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## Securities

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## SECURITIES

*Securities & Exchange Commission v. Blinder, Robinson & Co., Inc.*, 855 F.2d 677

The securities dealer, Blinder, Robinson & Co., and its principal shareholder, Meyer Blinder, appealed the district court's denial to vacate an earlier injunction which prohibited the defendants from disseminating deliberately deceptive information. The defendants claimed that the district court applied an incorrect standard in deciding not to vacate and that the Securities and Exchange Commission's (SEC's) civil prosecution of the defendants without participation by the executive branch violated the constitutional doctrine of separation of powers.

The court of appeals, in affirming the district court's decision, held that the defendants failed to show proof of unseen conditions before vacating the injunction, as required by *United States v. Swift*, 286 U.S. 106 (1932). Additionally, the court held that the SEC could constitutionally exercise civil enforcement authority. Denial of appellants' motion affirmed.

*Carlson, Inc. v. Securities & Exchange Commission*, 859 F.2d 1429

Petitioner Carlson, Inc. is a registered securities broker-dealer and Charles E. Carlson is a registered broker and president of Carlson, Inc. The Securities and Exchange Commission (SEC) imposed sanctions on petitioners based on their activities in closing a public offering of common stock. Petitioners allegedly violated federal securities laws by borrowing funds to purchase the minimum number of shares necessary to close the offering and then repaying those loans with proceeds from the offering. This was done to avoid refunding amounts paid by the public investors. The SEC had found that the petitioners were aware of the part-or-none provision. Affirmed.

Carlson violated SEC Rule 15(C)2-4 by receiving funds and then instructing the escrow banks to disburse the funds in accordance with the prospectus as if the appropriate event, the sale of 20 million shares, had occurred in genuine transactions. In reality, the contingency of sales of less than 20 million shares had occurred, so the investors' funds should have been returned. The court found that the sanctions imposed against petitioners were reasonable under the circumstances. There was no abuse of discretion by the SEC. Among other things, the SEC was entitled to consider that the petitioners were sanctioned by the National Association of Securities Dealers (NASD) for similar misconduct in a prior year in connection with an all-or-none limited partnership offering.

