

**MEMO# 4007**

August 13, 1992

## **SEC CENSURES ADVISER AND BARS ASSOCIATED PERSON FOR VIOLATIONS OF ANTIFRAUD PROVISIONS**

August 13, 1992 TO: INVESTMENT ADVISER MEMBERS NO. 38-92 INVESTMENT ADVISER  
ASSOCIATE MEMBERS NO. 30-92 COMPLIANCE COMMITTEE NO. 10-92 RE: SEC CENSURES  
ADVISED AND BARS ASSOCIATED PERSON FOR VIOLATIONS OF ANTIFRAUD PROVISIONS

The Securities and Exchange Commission recently sanctioned an investment adviser and its controlling person, based on an injunction against the controlling person from further violations of Section 17(a) of the Securities Act, Section 10(b) of the Securities Exchange Act and Rule 10b-5, and from aiding and abetting further violations of Section 15(c)(1) of the Securities Exchange Act and Rule 15c1-2 thereunder. The controlling person had consented to the injunction without admitting or denying the allegations in the complaint. The SEC found that as a result of three separate schemes to defraud, the adviser purchased or sold securities after the controlling person induced the purchase or sale by providing the purchaser or seller with materially false or misleading information, including forged documents relating to the value of the securities. The SEC found that the adviser willfully violated Section 15(c)(1) of the Securities Exchange Act and Rule 15c1-2 thereunder. The controlling person, without admitting or denying the SEC's findings, consented to a comprehensive bar from association. The adviser, without admitting or denying the SEC's findings, consented to a censure, and both consented to an order to comply with their undertaking to file a notice of withdrawal from registration as a broker-dealer and an investment adviser. A copy of the SEC's order is attached. Thomas M. Selman Assistant Counsel Attachment