

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION  
July 2, 1965

In the Matter of  
BROADWALL SECURITIES, INC.  
New York, New York

(8-11096)

ARNOLD MAHLER  
JACK EINIGER  
ALEXANDER LAPIDUS  
STANLEY MILLER

Securities Exchange Act of 1934 -  
Sections 15(b) and 15A

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: FINDINGS, OPINION  
: AND ORDER REVOKING  
: BROKER-DEALER  
: REGISTRATION,  
: EXPELLING FROM  
: REGISTERED SECURITIES  
: ASSOCIATION AND BARRING  
: ASSOCIATION WITH  
: BROKER-DEALER  
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The issues now presented in these proceedings instituted pursuant to Sections 15(b) and 15A of the Securities Exchange Act of 1934 ("Exchange Act") are whether Broadwall Securities, Inc. ("registrant"), a registered broker and dealer, together with or aided and abetted by Arnold Mahler, its president and sole stockholder, and Jack Einiger, Alexander Lapidus and Stanley Miller, salesmen of registrant, willfully violated anti-fraud provisions of the Exchange Act and of the Securities Act of 1933 ("Securities Act"), and if so, what remedial action is appropriate in the public interest. Previously, following hearings before a hearing examiner, an order was entered, pursuant to the initial decision of the hearing examiner, suspending registrant's registration pending final determination of the above issues. 1/

After appropriate notice, a further hearing was held before the hearing examiner on the remaining issues, at which none of the respondents appeared. Moreover, Miller had failed to file a notice of appearance or an answer as directed by the order for proceedings and had not appeared at the earlier hearing on the suspension issue. Under the Commission's Rules of Practice, a respondent who fails to file a notice of appearance or who fails to appear at a hearing of which he has been duly notified shall be deemed to be in default and the proceedings may be determined against him upon consideration of the order for proceedings, the allegations of which may be deemed to be true. 2/

Accordingly, on the basis of the allegations of the order for proceedings, as well as the record, it is found that:

During the period from March 1964 to December 29, 1964, registrant, together with and aided and abetted by Mahler, Einiger, Lapidus and Miller, willfully violated Section 17(a) of the Securities Act and Sections 10(b) and 15(c)(1) of the Exchange Act and Rules 17 CFR 240.10b-5 and 15c1-2 thereunder in the offer and sale of common stock of The Coast to Coast Company, Inc. ("Coast to Coast"). Registrant sold approximately 116,000 shares of Coast to Coast stock to members of the public at prices of from 25 cents to 40 cents per share. Mahler actively managed registrant and supervised registrant's salesmen.

1/ Securities Exchange Act Release No. 7556 (March 12, 1965).

2/ 17 CFR 201.6(e) and 7(e).

Witnesses testified, among other things, that in the offer and sale of Coast to Coast stock, Einiger represented that Coast to Coast owned its own lobster ponds and was in the business of freezing lobsters, and that the price of its stock should go up to \$5 per share; that Lapidus represented that Coast to Coast had a patent on a process for canning shell fish, that it was unable to keep up with orders, and that its stock would increase in price four or five times; and that Miller represented that Coast to Coast had a new process for freezing lobsters and expected to sign a contract with a supermarket, and that its stock would probably double in price.

These representations were materially false or misleading and without reasonable basis. Coast to Coast was a new company which acted only as a distributor of frozen lobsters, and it owned no fixed assets, no patents, and no property other than whatever inventory of lobsters it might have at any time. It had no full-time employees and no contractual commitments or agreements for the sale of lobsters. The company had 4,000,000 shares of stock outstanding and its net earnings before taxes for the year ended October 31, 1963 were stated to be \$1,488. In October 1963 it was forced to borrow funds to continue operations, and during the first four months of 1964 it had gross sales of only about \$1,500. 3/

On December 29, 1964 the United States District Court for the Southern District of New York issued a temporary restraining order and on March 8, 1965 a preliminary injunction, enjoining registrant, Mahler, Einiger, Lapidus and Miller from further violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 in the offer and sale of Coast to Coast stock. 4/ On January 15, 1965, the United States District Court for the Southern District of Florida issued a temporary restraining order, and on June 1, 1965 a final judgment by consent, enjoining registrant, Mahler and Lapidus from further violations of Sections 5 and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 in the sale of other securities. 5/

In view of the foregoing, it is appropriate in the public interest and for the protection of investors to revoke registrant's broker-dealer registration, to expel it from membership in the National Association of Securities Dealers, Inc., and to bar Mahler, Einiger, Lapidus and Miller from being associated with a broker or dealer.

Accordingly, IT IS ORDERED that the registration as a broker and dealer of Broadwall Securities, Inc. be, and it hereby is, revoked; that Broadwall Securities, Inc., be, and it hereby is, expelled from membership in the National Association of Securities Dealers, Inc.; and that Arnold Mahler, Jack Einiger, Alexander Lapidus and Stanley Miller be, and they hereby are, barred from being associated with a broker or dealer.

For the Commission (pursuant to delegated authority).

Orval L. DuBois  
Secretary

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3/ Registrant sold approximately 96,000 shares of Coast to Coast stock from March 26 to July 20, 1964.

4/ No. 64 - CA - 3995.

5/ Civil Action File No. 65-24-Civ.-CF.