

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 64723 / June 23, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14435**

**In the Matter of**

**GREGORY S. SCHAEFER,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
15(b) OF THE SECURITIES EXCHANGE  
ACT OF 1934 AND NOTICE OF HEARING**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Gregory S. Schaefer (“Respondent”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A.     RESPONDENT**

1.       Schaefer, age 45, formerly of New York and California, was the president, a principal, and a registered representative associated with Dillon Scott Securities, Inc., a broker-dealer that was registered with the Commission from May 2002 until October 2009. At all times during this period, Schaefer was an associated person of Dillon Scott.

**B. ENTRY OF THE INJUNCTION**

3. On July 12, 2010, a final judgment by default was entered against Gary S. Becker and Schaefer, permanently enjoining each from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and from aiding and abetting future violations of Sections 15(b)(7), 15(c)(1), and 17(a) of the Exchange Act and Rules 10b-3, 15b3-1, 15b7-1, and 17a-3(a)(12) thereunder, in the civil action entitled Securities and Exchange Commission v. Gary S. Becker, et al., Civil Action Number 09-CV-5707, in the United States District Court for the Southern District of New York.<sup>1</sup>

4. The Commission’s complaint alleged that, from at least January 2001 until July 2007, Becker and Schaefer sold three unregistered securities offerings of Gold Rush Technologies, Inc., Dillon Scott’s parent company, raising approximately \$1.3 million in proceeds from 29 investors. Becker and Schaefer, through offering memoranda, direct solicitations, and solicitations by two of their salespersons, represented that the money raised would be used to form a brokerage firm, Dillon Scott, but they instead diverted approximately 79% of the offering proceeds to enrich themselves and others. In addition, Becker and Schaefer knowingly and substantially assisted Dillon Scott in violating numerous regulatory provisions governing broker-dealers by not disclosing in regulatory filings that Becker was controlling Dillon Scott, permitting individuals to effect securities transactions when they were not registered with FINRA, and not making or keeping required employment documentation for certain associated persons of Dillon Scott.

**III.**

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act.

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<sup>1</sup> Gary S. Becker was barred from association with a broker or dealer, pursuant to Section 15(b) of the Exchange Act, on November 9, 2010. Gary S. Becker, Exchange Act Rel. No. 63281 (November 9, 2010).

#### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fail to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy  
Secretary