

DEPARTMENT OF CONSUMER & BUSINESS SERVICES
 DIVISION OF FINANCE AND CORPORATE SECURITIES
 SECURITIES SECTION
 BEFORE THE DIRECTOR OF
 THE DEPARTMENT OF CONSUMER & BUSINESS SERVICES
 STATE OF OREGON

In the Matter of: STRATTON OAKMONT, INC. Respondent.))))))	No. O-95-0037 ORDER REVOKING LICENSE AND CONSENT TO ENTRY OF ORDER
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WHEREAS the Director of the Department of Consumer and Business Services has conducted an investigation of certain business activities conducted by Stratton Oakmont, Inc. ("Stratton") and has determined that Stratton conducted business in the State of Oregon in violation of the Oregon Securities Law; and

WHEREAS, on January 24, 1997, Stratton filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code; and

WHEREAS, on January 27, 1997, the Securities Investor Protection Corporation filed a complaint in the United States District Court for the southern District of New York alleging that the customers of Stratton were in need of the protections of the Securities Investor Protection Act of 1970 ("SIPA"), and

WHEREAS, on January 29, 1997 the Honorable John E. Sprizzo, Judge of the United States District Court for the

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1 Southern District of New York, entered an Order pursuant to
2 the provisions of SIPA, which, in pertinent part:

3 a. appointed Harvey R. Miller (the "Trustee"),
4 as trustee for the liquidation of the business of
5 Stratton pursuant to 15 U.S.C. §78eee(b)(3) of SIPA and
6 not individually; and

7 b. appointed Weil, Gotshal & Manges LLP
8 attorneys for the Trustee pursuant to § 78eee(b)(3) of
9 SIPA; and

10 **WHEREAS**, the Trustee wishes to resolve and settle this
11 matter with the Director;

12 **NOW THEREFORE**, as evidenced by the authorized signature
13 subscribed on this Order, Stratton hereby admits the
14 underlying allegations only for the purpose of this
15 Administrative Order and **CONSENTS** to the entry of this Order
16 Revoking License upon the Director's Findings of Fact and
17 Conclusions of Law as stated hereinafter.

18 **FINDINGS OF FACT**

19 The DIRECTOR finds:

20 1. Stratton, of 1979 Marcus Avenue, Lake Success, New
21 York 11042-1002, is a broker-dealer licensed in the State of
22 Oregon since April 6, 1990.

23 2. On or about March 17, 1994, Stratton consented to
24 entry of an Order issued by the Securities and Exchange
25 Commission ("SEC") censuring and requiring Stratton to
26 comply with certain remedial undertakings.

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1 3. In that SEC March 17, 1994 Order, there were
2 findings which Stratton neither admitted nor denied, that
3 Stratton had willfully violated federal securities law in
4 that it:

5 engaged in fraudulent sales practices, made baseless
6 price predictions with regard to Stratton-recommended
7 over-the-counter securities, made material misrepres-
8 sentations and omissions concerning those securities
9 and Stratton's experience and expertise in the
10 securities industry, engaged in, encouraged and/or
11 permitted unauthorized trading in Stratton customer
12 accounts, and ... knowingly or recklessly manipulated
13 the market price of the securities of Nova Capital,
14 Inc. ... by dominating and controlling the market for
15 Nova common stock and engaging in fraudulent sales
16 practices.

17 Stratton did consent to the terms of this SEC Order.

18 4. The SEC March 17, 1994 Order Required Stratton to
19 retain an independent consultant to review Stratton's
20 operations and to recommend appropriate sales practices,
21 policies and procedures.

22 5. On or about December 19, 1994 in SEC v. Stratton,
23 C.A. No. 94-2681, the U.S. District Court for the District
24 of Columbia issued a temporary restraining order (TRO),
25 requiring Stratton to immediately comply with the March 17,
26 1994 Commission Order.

 6. On or about January 11, 1995, the U.S. District
Court found that Stratton had violated the TRO, and issued a
preliminary injunction, ordering Stratton to comply with the
recommendations set forth by the independent consultant.

 7. On or about February 28, 1995, the U.S. District



1 Court issued a permanent injunction against Stratton,
2 enjoining Stratton from violating the SEC March 17, 1994
3 Order.

4 8. The February 28, 1995 U.S. District Court Order
5 determined that Stratton had repeatedly failed to comply
6 with the Securities and Exchange Commission's March 17, 1994
7 Order, and the District Court's December 19, 1994 Temporary
8 Restraining Order, and the January 11, 1995 Preliminary
9 Injunction, all of which were designed to protect the
10 investing public.

11 **CONCLUSIONS OF LAW**

12 The DIRECTOR concludes:

13 1. Respondent Stratton is permanently or temporarily
14 enjoined by a court of competent jurisdiction from engaging
15 in or continuing any conduct or practice involving any
16 aspect of the securities business, within the meaning of
17 ORS 59.205(9).

18 **ORDER**

19 Now, therefore, the DIRECTOR ORDERS that:

20 1. The license of Stratton Oakmont, Inc. as a broker-
21 dealer in the State of Oregon is **REVOKED**.

22 Dated this 28th day of April, 1997, at Salem,
23 Oregon.

24 
25 **KERRY BARNETT, DIRECTOR**
26 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

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