

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 55242 / February 6, 2007**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12561**

**In the Matter of**

**BYRON NERNOFF,**

**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO SECTION 15(b) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934,**  
**MAKING FINDINGS, AND IMPOSING**  
**REMEDIAL SANCTION**

**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 Byron Nernoff (“Respondent” or “Nernoff”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanction (“Order”), as set forth below.

**III.**

On the basis of this Order and the Respondent’s Offer, the Commission finds that:

1. Nernoff, 64 years old, is a resident of Roslyn Heights, New York. Between January 1999 and March 2001, Nernoff solicited investors for Growth Benefit Systems. During that time period, Nernoff acted as an unregistered broker or dealer when he offered and sold securities

for Growth Benefit Systems, and was associated with unregistered brokers or dealers. Nernoff has never been associated with a registered broker or dealer.

2. On January 16, 2007, a final judgment was entered by consent against Nernoff, permanently enjoining him from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, in a civil action entitled Securities and Exchange Commission v. Jack Calvin, et al., Civil Action No. 03-CV-10586-MEL (D. Mass.), in the United States District Court for the District of Massachusetts.

3. The Commission's complaint alleged, among other things, that Nernoff offered and sold unregistered securities--while not being registered as a broker or dealer or associated with a registered broker or dealer--in Growth Benefit Systems, a purported "Prime Bank" trading program that did not exist. The complaint also alleged that the Growth Benefit Systems securities were sold through Nernoff and salespeople that he recruited. The salespeople were not registered as brokers or dealers. Nernoff was responsible for calculating commission payments and shared commissions with the salespeople. Based on his conduct, Nernoff was associated with salespeople who were operating as brokers or dealers.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Nernoff's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Nernoff be, and hereby is, barred from association with any broker or dealer.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Nancy M. Morris  
Secretary