

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

ADMINISTRATIVE PROCEEDINGS RULINGS

Release No. 2627/May 4, 2015

ADMINISTRATIVE PROCEEDING

File Nos. 3-16311, 3-16312

In the Matters of

RELIANCE FINANCIAL ADVISORS, LLC,
TIMOTHY S. DEMBSKI, AND
WALTER F. GREENDA, JR.

SCOTT M. STEPHAN

ORDER FOLLOWING PREHEARING
CONFERENCE

The Securities and Exchange Commission instituted these proceedings on December 10, 2014. A hearing is scheduled to begin on May 11, 2015, at the Thurgood Marshall United States Courthouse, 40 Foley Square, New York, New York, in Courtroom 1505.

On May 4, 2015, I held a telephonic prehearing conference attended by the Division of Enforcement and counsel for Respondents. During the conference I provided the following guidance and rulings:

1. The parties should plan on commencing the hearing at 9:30 a.m. EDT each day during the duration of the hearing. It is my practice to conclude at 5:00 p.m. EDT, but have flexibility to continue later to accommodate witness constraints, if permitted by the Courthouse.
2. In light of Respondents' failure to file prehearing briefs, the parties shall make opening statements at the commencement of the hearing.
3. I will accept the Division's expert report as testimony, but will expect brief direct testimony by the expert during the hearing as well.
4. For the sake of efficiency and avoiding having to call a witness multiple times, Respondents may present evidence before the Division rests. Therefore, if the Division calls a witness that a Respondent also wishes to call as a witness, the Respondent may cross-examine the witness as if he were calling the witness in his own case. This means that cross-examination may exceed the scope of direct examination.
5. I will permit leading questions on direct examination for adverse witnesses.

With respect to the letter Joseph G. Makowski, counsel for Reliance and Grenda, submitted to this Office on May 1, 2015, I made the following rulings:

1. I deferred decision on Reliance and Grenda's listed affirmative defenses until the close of testimony.

2. I granted Reliance and Grenda's request for the issuance of a subpoena to Anthony Cascino, which should be sent to this Office no later than May 5, 2015.
3. Given the Division's representation that witnesses Anna Barrett, Gregory Thurman, John Skop, Richard and Vicki Blaskiewicz, Renee Broderick, Thomas and Karen Krajewski, William Haubrick, and William James will only testify regarding communications with Dembski, I denied Reliance and Grenda's request to limit testimony to communications with Dembski as moot.
4. I denied Reliance and Grenda's motion in limine to preclude the utilization of any documents not authored by, referencing, copied to, sent by, or utilized by Reliance or Grenda, in the Division's case in chief against Grenda.
5. I denied Reliance and Grenda's request to exclude Division Exhibits 41-52, 120-126, and 229-233.
6. I denied Reliance and Grenda's request to "sever" the Division's charge that Grenda borrowed money from his advisory clients.
7. I denied Reliance and Grenda's request to exclude the testimony of Alice De, Rebecca Whitehead, and Melissa Coppola.
8. I deferred decision on Reliance and Grenda's request to exclude or limit the testimony of Professor Arthur Laby until after I have heard direct examination by the Division and cross-examination by Respondents.
9. I granted Reliance and Grenda's request to question witness Anthony Cascino on the subject of what the Division discussed with him regarding Reliance and Grenda.

During the conference, Andrew Pace, counsel for Stephan, noted that he intends to present an "inability to pay" defense. As I stated during today's prehearing conference, in order for any finding of inability to pay to be made, the respondent putting forth this defense must comply with Commission Rule of Practice 630 and file a sworn financial disclosure statement, using Form D-A as a template. 17 C.F.R. §§ 201.630, 209.1. If a respondent fails to file a financial disclosure statement, I will deem any claims of inability to pay as waived. *See* 17 C.F.R. §§ 201.630(e).

Following the conference, Paul Batista, counsel for Dembski, emailed this Office that with respect to the custody of certain checks at issue in this proceeding, it was Key Bank, rather than Dembski's prior attorneys, who possessed the original checks. In light of Batista's representation, the Division may request a subpoena directed at Key Bank.

During the weekend of May 9, 2015, the parties should send communications directly to me at patilj@sec.gov, and copy alj@sec.gov.

Jason S. Patil
Administrative Law Judge