Lawson and Company for such publication. The Hearing Examiner therefore finds that Weintraub and Singer aided and abetted in registrant's violation of the above-mentioned Act and Rule.

19. It is evident from the record that Weintraub as president, director and owner of more than 10% of registrant's stock had primary responsibility for the maintenance of registrant's books and records. The Hearing Examiner finds that Weintraub aided and abetted in registrant's willful violation on January 13, 1961 of the record keeping requirements of Section 17(a) and Rule 17 CFR 240.17a-3 thereunder.[13/]

Public Interest

20. The sole remaining question is whether it is in the public interest to revoke registrant's revocation as a broker and dealer. In

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13/ The record is insufficient to establish that Singer who was registrant's sales manager had any responsibility for or exercised any supervision over the maintenance of registrant's books and records.

view of the willful violations found and the permanent injunction entered against registrant by a United States District Court[14/] the Hearing Examiner finds that the public interest requires revocation of registrant's registration as a broker and dealer.[15/]

14/ The Commission has held that an injunction against the respondent, even though on his consent, formed a sufficient basis for a finding that revocation is in the public interest. Kimball Securities, Inc., Securities and Exchange Commission Act Release No. 6274, May 27, 1960.

15/ In connection with the aforementioned willful violations the Hearing Examiner has not taken into consideration registrant's record keeping violation occurring on January 13, 1961. Since registrant's accountant was working on its books on the date in question and the record discloses that six days later, namely, on January 19, 1961, registrant's books and records were being maintained and kept current in compliance with the Commission's rules the Hearing Examiner is of the view that such violation is not of sufficient gravity to warrant consideration.

Recommendation

In view of the willful violations found and the injunction entered against registrant it is respectfully recommended that the Commission enter an order pursuant to Section 15(b) of the Exchange Act finding that it is necessary and appropriate in the public interest to revoke registrant's registration as a broker and dealer. It is further recommended that the Commission also find that Weintraub and Singer participated in or aided and abetted in registrant's willful violation of the designated provisions of the Securities Act and the Exchange Act and the respective Rules thereunder and that within the meaning of Section 14A(b)(4) of the Exchange Act such individuals were each a cause of any order of revocation which may be entered herein. 16/

The record discloses that Schlacter was never served with the Commission's order dated February 8, 1962, postponing the date of the instant hearing to March 12, 1962 nor with the Commission's order dated March 6, 1962 postponing the date of the hearing to April 9, 1962. There is no evidence in the record that Schlacter in fact had notice of the date of the hearing, April 12, 1962. Although the Hearing Examiner has considered his activities in connection with a finding of willful violation by the registrant and has found that

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16/ To the extent that the proposed findings and conclusions submitted by the Division of Trading and Exchanges are in accord with the views set forth herein they are sustained and to the extent they are inconsistent therewith they are expressly overruled.

Schlacter willfully violated the anti-fraud provisions of the Securities Act and the Exchange Act no recommendation is made that Schlacter be named as a cause in any order the Commission may enter. 17/

Respectfully submitted,

Irving Schiller
Hearing Examiner

17/ Lambert, M. W., Inc., Securities Exchange Act Release 6633 (September 21, 1961); Valley State Brokerage Inc., Securities Exchange Act Release 6130 (December 9, 1959).

Washington, D. C.
August 6, 1962