UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT COMPANY ACT OF 1940
Release No. 29417 / September 17, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-14055

In the Matter of **DAXOR CORPORATION,** **Respondent.**	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 9(f) OF THE INVESTMENT COMPANY ACT OF 1940**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 9(f) of the Investment Company Act of 1940 ("Investment Company Act" or "the Act") against Daxor Corporation ("Daxor," "the Company," or "Respondent").

II.

After an investigation, the Division of Enforcement alleges that:

SUMMARY

1. Daxor, a public company, claims to be a medical device manufacturing company, but it is, and has been for many years, an investment company as defined by Section 3(a)(1)(C) of the Investment Company Act, because it engages in the business of investing and trading in securities and 40% or more of its total assets (other than Government securities and cash items) consist of investment securities. Although its principal product has been developed and available for sale since at least 1998, Daxor has never realized an operating profit or even significant operating revenue. Instead, Daxor has sustained itself throughout its history on the considerable income generated by its investment securities, which, as of June 30, 2010, had a reported market value of approximately $49 million and constituted 96% of the company's assets. Over the last five and a half years, Daxor's investment securities have consistently constituted more than 90% of its assets and its net investment income has amounted to more than 750% of its gross operating revenues.

2. Daxor's securities portfolio is invested entirely in equities and actively traded. The portfolio has turned over two times per year on average since 2006. The Company also trades options and maintains short positions up to 15% of the portfolio value, and it finances its investment activity with margin loans that on occasion have amounted to as much as 18% of the total value of its portfolio.

3. Daxor is not exempted or excluded from the requirements of the Investment Company Act. Yet it has never registered with the Commission as an investment company, in violation of Section 7(a) of the Act.

RESPONDENT

4. **Daxor** is a publicly-traded company headquartered in New York, New York. The Company also maintains facilities in Oakridge, Tennessee. Daxor's common stock is registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 and trades on the American Stock Exchange under the symbol "DXR." As of August 9, 2010, Daxor had 4.24 million shares outstanding. Daxor's fiscal year ends on December 31. As of February 22, 2010, the Company reportedly had a labor force of forty-one.

FACTS

Background

5. Daxor purports to be a "medical device manufacturing company with additional biotechology services." It was founded in 1970 to engage in the business of cryobanking – the freezing and preservation at low temperatures of blood and semen – and raised $2 million in an initial public offering in 1971. The Company continues to engage in cryobanking, but for the past fifteen years its major focus has been on the development and marketing of what it calls the BVA-100® Blood Volume Analyzer, an instrument that reportedly measures human blood volume.

6. In 1985, the Company raised approximately $7.2 million for the development of the blood volume analyzer through a second registered offering. In the registration statement, Daxor stated that it expected to use $5,325,000 of the net proceeds to repay the Company's margin borrowings in full and that it would "not make additional margin borrowings in the foreseeable future." The Company further stated that to fund its development activities, it planned to liquidate its marketable securities portfolio, which, in October 1984 had a market value of approximately $9 million, "when and to the extent advantageous to it," in light of market conditions and credit terms available to it, and invest the proceeds not needed for development in U.S. government securities.

7. The Company did not liquidate its marketable securities or invest in government securities after the follow-on offering. Instead, it continued to generate income from its investment securities and used this income to offset expenses, to buy other securities, and, on occasion, to pay dividends. In 2008 and 2009, the Company paid total dividends of $1.50 and $1.35 per share, respectively.

8. Although the BVA-100® received Food and Drug Administration approval in 1997 and the associated test kits were approved in 1998, the product has not been commercially successful. Only one, four and six units were sold in 2009, 2008 and 2007, respectively.

Daxor's Assets Are Comprised Almost Entirely of Investment Securities and Those Securites Are the Source of All Its Income

9. Daxor's assets are comprised almost entirely of investment securities and those securities generate all of its net income and almost all of its gross revenue.[1] As Table 1 shows, for the last five-and-a-half years, Daxor's investment securities have ranged from a low of 91% of assets at December 31, 2009 to a high of almost 98% at the end of 2005.

Table 1 – Nature of Daxor's Assets

	6-30-10	12-31-09	12-31- 08	12-31-07	12-31- 06	12-31-05
Investment Securities	**$48,806,148**	**$53,270,726**	**$68,339,143**	**$74,919,193**	**$66,968,446**	**$57,246,006**
Operating Assets	**$1,870,908**	**$5,286,837**	**$5,655,059**	**$4,741,481**	**$4,095,103**	**$1,300,111**
Total Assets[2]	**$50,677,056**	**$58,557,563**	**$73,994,202**	**$79,660,674**	**$71,063,549**	**$58,546,117**
% Investment Securities	**96.3%**	**91.0%**	**92.4%**	**94.0%**	**94.2%**	**97.8%**

10. Daxor's revenues and income derive almost entirely from its investment securities. The Company's operating revenue has not exceeded $1.9 million in any of the past five and a half years. By contrast, during the same period, Daxor's net investment income ranged from approximately $3.6 million to $24.9 million and its total net investment income ($67.5 million) was 757% of its total gross operating revenues ($8.9 million). As reflected in Table 2, Daxor's investment income significantly reduced the Company's net loss for the years 2005 and 2006 and was the key factor in its (positive) net income in 2007, 2008, 2009 and the first half of 2010.

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1 "Investment securities" refers to "all securities except (A) government securities, (B) securities issued by employees' securities companies, and (C) securities issued by majority-owned subsidiaries of the owner which (i) are not investment companies, and (ii) are not relying on the exception of investment company in paragraph (1) or (7) of subsection (c) of this section." Comparisons of Daxor's investment securities to its "total assets," are based on the amount of total assets exclusive of "government securities" and "cash items," reported in Daxor's consolidated financial statements. "Total assets" excludes "other receivables" – a cash item representing unsettled trades receivables (e.g., cash due from brokers for trades executed but not settled) and money market accounts.

2 "Total assets" excludes "other receivables" – a cash item representing unsettled trades receivables (e.g., cash due from brokers for trades executed but not settled) and money market accounts. If "other receivables" and "money market accounts" are not excluded, the proportion of investment securities to total assets as June 30, 2010 and at year-end 2009, 2008 and 2007 is 60.8%, 70.9%, 89.0%, 73.0%, respectively.

Table 2 – Daxor's Gross Revenue, Operating Losses and Investment Income

	YTD 10*	FY 09	FY 08	FY 07	FY 06	FY 05
Medical Devices Revenue	$590,728	$1,343,610	$1,381,105	$1,453,201	$1,055,706	$751,071
Cryobanking Revenue	$173,876	$345,216	$379,950	$416,578	$430,743	$592,467
Total Operating Revenue	$764,604	$1,688,826	$1,761,055	$1,869,779	$1,486,449	$1,343,538
Net Operating Loss	$(2,847,226)	$(5,109,188)	$(5,207,152)	$(5,430,870)	$(5,436,671)	$(4,915,193)
Net Investment Income	$3,487,309	$12,261,060	$24,888,385	$17,389,110	$4,651,140	$3,579,212
Income Taxes**	$(544,146)	$(1,329,114)	$(4,557,964)	$(1,311,024)	-	-
Net Income (Loss)	$95,937	$5,822,758	$15,123,269	$10,647,216	$(785,531)	$(1,335,981)

* "YTD" means as of June 30th.

** Daxor began paying income taxes in 2007.

11. Daxor's investment income dwarfs its operating revenue. It is not primarily an operating medical device manufacturing or biotechnology company. It is also not a research-and-development company. For the four quarters ended June 30, 2010, the Company's net income from securities was $8,120,018, more than 2.5 times its reported expenses for research and development.[3] Rather, Daxor is an investment company.

<u>Daxor's Investment Policy and Strategy Puts the Company's Capital At Risk</u>

12. Daxor's stated investment goals are "capital preservation, maintaining returns on capital with a high degree of safety and generating income from dividends and option sales to help offset operating losses."

13. In pursuit of those goals, Daxor's investment portfolio, which is managed directly by the Company's chief executive officer, is invested entirely in equities and actively traded. Daxor's management of its investment portfolio puts the Company's capital at risk.

14. The portfolio generates three types of income: dividend income, gain (or loss) on the sale of investments, and gain (or loss) on the Company's options transactions and short positions. As reflected in Table 3 below, since 2005, the percentage of total net investment income derived from the sale of securities and options transactions has increased significantly, to nearly 80% in 2009.

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3 "Net income from securities" is a pre-tax amount that does not include "Other revenues" or "Interest expense."

Table 3 – Nature of Daxor's Investment Income

	YTD 10*	FY 09	FY 08	FY 07	FY 06	FY 05
Dividend Income	**$1,087,266**	**$2,936,976**	**$2,509,966**	**$2,419,476**	**$2,273,737**	**$2,511,054**
% to total**	**31%**	**20%**	**10%**	**14%**	**45%**	**65%**
Sales of Investments	**$11,892,159**	**$9,689,425**	**$17,249,716**	**$14,853,934**	**$3,316,710**	**$1,515,653**
% to total**	**341%**	**78%**	**69%**	**84%**	**66%**	**40%**
Short positions***	**$(9,416,999)**	**$(79,755)**	**$5,364,215**	**$357,337**	**$(544,629)**	**$(204,225)**
% to total**	**(270)%**	**(2)%**	**21%**	**2%**	**-11%**	**-5%**
Other	**$(75,117)**	**$(285,586)**	**$(235,512)**	**$(241,637)**	**$(394,678)**	**$(243,270)**
Net Investment Income	**$ 3,487,309**	**$ 12,261,060**	**$24,888,385**	**$17,389,110**	**$ 4,651,140**	**$3,579,212**

***** "YTD" means as of June 30th.
****** denotes % of total Investment Income minus "Other."
*** reflects market value of open short positions at end of reporting period.

15. Daxor's investment policy, approved by the Company's board of directors, has generally been to maintain a minimum of 80% of its portfolio in securities of electric utilities; in 2009, the board approved lowering the minimum "temporarily" to 70%. The policy also permits the sale of covered call options on up to 20% of the value of the portfolio and the sale of put options on stocks the company is willing to own. In addition, the policy permits investments in "speculative issues, including short sales," to a maximum of 15% of the portfolio currently, and 20% in 2008.

16. At year-end 2009, in addition to related receivables, Daxor's investment securities consisted of 85% utility common stock, 8.2% non-utility common stock and 6.8% preferred stock. In recent years, the Company has also traded in securities of energy and financial services companies, including USEC, Inc., Dynergy, Citigroup, Inc., Bank of America, and AIG.

17. Daxor's portfolio is actively managed. Since 2006, portfolio turnover has averaged 200% per year and net investment income increased from approximately $4.7 million in 2006 to almost $25 million in 2008 and $12.3 million in 2009, most of it coming from sales of investments, which as a percentage of investment income (net of expenses and other revenue and investment recovery), ranged from 77% to 84% in 2007, 2008 and 2009. The cash flow from the sales of put and call options has increased from $7 million in 2006 to $34 million in 2008 and over $26 million in 2009, contributing significantly to the Company's cash flow. From 2005 through the first half of 2010, the company generated $93.0 million of net cash proceeds from the purchase and sale of options (compared to $37.8 million in negative net cash flow from its long securities purchases and sales), which represents over 400% of the cash flows used for the company's operating activities, and over 300% of the cash flows used by the company's financing activities (payments of dividends, purchase of treasury stock and pay-down of margin loans).

18. The Company finances its investment activity with margin loans and through the use of options, short sales, and other borrowings. As of December 31, 2009, Daxor's short positions constituted 55% of the Company's total liabilities.

VIOLATIONS

19. As a result of the conduct described above, Daxor violated Section 7(a) of the Investment Company Act, which makes it unlawful for an unregistered investment company to, among other things, "directly or indirectly offer for sale, sell or deliver after sale by use of the mails or any means or instrumentality of interstate commerce, any security or interest in a security" or "engage in any business in interstate commerce."

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it appropriate that cease-and-desist 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. Whether, pursuant to Section 9(f) of the Investment Company Act, Daxor should be ordered to cease and desist from committing or causing violations of and any future violations of Section 7(a) of the Investment Company Act and should be ordered to comply, or take steps to effect compliance with, Section 7(a) of the Investment Company Act, upon such terms and conditions and within such time as are appropriate.

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 not earlier than 30 days and not later than 60 days from service of this Order 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 the Respondent fails 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 it 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 300 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.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Cease-and-Desist Proceedings Pursuant to Section 9(f) of the Investment Company Act of 1940 ("Order"), on the Respondent and its legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
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