

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION
September 3, 1965

In the Matter of	:
	:
SUNSHINE SECURITIES, INC.	:
LILLIAN GROSSBARD	:
98-25 64th Road	:
Rego Park, Long Island, New York	:
	:
File No. 8-8595	:
	:
Securities Exchange Act of 1934 -	:
Section 15(b)	:
	:

FINDINGS,
OPINION
AND ORDER
DISMISSING
PROCEEDINGS

In these proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("Act") the hearing examiner issued an initial decision in which he found that Sunshine Securities, Inc. ("registrant"), a registered broker-dealer of which Lillian Grossbard is the sole stockholder and president, had failed to file a report of financial condition for the calendar year 1963 as required by Section 17(a) of the Act and Rule 17a-5 thereunder. The hearing examiner concluded that registrant's registration should be revoked and that Grossbard should be barred from being associated with a broker or dealer pursuant to Section 15(b)(7) of the Act. We granted respondents' petition for review of the initial decision, after which briefs were filed and we heard oral argument.

On the basis of our independent review of the record, we have determined to set aside the hearing examiner's initial decision and to dismiss these proceedings. There is no dispute that registrant failed to file a timely report of its financial condition for 1963 although it was twice notified by our New York Regional Office of the filing requirements. The record shows, however, that registrant filed its reports for prior years and that Grossbard was incapacitated because of a serious illness requiring repeated hospitalization from at least October 1962 through 1964, during which time registrant maintained no office, had no employees, did no securities business, and did not receive or hold any monies or securities of customers. Respondents assert that the failure to file a timely financial report for 1963 was not intentional but an oversight due to Grossbard's illness.

Subsequent to the institution of these proceedings registrant submitted certified financial statements and reports to cover 1963 and 1964, and has stated that it will not re-engage in the securities business until it has filed a current financial report which shows compliance with the net capital requirements of the Act.

While giving due recognition to the importance in the regulatory scheme of the requirement that annual financial reports be filed, 1/ under the special circumstances of this case we do not consider it necessary or appropriate in the public interest to take any further remedial action against registrant or Grossbard.

Accordingly, IT IS ORDERED that these proceedings be, and they hereby are, dismissed.

By the Commission (Chairman COHEN and Commissioners WOODSIDE, OWENS, BUDGE, and WHEAT).

Orval L. DuBois
Secretary

1/ See, for example, Family Funds of New York, Inc., Securities Exchange Act Release No. 7358 (June 30, 1964); John J. Murphy, 38 S.E.C. 430, 432 (1958).