

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

Administrative Proceedings Rulings
Release No. 6781 / July 29, 2020

Administrative Proceeding
File No. 3-17547

In the Matter of
William J. Sears

**Order Extending
Briefing Schedule
and Requesting
Supplemental Briefing**

My office recently learned that, due to disruptions caused by the global pandemic, copies of some orders I issued may not have been served by mail on Respondent William J. Sears, who is pro se and incarcerated. This may explain Sears's failure to file his opposition to the Division of Enforcement's motion for summary disposition. I therefore ask the Office of the Secretary to serve Sears with copies of Administrative Proceedings Rulings Release Nos. 6747, 6751, 6757, 6759, and 6761 along with this order.¹

And to give Sears an opportunity to respond to the Division's motion, I find good cause to EXTEND the briefing schedule as follows.²

September 11, 2020: File opposition to motion for summary disposition.

September 23, 2020: File reply, if any.

In the interim, I ORDER the Division to file, by August 7, 2020, a supplemental brief, no longer than five pages, addressing how the traditional limitations on disgorgement described in *Liu v. SEC*,³ affect the Division's request for disgorgement in this proceeding. In its motion for summary disposition, the Division requested that I impose \$10,810,916.90 in disgorgement based on a federal district court's finding that Sears wrongfully

¹ See 17 C.F.R. § 201.141(b).

² See 17 C.F.R. § 201.161(a), (b).

³ 140 S. Ct. 1936 (2020).

obtained that amount either personally or through accounts that he controlled. After the Division filed its motion, the Supreme Court decided *Liu*, recognizing that, in general, disgorgement should be limited to profits net of legitimate business expenses, funds recovered should be returned to victims, and joint-and-several liability is not permissible.⁴ The Division should address how its request for disgorgement complies with these limits. Sears may raise arguments based on *Liu* and respond to the Division's supplemental brief in his opposition.

James E. Grimes
Administrative Law Judge

Served by e-mail on the Division of Enforcement.

⁴ *Id.* at 1945–46.