

**ADMINISTRATIVE PROCEEDING
FILE NO. 3-7206**

**UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION**

In the Matter of)
)
WILLIAM R. BEACH)
)
)

INITIAL DECISION

**Washington, D.C.
January 17, 1990**

**Brenda P. Murray
Administrative Law Judge**

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APPEARANCES: Jean M. Cawley and Barbara J. Kern of the Chicago Regional Office for the Securities and Exchange Commission, Division of Enforcement.

William R. Beach, pro se.

BEFORE: Brenda P. Murray, Administrative Law Judge

BACKGROUND

I held a hearing on August 22, 1989, at the Marion Federal Penitentiary, Marion, Illinois, to examine allegations by the Division of Enforcement (Division) that William R. Beach pled guilty to four counts of mail fraud, 18 U.S.C. 1341, on September 27, 1988, as the result of grand jury charges that in the period 1985 through 1987 he fraudulently obtained money from certain individuals while he was a registered representative by falsely representing himself as an agent of the Exchange National Bank of Chicago who would invest money in bank certificates of deposit. Mr. Beach did not work for or represent the Exchange National Bank and did not invest the money in certificates of deposit. The order instituting proceedings questioned what, if any, remedial action is appropriate in the public interest pursuant to Sections 15 (b) and 19 (h) of the Securities Exchange Act of 1934 (Exchange Act).

As the result of his guilty plea, Mr. Beach was imprisoned for thirty-three months and ordered to make restitution of \$869,250 to 24 individuals and three couples. United States v. William R. Beach, No. HCR 88-00018-01 (N.D. Ind. 1988).

Mr. Beach worked in the securities industry from 1970 until 1987. He was registered with the National Association of Securities Dealers and passed the Series 7 exam of the New York Stock Exchange. Mr. Beach achieved

successively more responsible positions in the industry because of his sales abilities.

At the hearing, Mr. Beach admitted the actions which were the basis for his guilty plea. However, he insists that he used the money he received under false pretenses to invest in assets such as houses, boats, cars, and common stock and that he earned returns of between 51 and 760 percent on each of these investments. He contends that there would have been more than enough funds to pay back those from whom he received money under false pretenses if these assets had been liquidated as he directed after his arrest. Mr. Beach believes the permanent bar sought by the Division is extremely harsh since what happened is history. He does not believe he would commit similar actions again.

The Division filed proposed findings of fact and conclusions of law and a brief. Mr. Beach did not.

FINDINGS

As pertinent to this situation, Section 15 (b) (6) of the Exchange Act specifies that the Commission shall censure, place limitations on the activities or functions of, suspend for a period not exceeding twelve months, or bar any person from being associated with a broker or dealer if such person while associated with a broker or dealer committed acts which resulted in a violation of 18 U.S.C. 1341 for which he/she has been convicted

within ten years of the commencement of an action and if the Commission finds the sanction to be in the public interest. The first part of the statute is satisfied because Mr. Beach pled guilty to four counts of mail fraud within ten years of when the Commission initiated this proceeding, and he committed the actions which gave rise to his guilty plea while he was a registered representative associated with a broker dealer.

The public interest considerations which influence a determination whether to issue a sanction and, if so, what type of sanction are many and varied. Elements to be considered include the seriousness of the violations, the time over which they occurred, respondent's efforts at restitution, his/her dedication to compliance, the probability of future misconduct, and the deterrent effect on others in the securities business. Applying these factors to this situation reveals that Mr. Beach's scheme to defraud was egregious, it occurred over a two year period, and involved 30 people. The amount of money was considerable and the motive was greed. (Tr. 25). Mr. Beach argues that he has made some restitution and could have made complete restitution if his attorney had followed his instructions. There is no evidence in this record which supports his claim that the outstanding order of restitution has been partially satisfied. (Exhibit 2, p.

5). I find there is a high probability that Mr. Beach will commit future violations of the securities laws if given the opportunity. I reach this conclusion because despite his many years of experience and the registrations he holds, Mr. Beach's actions and answers at the hearing demonstrate a total lack of sensitivity to the obligation of fair dealing borne by those who engage in the securities business. Lester Kuznetz, 48 S.E.C. 551, 555 (1986). His belief that he made investments on behalf of those from whom he took money to invest in certificates of deposit when he purchased houses, boats, cars, etc. in his name, his claim that someone else caused the people from whom he obtained money under false pretenses to lose that money, his lack of remorse for his serious misconduct, and his lack of conviction that he would not commit the same offenses again if given the opportunity cause me to find that it is in the public interest to bar him from being associated with a broker or dealer. This severe sanction will protect the public from further securities laws violations by Mr. Beach and will serve as a general deterrent to any other industry participant who might be tempted to engage in similar misconduct. Lester Kuznetz, 48 S.E.C. 551, 555 (1986).

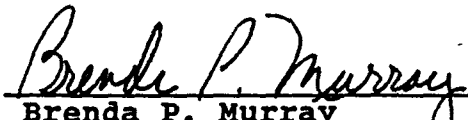
There are no mitigating circumstances in this record.

ORDER

Based on the findings made above, 1/ IT IS ORDERED that pursuant to Section 15 (b) (6) of the Securities Exchange Act of 1934, Mr. William R. Beach is barred from being associated with a broker or dealer.

This order shall become effective in accordance with and subject to the provisions of Rule 17 (f) of the Commission's Rules of Practice.

Pursuant to that rule, this initial decision shall become the final decision of the Commission as to each party who has not filed a petition for review pursuant to Rule 17 (b) within fifteen days after service of the initial decision upon him/her, unless the Commission, pursuant to Rule 17 (c), determines on its own initiative to review the initial decision as to him/her. If a party timely files a petition for review, or the Commission takes action to review as to a party, the initial decision shall not become the final with respect to that party.


Brenda P. Murray
Administrative Law Judge

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1/ I have considered the proposed findings and conclusions offered. I accept those that are consistent with this decision.