

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

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In the Matter of  
C. A. BENSON & COMPANY, INC. (8-6721)  
CARL A. BENSON

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INITIAL DECISION

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Warren E. Blair  
Hearing Examiner

Washington, D. C.  
February 16, 1966

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C. A. BENSON & COMPANY, INC. (8-6721)  
CARL A. BENSON : INITIAL DECISION  
Administrative Proceedings  
File No. : 3-148

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Before: Warren E. Blair, Hearing Examiner

Appearances: Alexander J. Brown, Jr., Paul F. Leonard and Herbert E. Milstein, of the Washington Regional Office of the Commission, for the Division of Trading and Markets

Floyd L. Arbogast, Jr., for C. A. Benson & Company, Inc. and Carl A. Benson

These proceedings were instituted by an order of the Commission dated May 17, 1965 pursuant to Sections 15(b) and 15A of the Securities Exchange Act of 1934 ("Exchange Act") to determine whether C. A. Benson & Company, Inc. ("registrant") and Carl A. Benson ("Benson") wilfully violated and wilfully aided and abetted violations of the Securities Act of 1933 ("Securities Act") and the Exchange Act as alleged by the Division of Trading and Markets ("Division"), and whether remedial action pursuant to Sections 15(b) and 15A of the Exchange Act is necessary. A request for withdrawal of registrant's registration as a broker-dealer having been filed on December 27, 1965, an additional issue is whether such withdrawal should be permitted to become effective.

The Division alleged, in substance, that in offering and selling and effecting transactions in the common stock of Home Makers Savings Corporation ("Home Makers") during the period from May 28, 1963 to December 31, 1963, the registrant and Benson wilfully violated Section 17(a) of the Securities Act and Sections 10(b) and 15(c)(1) of the Exchange Act and Rules 10b-5 and 15c1-2 thereunder by making false and misleading statements and omitting statements of material facts concerning the existing operational deficits and the future success of Home Makers, the seizure of the company's principal product pursuant to the Federal Food, Drug and Cosmetic Act (21 U.S.C.), and the prospects for an increase in the market price of Home Makers stock. The Division further charged a wilful violation of Section 17(a) of the Exchange Act and Rule 17a-5 thereunder by the registrant, aided and abetted by Benson, by reason of registrant's failure to file the financial report for 1964 required under that rule.

Benson, individually and as registrant's president, filed an answer denying Division's allegations in all respects except for an admission that the financial report filed by registrant in 1964 did not contain the certification required by Rule 17a-5.

Registrant and Benson appeared at the hearing and participated through counsel. As part of the post-hearing procedures, successive filings of proposed findings, conclusions and supporting briefs were specified. Timely filings thereof were made by the Division, but the respondents did not avail themselves of the opportunity to file counter-statements.

The findings and conclusions herein are based upon the record and upon observation of the various witnesses.

#### Background of Registrant

Registrant, a Pennsylvania corporation formed in July, 1958, has been registered as a broker-dealer under the Exchange Act since August 6, 1958. It is a member of the National Association of Securities Dealers, Inc. ("NASD"). Carl A. Benson ("Benson") is president and a director of registrant and owns 99% of its stock. During the period in question Benson and Kenneth Fisher, registrant's sales manager, were active in selling securities to registrant's retail customers, and Frank Wayhart, James Conklin, Richard Cea and Robert Kness were employed by registrant as salesmen.

In 1963 registrant's business consisted primarily of over-the-counter transactions in common stock of four companies: Home Makers, Copter Skyways, Inc. ("Copter"), Mr. Hot Cup, Inc. ("Hot Cup"), and

Wyoming Nuclear Corporation ("Wyoming"). Registrant bought and sold each of these stocks at prices determined by Benson. During 1963 registrant was the only market for Home Makers stock; and effected transactions in that stock on a principal basis only.

#### Home Makers

Home Makers, a Pennsylvania corporation, was incorporated in February, 1961 to wholesale and retail household appliances. In May, 1961 its interest shifted toward the distribution of natural vitamin products, and in 1962 a digestive aid was added to its line. The latter, a tablet sold under the brand name "Mr. Enzyme," was described as containing natural enzymes which were intended to aid and produce normal digestion of food. About January, 1963 Home Makers discontinued marketing the vitamin products and concentrated solely upon promotion and sales of "Mr. Enzyme."

Home Makers purchased the tablets from a single manufacturer and pursuant to an agreement entered into on December 3, 1962 making Norwich Pharmacal Company the exclusive sales agent for "Mr. Enzyme" in the United States, supplied the tablets to Norwich in packaged form in shipping cases ready for distribution to retail outlets. Norwich initially was to receive a 25% commission on sales, but the contract also gave Norwich an option until April 1, 1964 to purchase all rights to "Mr. Enzyme" and thereafter pay Home Makers a royalty on net sales of the tablet.

During the early part of 1963 Home Makers expended substantial sums on advertising "Mr. Enzyme," with that expense totaling about \$75,000 by June 1, 1963. The advertising plans as well as marketing plans for "Mr. Enzyme" were abruptly changed about that time by a Federal action under which the "Mr. Enzyme" that Home Makers had on hand was seized. The complaint, filed pursuant to the Federal Food, Drug and Cosmetic Act (21 U.S.C.), charged that the product was misbranded.<sup>1/</sup> Home Makers' efforts on June 3, 1963 to reach a settlement of the litigation came to naught when it refused to agree to change the name of "Mr. Enzyme" and to delete on the product label reference to enzymes as active ingredients. Within two weeks after the seizure, Home Makers realized that at least six months to a year would be needed to clear up the litigation. In fact, the matter was still pending and awaiting trial in October, 1965.

The direct and immediate effect of the seizure of Home Makers' inventory of "Mr. Enzyme" was a blocking of shipments to the West Coast market which was being developed by Norwich. However, the more serious and lasting consequences were the resulting refusal by the manufacturer of the tablet to make further shipments to Home Makers and the decision of Norwich to withdraw its services pending resolution of the Federal action. Although Home Makers, at Norwich's suggestion, entered into an agreement with another distributor, the new distributor was smaller than Norwich, did not have the distribution outlets of Norwich, and

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<sup>1/</sup> United States of America v. 38 Cases, More or Less, Civ. Action No. 63-427 (D.C.W.D. Pa. - 1963).

was limited in its sales to the supply of "Mr. Enzyme" remaining in Norwich's warehouses.

Home Makers' financial condition, never strong at best, deteriorated rapidly during the early months of 1963 as a result of the heavy promotional expenses relating to "Mr. Enzyme." By May 31, 1963, just before the seizure took place, Home Makers' liabilities exceeded its assets by almost \$30,000 and its earned surplus deficit had mounted to over \$200,000, an increase of more than \$80,000 from December 31, 1962. Funds to operate had been obtained in the first half of 1963 through bank loans, but Home Makers' bank credit was terminated following the seizure. Shortly after the seizure, Home Makers found itself in such financial straits that it could not and did not pay any but the most pressing of its creditors; other obligations, including about \$15,000 for advertising expenses incurred in May, 1963 still remain unpaid.

An officer and director of Home Makers since 1962, Benson was vice-president until elected president on December 15, 1964. He has owned approximately one-third of the company's outstanding stock during the same period. Registrant was the underwriter of two intrastate offerings of common stock made by Home Makers in 1962 to residents of Pennsylvania. In December, 1962 Home Makers, at Benson's suggestion, retained registrant as its financial adviser at an annual fee of \$4,000. A quarterly payment of \$1,000 was paid to registrant in April, 1963 but no other payments were forthcoming because of Home Makers' financial distress after the seizure of "Mr. Enzyme." At all times, Benson had access to the books and records of Home Makers and was kept advised of Home Makers'

financial condition through monthly reports received from Home Makers' auditors and through his conversations with other officers of the company.

Sales of Home Makers Stock

During 1963 registrant, as principal, sold over 233,000 shares of Home Makers stock to retail customers and bought 227,000 shares from them. All of registrant's sales came as a result of solicitations by Benson or registrant's salesmen, there being no demand for the stock otherwise. Over 60% of the sales were made in the last six months of 1963, as were approximately 59% of the purchases by registrant. Retail customers paid prices ranging from 1 to 2-1/8 per share with the high of 2-1/8 being charged without exception throughout the period of May 5, 1963 through August 1, 1963. After the seizure in June, 1963 registrant maintained a "work-out" market on Home Makers stock, entailing a refusal to purchase from a customer until a buyer for the offered stock had been found. Another of registrant's practices was to give preference to selling customers who, instead of insisting on cash, were willing to reinvest in another of the four securities being sold by registrant. During this same period, however, registrant's salesmen were able to sell personally owned Home Makers stock to registrant for cash. Customers being solicited to buy Home Makers stock were not told about the existence of the "work-out" market nor of the preferential treatment given to certain selling customers and to registrant's salesmen.

The record establishes that during the period in question registrant, through Benson and its salesmen, made its sales primarily by means of repeated telephone solicitations to unsophisticated investors, some of whom could ill afford the risks inherent in the purchase of a highly speculative stock such as Home Makers. It is also apparent that Benson and the salesmen induced customers to purchase or sell Home Makers stock by means of misleading statements and omissions of material facts about the past, present, and future of the company and the prospects of its stock.

Benson induced Dr. Albert Thill, a pediatrician whose family included nine children and who was \$8,000 in debt, to purchase Home Makers stock in October, 1963 by representing that the stock had a possibility of doubling in value and a better potential than the Daisy Manufacturing Company stock Dr. Thill sold to pay for his Home Makers stock. Benson's continued solicitations, in which he recommended that the previous purchase of 656 shares be rounded out to 1,000 in view of Home Makers' potential, caused Dr. Thill to purchase an additional 154 shares on December 5, 1963. A second customer, Andrew Farrell, 72 years old and living on a pension and social security, was left with the impression that he was buying stock in a mutual fund or savings and loan company, and bought Home Makers stock in June, 1963 on Benson's recommendation. Dr. Jehue Connelly, a general medical practitioner, purchased 700 shares of Home Makers in 1962 on Benson's recommendation and made further purchases at Benson's suggestion in July and September, 1963. Benson continuously represented to Dr. Connelly that Home Makers had "good potential" or

"looked favorable." A fourth customer, James Shearin, a clerk for a steel company, initially heard about Home Makers in 1962 when he purchased its stock on Benson's recommendation. Thereafter, relying upon Benson's further recommendations that he could make money on the stock, Shearin increased his holdings to 1,500 shares, his last purchase being made on September 13, 1963. A fifth customer, Bernard Vogel, helper on a truck trailer, was induced by Benson's telephone solicitations to purchase Home Makers stock on several occasions, starting in February, 1962. Vogel's purchases in August, November and December, 1963 were made on Benson's representations that Home Makers stock had chances of advancing and good prospects which would give Vogel a little profit. Benson further represented, in December, 1963 that Home Makers stock "was going to start to move," and advised Vogel to sell his Hot Cup stock and put the proceeds into Home Makers, which he did, purchasing 2,450 shares.

None of Benson's customers was informed about the extent of the operating losses sustained by Home Makers nor of the desperate financial straits the company found itself in after the Federal seizure of its then only product. Nor were they informed, in more than the most general terms and most casual way, if at all, of the nature and consequences of the Federal action against Mr. Enzyme. Benson's contrary testimony to the effect that he informed his customers of Home Makers' financial situation and of the Federal seizure and its impact taxes belief beyond acceptance, especially in view of the fact that a number of registrant's salesmen were unaware of Home Makers' inability to reach a settlement in the Federal action against Mr. Enzyme without a trial of the issues. Moreover,

Benson's protestations lose credibility when considered in light of the fact that in August, 1963 he obtained a misleading comparative statement of Home Makers' income and expenditures for the year 1962 and seven months ending August 1, 1963 which he then gave to registrant's salesmen for their use in soliciting customers. That statement indicated Home Makers' sales for seven months in 1963 had jumped more than 450% over those made in the entire preceding year, but omitted any indication of the steep decline in sales after June 1, 1963; the extent and increase of Home Makers' earned surplus deficit; and the fact that expenditures in 1963 had been reduced by Home Makers' inability to pay its current liabilities after June 1, 1963.

The example set by Benson's sales practices was followed to a greater or lesser degree by salesmen whose customers also testified concerning transactions effected with registrant.

Fisher's two customers, secretary Dorothy Roth, supporting a 72-year old mother, and George Rittleman, a 75-year old retired machinist living on a pension and social security totalling \$234 per month, bought Home Makers stock after June 1, 1963 in complete trust and confidence that Fisher was acting in their best interests. Each had done business with Fisher for several years and both abided by his recommendations with respect to their investments. Neither Miss Roth nor Rittleman could recall specific representations concerning Home Makers, but remembered that Fisher's statements that they would make money on the stock caused them to buy it. Fisher admitted that after June 1, 1963 he did not tell

his customers about Home Makers' net worth or earned surplus deficit, limiting the financial information passed on to the fact that operating losses had occurred. It does not appear, despite his testimony otherwise, that customers were given the necessary information regarding the Federal seizure.

Steelworker Michael Dubick, Cea's customer, was persuaded to buy Home Makers stock on June 27, 1963 because of Cea's assurance that the stock was "good" and "was going up." Dubick had come to rely upon Cea over a period of about sixteen months, during which time Dubick, upon Cea's recommendation, bought and sold not only Home Makers stock but stock of Copter and other low priced stock. Dubick was not acquainted with Home Makers' financial condition nor the operating losses suffered by it and beyond the fact that a Federal seizure had taken place was ignorant of the action and its consequences.

William Sellers, an accountant, began dealing with registrant in 1962 after receiving a telephone call from Kness, a stranger at that time. Sellers previous experience in securities was limited to a single purchase of insurance stock. Following the initial call and Sellers' expressed interest in making money, Kness called two or three times a week to suggest securities transactions. Typically, Kness would suggest buying one of the stocks and selling another of the stocks being traded by registrant, and Sellers would invariably follow whatever action Kness indicated. Sellers received no information about Home Makers, the results of its operations, or the Federal seizure, and his eight purchases of Home Makers stock between May 29, 1963 and September 3, 1963, for which

he paid over \$16,000, were in complete reliance upon Kness' recommendation that he make those purchases.

One of registrant's larger accounts, Michael Krnac, an engineer, was serviced by Conklin. Krnac, whose only purchase of securities prior to meeting Conklin in 1960 was through a stock option plan of his employer, invested all of his savings of \$17,000, as well as additional funds, in low priced speculative securities being sold by registrant. During the years 1962 through 1964 Krnac reposed complete trust and confidence in Conklin's judgment and recommendations, never refusing to purchase or trade when Conklin advised doing so, and even permitting Conklin discretionary authority to effect transactions in his account. For the most part, the extensive trading in the Krnac account involved purchases and sales of the four stocks in which registrant was specializing. Between June 7, 1963 and August 29, 1963 Krnac, at the instance of Conklin, made ten purchases of Home Makers stock, an aggregate of 4,975 shares at a cost of over \$10,000, without the slightest knowledge concerning the Federal seizure or Home Makers' operations or financial condition and upon Conklin's continuing representation that the stock would be doing well and make money for Krnac. In October, 1963 Conklin, indicating for the first time that the Federal seizure was causing difficulty for Home Makers, induced Krnac to sell about 5,000 shares of Home Makers. Those sales were followed by repurchases of almost 4,500 shares in the early part of 1964 in reliance upon Conklin's representation that Home Makers was resolving its difficulty with the government.

Mrs. Anna Gallagher, a 59-year old widow supporting herself and a grandson by employment as a machine operator, was induced by Conklin to part with listed securities and to borrow money to invest in Home Makers and the other speculative securities being sold by registrant. Commencing about July, 1962 Mrs. Gallagher relied entirely upon Conklin for investment advice. Upon his representation that he would make \$10,000 for her through purchases of Home Makers stock, she invested \$3,775 between August 23, 1963 and November 7, 1963 in six purchases totaling 2,450 shares without any information about Home Makers' financial straits or the seizure of its product and with complete confidence in Conklin's recommendations that Home Makers was a good investment for her. Additional purchases of 1,600 shares were similarly induced in the first half of 1964.

Customers William Campbell, publisher of a small town newspaper, and Thomas Gluch, a coal mine electrician, also bought Home Makers stock because of Conklin's misrepresentations. Campbell was encouraged to purchase by Conklin's statements that Home Makers stock would be going up in price and by Conklin's indications that money for his children's education would result from such an investment. Campbell was not informed of the financial condition or operating results of Home Makers before making his purchases in the latter half of 1963, and was not informed of the Federal seizure of "Mr. Enzyme" until sometime after his June, 1963 purchases of 700 shares at a cost of \$1,500. Campbell's subsequent purchases in August, October, and December, 1963 of another 700 shares of Home Makers stock were also made upon Conklin's recommendations and without information regarding the impact of the seizure on Home Makers.

Campbell was even unaware at the time of his purchases that "Mr. Enzyme" was Home Makers' only product. Similarly, in connection with Gluch's purchase of 400 shares in June and August, 1963, Conklin's failure to disclose facts about Home Makers' financial condition and the Federal seizure and his representations that Home Makers stock was "good" and "going to go up," were misleading.

Widow Ethel Dinkel, aged 68 and dependent upon social security and a small monthly payment from an insurance policy, was a customer for whom Wayhart considered appropriate investments to be Home Makers stock both before and after the seizure of "Mr. Enzyme," and the stocks of Wyoming, Hot Cup, and Copter. Mrs. Dinkel had never purchased securities, except possibly mutual fund shares, before receiving a telephone call in 1962 from Wayhart. As a result of numerous succeeding telephone calls in which Wayhart promised to "make a lot of money" for her and to make her "rich," Mrs. Dinkel agreed to buy the stocks Wayhart recommended. She reposed complete trust in Wayhart and followed his advice implicitly with respect to each of her numerous purchases over a twenty-month period, even to the point of borrowing money in order to pay for some of the stock. Wayhart never gave Mrs. Dinkel information about Home Makers' financial position or operating losses and induced her to buy 800 shares of Home Makers stock on June 5, 1963 and 200 more in October, 1963 without a word about seizure of Mr. Enzyme and consequences of that action.

William Ward, a tool and die maker, and Robert Woodman, an office equipment salesman, were also customers of Wayhart. Following Wayhart's

advice and recommendations, Ward made a number of trades during 1962 and the first half of 1963 in the securities being sold by registrant, and on one occasion, at Wayhart's behest, sold a listed stock to purchase 200 shares of Home Makers. In August, 1963 and solely because of his reliance on Wayhart's recommendations, Ward purchased 1,100 shares of Home Makers stock without knowing about the company's 1963 losses, its financial difficulties, or the fact that a lawsuit had been instituted because of the alleged misbranding of "Mr. Enzyme." Woodman also relied entirely upon Wayhart in connection with his purchases of Home Makers stock in August and September, 1963. Wayhart rewarded that confidence by representing that Home Makers had no financial reports of value because everything depended upon the potential of "Mr. Enzyme," and by omitting to mention anything about the seizure of that product. In order to persuade Woodman to make his September purchase, Wayhart also pointed out that the stock was moving up from 1-3/8 to 1-3/4 and might reach 9 or higher. No mention was made of the fact that the price of Home Makers stock was being set by Benson. The first financial information concerning Home Makers that Ward received was after his second purchase and then it came in the form of the company's annual report for the year ending December 31, 1962.

As charged by the Division, registrant and Benson made misleading statements and omitted to state material facts concerning the Federal seizure of "Mr. Enzyme," the increasing operational deficit of Home Makers throughout 1962 and 1963, and the company's future prospects for growth and

financial success. Investors were entitled to know of the extent of Home Makers operational losses, its inability to meet its current debts, the absence of stockholder equity, and complete details regarding the Federal seizure and status of the Federal action before being required to make their decisions to purchase Home Makers stock.<sup>2/</sup> Without that information they were in no position to judge the risks involved or the reliability of the recommendations being made by Benson and registrant's salesmen. The use of misleading statements and omissions of material facts regarding an anticipated increase in the market price of Home Makers stock was also proved. Whatever basis there might have been for optimism in this regard prior to the Federal seizure, there was absolutely none on which Benson and registrant's salesmen could reasonably rely after that event. Without such basis, the forecasts of price rise of the stock and future prosperity of the business, even though mere opinions, were false and fraudulent.<sup>3/</sup> In addition, failure to inform investors at the time of their purchases of the existence of a "work-out" market for Home Makers stock and of the fact that Benson was fixing the price at which the stock would be bought from them should they wish to sell were omissions of material facts required to put predictions of an increase in the market price in the proper light and perspective.<sup>4/</sup> Moreover, the misconduct of registrant and Benson is aggravated

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2/ Cf. Allstate Securities, Inc., 40 S.E.C. 567, 569 (1961); William I. Hay, 19 S.E.C. 397, 407 (1945).

3/ Alexander Reid & Co., Inc., 40 S.E.C. 986, 990 (1962).

4/ Cf. Shearson, Hammill & Co., Securities Exchange Act Release No. 7743, pp. 12-13 (November 12, 1965).

by the fact that customers placed trust and confidence in Benson and registrant's salesmen, by the fact that Benson was in control of the company whose stock was being aggressively touted, and by the fact that registrant was acting as a principal in selling Home Makers stock. Utmost punctiliousness in making full and fair disclosure to investors of all relevant facts relating to Home Makers, and of registrant's and Benson's conflicting interests, was demanded of registrant and Benson.<sup>5/</sup>

In view of the foregoing, the Examiner concludes that registrant and Benson wilfully violated and wilfully aided and abetted violations of Section 17(a) of the Securities Act and Sections 10(b) and 15(c)(1) of the Exchange Act and Rules 10b-5 and 15c1-2 thereunder.

#### Violation of Reporting Requirements

Section 17(a) of the Exchange Act and Rule 17a-5 thereunder require registrant to file financial reports in the manner and form specified by that rule. One of the requirements is that the report be certified by a certified public accountant or by an independent public accountant except under certain enumerated conditions, none of which is applicable to registrant. Registrant has admitted and the public files disclose, that a properly certified report as of a date within the calendar year 1964 was not filed. The Examiner therefore concludes that registrant, aided and abetted by Benson, wilfully violated Section 17(a)

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<sup>5/</sup> The Ramey Kelly Corporation, 39 S.E.C. 756, 761 (1960).

of the Exchange Act and Rule 17a-5 thereunder.

Public Interest

On behalf of the registrant and himself, Benson has not only requested withdrawal of registrant's registration as a broker-dealer but also that this proceeding be dismissed or, in the alternative, that he be allowed to re-enter the securities business with an Exchange member firm under proper supervision pending a final decision of the issues. In support of the latter two proposals, Benson states that registrant ceased operations as of December 27, 1965 and refers to his present problem of being a family man who must find immediate employment. He also suggests that further time and expense will be saved the Commission by granting his requests. Benson has submitted his proposals upon the express condition they are "not to be construed as an admission of violations alleged by the SEC staff or a relinquishing of any of the Constitutional rights of the accused."

In view of the findings herein of wilful fraud violations and the serious and extensive nature thereof, the Examiner finds that respondents' request for dismissal of the proceedings and for withdrawal of registrant's registration as a broker-dealer should be denied. It is necessary therefore to consider what remedial action is appropriate or necessary in the public interest or for the protection of investors.

The record has been carefully reviewed to ascertain the existence of any mitigating factors in favor of the respondents, and none have been found. Nor have any been offered by the respondents for consideration. Rather, the record reflects deliberate and blatant fraud perpetrated upon

trusting investors who were shown not the slightest consideration by Benson or registrant's salesmen and for whose losses neither Benson nor the salesmen have displayed the least concern either before or during these proceedings. It is evident that respondents' actions during the period in question were directed toward the single selfish purpose of generating trading profits without regard to even the minimum responsibility of fair dealing required in the securities industry, much less the greater fiduciary duty imposed upon them by their customers' trust and confidence. In the Examiner's opinion, the misconduct in question taken alone would be sufficient, but when considered with respondents' securities history, which includes previous remedial action taken against them because of fraudulent conduct,<sup>6/</sup> leaves no doubt that the public interest requires an order revoking registrant's registration as a broker-dealer and barring Benson's association with a broker or dealer.

Accordingly, IT IS ORDERED that respondents' requests for withdrawal of the registration of C. A. Benson & Co., Inc. as a broker-dealer and for dismissal of these proceedings be, and hereby are, denied; and

IT IS FURTHER ORDERED, effective as of the date the Commission enters an order pursuant to this initial decision as provided by Rule 17 of the Rules of Practice (17 CFR 203.17), and subject to the provisions for review afforded by that rule, that the registration of C. A. Benson & Co., Inc. as a broker-dealer be revoked; that C. A. Benson & Co., Inc. be

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6/ C. A. Benson & Co., Inc., Securities Exchange Act Release No. 7044 (March 26, 1963); C. A. Benson & Co., Inc., Securities Exchange Act Release No. 7346 (June 15, 1964); District Business Conduct Committee No. 11 v. C. A. Benson & Co., Inc., Complaint No. P-106 in District No. 11, NASD (May 5, 1960).

expelled from membership in the National Association of Securities Dealers, Inc.; and that Carl A. Benson be barred from being associated with a broker-dealer.<sup>7/</sup>

*Warren E. Blair*

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Hearing Examiner

Washington, D. C.  
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<sup>7/</sup> All proposed findings and conclusions submitted have been considered. To the extent such proposals are consistent with this Initial Decision, they are accepted.