UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 66738 / April 4, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14765

In the Matter of	:	
	:	ORDER MAKING FINDINGS AND
DANIEL J. BURNS	:	IMPOSING REMEDIAL SANCTIONS
	:	BY DEFAULT

On February 21, 2012, the Securities and Exchange Commission (Commission) issued an Order Instituting Proceedings (OIP), pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act), alleging that a United States District Court had enjoined Daniel J. Burns (Burns) from future violations of various provisions of the securities statutes and rules. Burns received the OIP on February 27, 2012, and was required to file an Answer within twenty days after service. OIP at 2; 17 C.F.R. § 201.220(b).

Burns is in default for failing to file an Answer to the OIP, for failing to attend the prehearing conference on March 30, 2012, of which he had notice, and for failing to otherwise defend the proceeding. 17 C.F.R. §§ 201.155(a), .220(f), .221(f). Accordingly, I deem the following allegations in the OIP to be true. 17 C.F.R. § 201.155(a).

Factual Findings and Legal Conclusions

From 2003 to 2008, Burns, a 54-year-old resident of Carlsbad, California, was a consultant for CytoCore, Inc. (CytoCore), and from October 2007 through April 2009 was Chairman of CytoCore's Board of Directors. OIP at 1. Burns has never been associated with a broker-dealer registered with the Commission. Id. From 2003 through 2008, Burns acted as a broker-dealer by soliciting investors for CytoCore and, in many instances, inducing investors to purchase CytoCore stock. Id. Burns regularly received commissions for selling CytoCore stock to investors. Id.

The Commission's complaint in SEC v. Burns, No. 1:11-cv-246 (N.D. Ill. Jan. 31, 2012), alleged that Burns engaged in market manipulation and insider trading in connection with his purchases and sales of CytoCore stock during a CytoCore private offering, improperly solicited investors for CytoCore without being associated with a registered broker-dealer, submitted to CytoCore false claims for commissions earned and expenses incurred in connection with his solicitation of investors, failed to file required Forms 4 - Statement of Changes of Beneficial

Ownership of Securities - reporting his CytoCore stock transactions, and misrepresented his CytoCare stock holdings in proxy statements and Forms 4. OIP at 2.

On January 31, 2012, the court entered a final default judgment in Burns, permanently enjoining Burns from future violations of Section 17(a) of the Securities Act of 1933, Sections 10(b), 14(a), 15(a), and 16(a) of the Exchange Act, and Exchange Act Rules 10b-5, 14a-9, and 16a-3. OIP at 2. The court ordered Burns to pay disgorgement in the amount of $804,100, plus prejudgment interest of $324,325, for a total of $1,128,425, and permanently barred him from acting as an officer or director of a public company. See 17 C.F.R. § 201.323.

Ruling

Section 15(b)(6)(A) of the Exchange Act states that where it is in the public interest to do so, the Commission shall impose a sanction on any person who has been enjoined from violations of the securities statutes and who was associated, or acting as if associated, with a broker-dealer at the time of the misconduct. See Vladislav Steven Zubkis, Exchange Act Release No. 52876 (Dec. 2, 2005), 86 SEC Docket 2618, 2627, recon. denied, Exchange Act Release No. 53651 (Apr. 13, 2006), 87 SEC Docket 2584 (barring an unregistered, associated person of an unregistered broker-dealer from association with a broker or dealer).

Consideration of the public interest factors set out in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981) and the evidence in this record, compels the conclusion that it is in the public interest to impose on Burns, who has chosen not to participate, the full scope of prohibitions set out in Exchange Act Section 15(b)(6)(A), except for bars from association with a municipal advisor or nationally recognized statistical rating organization. These two collateral bars, added by the Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law on July 21, 2010, are impermissible in this case because they retroactively attach new consequences to conduct that occurred prior to the statute's enactment.

Order

I ORDER that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, Daniel J. Burns is barred from association with a broker, dealer, investment adviser, municipal securities dealer, and transfer agent, and from participating in an offering of penny stock.

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Brenda P. Murray
Chief Administrative Law Judge