

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ADMINISTRATIVE PROCEEDINGS RULINGS  
Release No. 2762/June 3, 2015

ADMINISTRATIVE PROCEEDING  
File No. 3-16202

In the Matter of

GEORGE N. KRINOS,  
KRINOS HOLDINGS, INC., AND  
FORDGATE ACQUISITION CORP.

ORDER SETTING PROCEDURAL SCHEDULE  
AND DIRECTING RESPONDENTS TO FILE  
AMENDED ANSWER

The Securities and Exchange Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings (OIP) on October 16, 2014, in this proceeding. The OIP alleges that George N. Krinos (Krinos) is the founder, CEO, and president of Krinos Holdings, Inc., and major shareholder, sole director, president, and secretary of Fordgate Acquisition, Corp. Krinos currently represents all Respondents. Tr. 3-4.<sup>1</sup> Krinos was served with the OIP on March 20, 2015, and was required to answer within twenty days after service. OIP at 14; 17 C.F.R. § 201.220.

I held a prehearing conference on May 11, 2015, at which Krinos was warned that failure to file an Answer could result in default; Krinos responded that he could not file an Answer without receiving advice of legal counsel because he was not an attorney and did not understand the proceeding. Tr. 8-14. At the prehearing, Krinos referred to emails on May 4 and May 8, 2015, requesting that the proceeding be stayed so that he could obtain legal counsel. Tr. 3-4, 17. The Division of Enforcement (Division) responded that Krinos was represented by experience counsel during the investigation. Tr. 10. I ruled that the proceeding had been pending for some time and I had already made several postponements. Tr. 4; *see* 17 C.F.R. § 201.161. I ordered Krinos to file an Answer by May 22, 2015, and directed the Division to submit a proposed schedule for a hearing. *George N. Krinos*, Admin. Proc. Rulings Rel. No. 2657, 2015 SEC LEXIS 1824 (May 11, 2015). The Division claimed it was at a disadvantage to know what witnesses would be necessary without an Answer and that Krinos invoked his Fifth Amendment rights during the investigation. Tr. 10, 15.

On May 15, 2015, the Division filed a proposed prehearing and briefing schedule. Krinos did not respond to the filing.

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<sup>1</sup> Citations to “Tr.” refers to the transcript of the prehearing conference held on May 11, 2015.

On May 22, 2015, Krinos filed a blanket statement as an Answer asserting his Fifth Amendment right against self-incrimination. This filing is deficient as a pleading and does not comply with the Commission's Rules of Practice requiring an Answer to each allegation contained in the OIP. See 17 C.F.R. §§ 201.180(b), .220. Respondents' Answer is improper for the following reasons. As for Krinos, individually, "[t]he longstanding rule . . . is that a [witness] must . . . answer individualized questions in order to invoke his Fifth Amendment privilege," and that there is a "presumption against blanket assertions of Fifth Amendment privilege." *United States v. McAllister*, 693 F.3d 572, 583 (6th Cir. 2012) (internal quotation marks omitted); see also *United States v. Roundtree*, 420 F.2d 845, 852 (5th Cir. 1970); *U.S. Commodity Futures Trading Comm'n v. A.S. Templeton Group, Inc.*, 297 F. Supp. 2d 531, 533-34, 536 (E.D.N.Y. 2003) (directing the defendants to file an amended Answer responding to each allegation, as they improperly asserted blanket Fifth Amendment privilege). Krinos's invocation of the privilege on behalf of his two entity co-respondents is improper and invalid as "collective entit[ies]" have no Fifth Amendment privilege. See *Braswell v. United States*, 487 U.S. 99, 104-05 (1988); *In re Grand Jury Subpoena Issued June 18, 2009*, 593 F.3d 155, 157-58 (2d Cir. 2010) (citing *Braswell*).

I ORDER Respondents to file an amended Answer by June 17, 2015. Failure to do so will result in default and the proceeding being determined against them. See 17 C.F.R. § 201.155(a)(3), 180(b)-(c).

I FURTHER ORDER the following schedule:

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| July 8, 2015   | The parties shall exchange exhibit lists, witness lists, and expert information.                   |
| July 13, 2015  | The parties shall exchange prehearing briefs.  |
| July 20, 2015  | The parties shall exchange premarked hearing exhibits and proposed stipulations.                   |
| July 27, 2015  | A final telephonic prehearing conference will be held at 10:00 a.m. EDT.                           |
| August 3, 2015 | The hearing will commence in Cleveland, Ohio, or Pittsburgh, PA, at a courthouse to be determined. |

Only prehearing briefs shall be filed with the Commission's Office of the Secretary. The other papers shall be exchanged informally between the parties.

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Brenda P. Murray  
Chief Administrative Law Judge