

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Administrative Proceeding
File No. 3-12341

In the Matter of

**WEISS RESEARCH, INC.,
MARTIN WEISS, AND
LAWRENCE EDELSON**

Respondents.

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**PROPOSED PLAN OF
DISTRIBUTION**

I. BACKGROUND

On June 22, 2006, the Commission entered an Order Instituting Public Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940 (“Order”) with respect to Weiss Research, Inc., Martin Weiss, and Lawrence Edelson (collectively “Respondents”). Simultaneously with the entry of the Order, the Commission accepted settlement offers from Respondents in which they consented to the entry of the Order without admitting or denying the Order’s findings.

In the Order, the Commission found: Weiss Research willfully violated Sections 203(a), 206(2), and 206(4) of the Investment Advisers Act of 1940 (“Advisers Act”), and Rules 206(4)-1(a)(2) and (5) thereunder; Martin Weiss willfully aided and abetted and caused Weiss Research’s violations of Sections 203(a), 206(2), and 206(4) of the Advisers Act and Rules 206(4)-1(a)(2) and (5) thereunder; and Edelson willfully aided and abetted and caused Weiss Research’s violations of Sections 206(2), and 206(4) of the Advisers Act and Rules 206(4)-1(a)(2) and (5) thereunder. As a remedial sanction, the Commission ordered Weiss Research to pay disgorgement and prejudgment interest in the amount of \$1,641,141, and Martin Weiss

and Edelson to each pay disgorgement in the amount of \$1. Additionally, the Commission ordered Weiss Research, Martin Weiss, and Edelson to pay civil money penalties of \$350,000, \$100,000, and \$75,000, respectively.

In accordance with the Order, such money totaling \$2,166,143 was paid to the United States Treasury and used to create a Fair Fund pursuant to Section 308 of the Sarbanes-Oxley Act of 2002 and Rule 1100 et seq. of the Commission's Rules on Fair Fund and Disgorgement Plans (the "Rules"). The Fair Fund has been deposited at the U.S. Department of Treasury Bureau of the Public Debt for investment in government obligations. Other than interest from those investments, it is not anticipated the Fair Fund will receive additional funds.

The Division of Enforcement ("Division") now submits the following Distribution Plan pursuant to Rule 1101 of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1101. The purpose and intent of the Distribution Plan is to distribute the Fair Fund to persons who: (1) subscribed to a Weiss Research premium service publication at any point between September 1, 2001 through December 31, 2004, and (2) had during that same period an auto-trading arrangement with a broker-dealer to execute automatically all trading recommendations contained in the Weiss Research publication. The distribution fund administrator will take reasonable steps to identify and contact all potential claimants, verify each potential claimant's right to receive a share of the Fair Fund, calculate each claimant's distribution amount, resolve any disputes, and distribute the Fair Fund to those claimants whom he determines to be eligible.

This plan is subject to approval by the Commission and the Commission retains jurisdiction over the implementation of the plan.

II. THE DISTRIBUTION PLAN

A. Definitions

1. “Relevant Time Period” shall mean September 1, 2001 through December 31, 2004.
2. “Auto-trading” shall mean an arrangement in which Weiss Research, during the Relevant Time Period, sent trading instructions directly to a subscriber’s broker-dealer and the broker-dealer automatically executed the instructed trades in the subscriber’s brokerage account without the need for any further instruction or pre-approval from the subscriber.
3. “Claimants” shall mean those individuals and entities, or their lawful successors, who had one or more Eligible Subscriptions.
4. “Eligible Subscription” shall mean a subscription to one of Weiss Research’s Premium Service Publications that: (1) was paid for by a Claimant and not provided free of charge by Weiss Research; (2) was purchased during the Relevant Time Period; and (3) was the subject of an auto-trading arrangement between the subscriber and its broker-dealer at any point during the Relevant Time Period.
5. “Premium Service Publications” shall mean, for purposes of this Distribution Plan, any of the following Weiss Research publications:

Blazing Hot Stocks	Interest Rate Options Hotline
Elite Micro Stocks	Interest Rate Strategist
Energy Options Speculator	Interest Rate Trader
Elite Stock Trader	Larry’s Gold Trader
Elite Small Cap Trader	Power Portfolio Trader
Energy Windfall Trader	Mega Trend Trader
Gold Trader Hotline	Stock Market Dogs
International Currency Options	Stock Market Dogs and Darlings
Interest Rate and Currency Trader	Stock Options Alert
Irving’s Interest Rate Speculator	Stock Options Hotline
Larry’s Interest Rate Speculator	Stock Options Speculator
International Options Alert	Stock Options Trader
Index Options Hotline	Super Trend Alert
International Options Speculator	High-Tech Options Hotline
Interest Rate and Currency Trader	Undiscovered Stock Options

6. “Eligible Claimants” are those Claimants the Administrator determines to be entitled to receive distributions from the Distribution Fund.

7. “Distribution Fund” shall mean the \$2,166,143 in disgorgement, prejudgment interest, and civil money penalties Respondents paid.

8. “Distributions” shall mean the payments made to Eligible Claimants as approved by the Commission.

B. Appointment and Duties of Administrator

9. The Commission appointed Raul Garcia, a certified public accountant with the firm Kaufman Rossin & Co., as Administrator of the Distribution Fund (“Administrator”). Order Granting Extension of Time to File Proposed Plan of Distribution, Approving Plan Administrator, and Approving Administrator Bond, Exchange Act Release No. 34-55952 (June 25, 2007).

10. The Administrator shall post a bond pursuant to Rule 1105(c) of the Commission’s Rules on Fair Fund and Disgorgement Plans in the amount of \$2,200,000. Additionally, (1) the Distribution Fund shall remain with the U.S. Department of Treasury Bureau of the Public Debt until disbursement; (2) the Administrator shall have only limited custody or control of the Distribution Fund during the disbursement period; (3) all disbursements made by the Administrator must be presented to the Commission staff in advance; (4) multiple parties, including the Commission, will need to pre-approve all distributions; (5) the Administrator has professional liability and errors and omissions insurance coverage, as well as insurance coverage for employee dishonesty and fraud; (6) the financial institution upon which the Administrator will draw the distribution checks has professional liability and errors and omissions insurance coverage, as well as a bond for employee dishonesty, fraud, and forgery; and (7) the Administrator and the financial institution will implement a “Positive Pay” system,

described in paragraph 26 below, to protect against fraud arising from counterfeit or amount-altered checks.

11. The Administrator shall be entitled to reasonable fees and reimbursement for reasonable costs and expenses. The Administrator shall file with the Commission a quarterly application for fees and reimbursement of costs and expenses. Upon the Commission's issuance of an order approving the Administrator's application, the Administrator shall forward such order to the Commission's Office of Financial Management for payment from the Distribution Fund. The Administrator's fees and other expenses of administering the plan shall be paid first from the interest earned on the Distribution Fund, and if the interest is not sufficient, then from the corpus.

12. The Administrator shall cooperate with Damasco & Associates, which the Commission has appointed as the Tax Administrator of the Distribution Fund. Order Appointing Tax Administrator, Exchange Act. Release No. 34-54405 (September 6, 2006). The Administrator shall provide information necessary to accomplish the income tax compliance, rule, and advice work assigned to the Tax Administrator by the Commission. The Distribution Fund constitutes a Qualified Settlement Fund under Section 468B(g) of the Internal Revenue Code, 26 U.S.C. §468B(g), and related regulations, 26 C.F.R. §§1.468B-1 through 1.468B-5. The Tax Administrator shall be compensated from the interest earned on the Distribution Fund, and if the interest is not sufficient, then from the corpus. The Administrator shall ensure that sufficient amounts are withheld from the Distribution Fund to satisfy any tax liability and to pay the Tax Administrator's fees and reimbursable costs, as approved in the Commission's Omnibus Order Directing the Appointment of Tax Administrator in Administrative Proceedings that Establish Distribution Funds, Exchange Act Release No. 34-53279A, dated February 14, 2006.

13. The Administrator shall, as provided below, take reasonable and appropriate steps to distribute the Distribution Fund according to the procedures set forth in this plan. Where the

Administrator deems necessary, after consultation with the Commission staff, the Administrator may modify this procedure to effectuate the general purposes of this Plan. If material changes are required, this Plan may be amended upon the Motion of the Respondents, the Administrator, or upon the Commission's own motion.

C. Identification and Notification of Claimants

14. Upon approval of the Distribution Plan by the Commission, the Administrator shall use reasonable efforts to locate potential Claimants, primarily through a review and analysis of brokerage records provided to the Administrator by Commission staff indicating names and addresses of subscribers to Weiss Research's various Premium Service Publications who had an Auto-trading arrangement with their brokers. The Administrator will seek to contact those potential Claimants, inform them of the eligibility requirements for participation in the Distribution Fund, and explain how to make a claim. The Administrator also will publish notices describing the Distribution Fund and eligibility requirements for participation once a week for three consecutive weeks in The Wall Street Journal. The Administrator will also provide notice of the Distribution Fund via an electronic link at <http://www.kaufmanrossin.com/WeissResearch> (the "Distribution Fund Website"). The Distribution Fund Website will provide a copy of the Distribution Plan, eligibility requirements for participation in the Distribution Fund, a claim form, and the deadline for filing claims. The Commission retains the right to review and approve any material posted on the website. Finally, Weiss Research has agreed to provide an electronic link to the Distribution Fund Website on its own website, with the written description of the link on the Weiss Research website being subject to agreement between Weiss Research, the Administrator, and the Commission's staff.

15. Analysis of brokerage records provided by the Commission staff, the public notice campaign described in paragraph 14, the posting of the Distribution Fund Website shall

constitute reasonable efforts by the Administrator to notify potential Claimants of the Distribution Fund.

D. Verification of Claimants' Eligibility

16. The Administrator shall provide written notice by first class mail, postage prepaid, to persons and/or entities that have been identified as potential Claimants informing them of the Distribution Fund. The notice shall generally describe the distribution process as set forth in the Distribution Plan, explain how to obtain a copy of the Distribution Plan by written request or from the Distribution Fund Website, and provide a claim form prepared by the Administrator.

17. All claims, which must be in writing, shall be accompanied by such documentary evidence as the Administrator deems necessary or appropriate to substantiate the claim including, but not limited to, evidence of one or more paid subscriptions to Weiss Research's Premium Service Publications during the Relevant Time Period, the amount paid for the subscription, and evidence of an Auto-trading arrangement between the Claimant and its broker. The Administrator may rely on any subscription records Weiss Research makes available as an additional or alternative method for determining any aspect of a Claimant's eligibility. The claims period shall be one hundred twenty (120) days from the date of the first mailing or the first publication of notice, unless extended by the Administrator. No claim shall be accepted if postmarked after such date. The Administrator shall review all claim submissions and determine the eligibility of each submitting Claimant to participate in the Distribution Fund, the number of Eligible Subscriptions that each Eligible Claimant had with Weiss Research, and the total number of Eligible Subscriptions.

18. Within forty-five (45) days after the close of the claims period, the Administrator shall notify, in writing, all parties whose claims the Administrator rejected for participation in the Distribution Fund. The Administrator shall advise each party in writing of the basis for rejection

of their claim. Any party who seeks reconsideration of the denial must so advise the Administrator within fifteen (15) days of the postmark date of the initial denial of the claim. Following subsequent review, the Administrator shall notify such party in writing of the Administrator's final decision, which shall be non-appealable.

E. Calculation of Distribution Amounts

19. Once the Administrator has identified the Eligible Claimants and is otherwise ready to distribute the Distribution Fund, the Administrator shall reasonably estimate and, with the Commission's staff's approval, set aside a portion of the Distribution Fund to pay: (1) the Administrator's anticipated reasonable fees, expenses, and reimbursable costs related to distributing the Distribution Fund, (2) any tax liabilities, and (3) the Tax Administrator's fees and reimbursable costs, as approved in the Commission's Omnibus Order Directing the Appointment of Tax Administrator in Administrative Proceedings, dated February 14, 2006 (the "Reserves"). The Administrator shall distribute the balance of the Distribution Fund, minus Reserves, among the Eligible Claimants as described below.

20. The Administrator shall divide the total number of Eligible Subscriptions into the amount remaining in the Distribution Fund after setting aside the Reserves. Each Eligible Claimant shall be entitled to an equal share of the available Distribution Fund in proportion to its number of Eligible Subscriptions. However, an Eligible Claimant's share may not exceed its total subscription fees paid for the Eligible Subscriptions, net of any refunds Weiss Research paid to the Eligible Claimant for its Eligible Subscriptions.

21. The Administrator shall notify each Eligible Claimant, in writing, regarding the Distribution to which it is entitled and the basis for such computation. If an Eligible Claimant disputes the amount, the Eligible Claimant must so advise the Administrator in writing within fifteen (15) days of the postmark date of the notification and explain the basis for objection. Following subsequent review, the Administrator shall notify such Eligible Claimant in writing of

the Administrator's final decision regarding the distribution amount, which shall be non-appealable.

F. Distribution of Funds

22. The Commission has custody of the Distribution Fund and shall retain control of the assets of the Distribution Fund. The Distribution Fund is currently deposited at the U.S. Department of Treasury Bureau of the Public Debt and will remain there throughout the Administrator's processes of identifying and notifying Claimants, verifying Claimants' claims, and calculating the distribution amounts.

23. Upon approval of the Distribution Plan, the Administrator shall establish an account at Regions Financial Corporation (the "Bank") in the name of and bearing the Taxpayer Identification Number of the Qualified Settlement Fund (the "QSF Account"). The Administrator shall be the signer on the QSF account, subject to the continuing jurisdiction and control of the Commission. The Administrator shall authorize the Bank to provide account information to the Tax Administrator. The Administrator shall use the assets and earnings of the Distribution Fund held in the QSF account to provide payments to Eligible Claimants and to provide the Tax Administrator with assets to pay tax liabilities and tax compliance fees and costs. Any funds in the QSF account shall be invested in direct obligations of the United States Government of a type and term necessary to meet the cash requirements of the payments to Eligible Claimants, tax obligations, and fees and costs.

24. Prior to receipt of any funds in the QSF account, the Bank shall provide the Administrator an attestation, in a form acceptable to the Commission staff, that all funds in the QSF Account will be held for this Distribution Plan and that the Bank will not place any lien or encumbrance of any kind upon the funds. All interest earned on the money will inure to the benefit of Eligible Claimants except as otherwise provided herein. All costs associated with

the QSF Account will be paid first from the interest earned on the Distribution Fund, and if the interest is not sufficient, then from the corpus.

25. In order to distribute funds, the Administrator will compile and submit a validated list of payees (including multiple identifiers such as name, address, social security or taxpayer identification numbers) and the payment amounts to the assigned Commission staff, who will obtain authorization from the Commission to disburse pursuant to Rule 1101(b)(6). The validation will state that the list was compiled in accordance with this Plan and provides all information necessary to make disbursement to each Eligible Claimant. Upon receipt and review of the validated list, and unless otherwise directed by the Commission, the Commission staff will direct the release of funds from the Department of Treasury Bureau of the Public Debt to the QSF account based upon the validated list and representation by the Administrator that the checks or electronic transfers will be issued the next business day. Upon the release of the funds, the Bank shall promptly deposit the funds into the QSF Account. The Administrator will then use his best efforts to mail and/or transmit distribution checks or wire transfers within one business day of the release of the funds into the QSF Account. All efforts will be coordinated to keep the time between the receipt of the funding and the transmittal process at a minimum.

26. The Administrator shall utilize the Bank's "Positive Pay" system to control distributions by check from the Distribution Account. The Positive Pay system provides protection against fraud arising from counterfeit or amount-altered checks. The Positive Pay system will require, at a minimum, confirmation by the Bank that all checks presented for payment match the identifiers and amounts on the validated list prior to payment of the presented obligation.

27. All checks shall bear a stale date of 90 days. Checks that are not negotiated within the stale date shall be voided and the Bank shall be instructed to stop payment on those

checks. Electronic credits will be made only to cash equivalent accounts (e.g., money market accounts).

28. For distributions by wire instruction from the Administrator, an administrative employee of the Bank will confirm that the payee, amount, and other identifiers on the wire instruction match a listed Eligible Claimant on the validated list and check that the signature on the wire instruction is that of the signer on the QSF Account. The administrative employee of the Bank shall then input the wire instruction into the computer system of the Bank for review by a Bank officer. An officer of the Bank will compare the wire instruction entered into the Bank computer with the original wire instruction prior to approving the execution of the wire instruction.

29. All payments shall be preceded or accompanied by a communication that includes, as appropriate: (a) a statement characterizing the distribution; (b) a description of the tax information reporting and other related tax matters; (c) a statement that checks will be void after 90 days; and (d) the name of a person to contact, to be used in the event of any questions regarding the distribution. Any such information letter or other mailing to recipients characterizing their distributions shall be submitted to the assigned Commission staff for review and approval. Distribution checks, on their face, or in the accompanying mailing will clearly indicate that the money is being distributed from an SEC Fair Fund.

30. The Administrator will provide customer support and communications programs which will become active at least by the time the first distribution occurs. These services will include a toll free number and the Distribution Fund Website.

31. The Administrator is responsible for accounting for all payments and transactions related to the Distribution Fund, including any distribution checks that expire uncashed. The Administrator is responsible for researching and reconciling all returned items due to non-delivery, insufficient addresses, and/or any other deficiencies and shall issue new

checks where appropriate. In cases where the Eligible Claimant is unable to endorse the distribution check as written (e.g., name changes as a result of divorce, IRA Custodian changes, or recipient is deceased) and the Eligible Claimant or their lawful representative requests the re-issuance of a Distribution check in a different name, the Administrator will request, and must receive, documentation to support the requested change. The Administrator will review the documentation to determine the authenticity and propriety of the change request. If such change request is properly documented, the Administrator will issue an appropriately redrawn check to the requesting party.

32. During the first 10 days of each calendar quarter, the Administrator will file an accounting of all monies earned or received and all monies spent in connection with the administration of the plan of disgorgement.

G. Termination of the Distribution Fund

33. Upon distribution of the funds, the Fund Administrator shall make arrangement for the final payment of taxes and Tax Administrator fees and shall submit a final accounting to the Commission. The Distribution Fund shall be eligible for termination after all of the following have occurred: (1) the Final Accounting by the Administrator has been submitted and approved by the Commission, (2) all taxes and fees have been paid and (3) all remaining funds or any residual have been transferred to the U.S. Treasury. The Commission's staff shall seek an order from the Commission to (1) approve the Final Accounting; (2) approve sending the remaining residual amount to the United States Treasury after the final tax payment has been made; and (3) authorize the Secretary of the Commission, upon receipt of notice from the staff assigned to this matter that all funds have been expended, to discharge the Fund Administrator.

**III. NOTICE AND COMMENTS REGARDING
THE PROPOSED DISTRIBUTION PLAN**

Notice of the Distribution Plan shall be published in the SEC Docket and on the Commission's website. Any person or entity wishing to comment on the Distribution Plan must do so in writing by submitting their comments to the Commission within thirty days of the publication date of the Notice of Proposed Distribution Plan and Opportunity for Comment. Written comments may be submitted through the following methods: (a) via first class mail to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549-1090; (b) by using the Commission's Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or (c) by sending an e-mail to rule-comments@sec.gov. Please include the appropriate Administrative Proceeding File Number on the subject line. Comments received will be publicly available. Persons should submit only information that they wish to make publicly available.