
In the Matter of

SAMUEL O. FORSON
639 Carlton Avenue
Brooklyn, New York

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OPINION OF THE COMMISSION

BROKER-DEALER PROCEEDINGS

Ground for Remedial Action

Consent Injunction

Officer of registered broker-dealer and its parent corporation was permanently enjoined, with his consent, from violating registration and antifraud provisions of the securities acts. Held, in the public interest to bar officer from association with any broker or dealer.

APPEARANCES:

Samuel O. Forson, pro se.

Carmen J. Lawrence, Edwin H. Nordlinger, Andrew J. Geist, Eric M. Schmidt, Peter D. Goldstein, and Stephanie Avakian, for the Division of Enforcement.

Appeal filed: December 30, 1996
Briefing completed: April 7, 1997

I.

Samuel O. Forson, who was vice president of both Oxford Capital Securities, Inc., formerly a registered broker-dealer, and Oxford Consolidated Corporation, Oxford Capital's parent corporation (collectively, "Oxford"), appeals from the decision of an administrative law judge. The law judge found that, on February 14, 1992, Forson was permanently enjoined, with his consent, from violating registration and antifraud provisions of

the securities acts. 1/ The law judge concluded that Forson should be barred from association with any broker or dealer. Our findings are based on an independent review of the record.

II.

The allegations in the injunctive complaint may be summarized as follows. During the period 1989 through 1991, Forson sold over \$200,000 worth of Oxford debt securities in violation of the Securities Act's registration provisions. In addition, he made fraudulent representations in connection with the sale of those securities. Forson falsely represented to investors that Oxford Capital had over \$30 million under asset management, when in fact it did not manage any assets. He guaranteed prospective investors that they would be paid the principal and interest due on their securities, but failed to disclose that Oxford was not paying certain financial obligations as they came due and, in some cases, did not pay investors at maturity. Forson also falsely represented to some investors that the income earned on Oxford securities was tax-free, and falsely stated to others that Oxford would pay the tax liability on that income.

III.

We have previously pointed out that the allegations in an injunctive complaint settled by consent may be given considerable weight in assessing the public interest in a subsequent proceeding. 2/ Forson complains that certain of the allegations against him have never been adjudicated. However, having consented to the entry of an injunction based on those allegations, Forson may not question them now in an action based on that injunction. 3/

On April 15, 1995, a New York State jury found Forson guilty of crimes arising from and related to the conduct described above. Forson was convicted of engaging in a scheme to defraud,

1/ SEC v. Oxford Capital Securities, Inc., et al., 92 Civ. 0935 (WCC) (S.D.N.Y.). Forson was enjoined from further violations of Sections 5(a), 5(c) and 17(a) of the Securities Act, and Sections 10(b) and 15(c)(1) of the Securities Exchange Act and Rules 10b-5 and 15c1-2 thereunder.

2/ Richard J. Puccio, Securities Exchange Act Release No. 37849 (October 22, 1996), 63 SEC docket 158, 159; Charles Phillip Elliott, 50 S.E.C. 1273, 1277 (1992), aff'd, 36 F.3d 86 (11th Cir. 1994).

3/ See Kaye, Real & Company, Inc., 36 S.E.C. 373, 375 (1955).

grand larceny, enterprise corruption, and falsifying business records. 4/ Forson asks that we stay these proceedings during the pendency of his appeal from that conviction since "the potential for federal-state friction is obvious." Forson's request is denied. We fail to see, and Forson has not explained, why proceeding to a determination of this matter will affect his criminal appeal.

Forson further contends that he was denied due process by the admission into evidence in this proceeding of the transcripts of certain witnesses who testified at his criminal trial. While live testimony is preferable in our proceedings if the witnesses are available, 5/ we see no impropriety in the admission of the transcripts. Moreover, the law judge did not rely on that evidence, and neither have we.

Finally, Forson complains of "potential infringements" of his rights resulting from improper ex parte communications. Forson does not identify any such communications, and there is no evidence supporting his claim in the record before us.

IV.

Over an extended period of time, Forson unlawfully sold unregistered securities and engaged in a fraudulent course of conduct that deceived public investors. Under the circumstances, we consider the bar imposed by the law judge fully warranted in the public interest.

An appropriate order will issue. 6/

By the Commission (Chairman LEVITT and Commissioners WALLMAN, JOHNSON, and HUNT).

Jonathan G. Katz
Secretary

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- 4/ People of the State of New York v. Forson, Indictment No. 1430/93 (N.Y. Sup. Ct.).
- 5/ See Martin B. Sloate. Securities Exchange Act Release No. 38373 (March 17, 1997), 64 SEC Docket 117, 120.
- 6/ All of the contentions advanced by the parties have been considered. They are rejected or sustained to the extent that they are inconsistent or in accord with the views expressed herein.