

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

SECURITIES EXCHANGE ACT OF 1934
Release No. 63281/November 9, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-13976

In the Matter of

	:	ORDER AS TO GARY S. BECKER
GARY S. BECKER and	:	MAKING FINDINGS AND
GREGORY S. SCHAEFER	:	IMPOSING SANCTION BY DEFAULT

SUMMARY

This Order bars Gary S. Becker (Becker) from association with a broker or dealer. Becker was previously enjoined from violating the antifraud and registration provisions of the federal securities laws in connection with wrongdoing while associated with a broker-dealer.

I. BACKGROUND

The Securities and Exchange Commission (Commission) issued its Order Instituting Proceedings (OIP) against Becker on July 23, 2010, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The OIP alleges that he was enjoined in 2010 from violating the antifraud and registration provisions of the federal securities laws, based on his involvement in a fraudulent scheme in connection with the sale of unregistered securities. Becker was served with the OIP on October 15, 2010. He failed to file an Answer, due twenty days after service of the OIP. See 17 C.F.R. § 201.220(b); OIP at 3. A respondent who fails to file an Answer to the OIP may be deemed to be in default, and the administrative law judge may determine the proceeding against him.¹ See 17 C.F.R. §§ 201.155(a), .220(f); OIP at 3. Thus, Becker is in default, and the undersigned finds the following allegations in the OIP are true as to him.

II. FINDINGS OF FACT

Becker is permanently enjoined from violating Sections 5 and 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and from aiding and abetting violations of Sections 15(b)(7), 15(c)(1), and 17(a) of the Exchange Act and Rules 10b-

¹ Becker was advised that, if he failed to file an Answer to the OIP within the time provided by law, the undersigned would enter an order barring him from association with a broker or dealer. See Gary S. Becker, Admin. Proc. No. 3-13976 (A.L.J. Oct. 29, 2010) (unpublished).

3, 15b3-1, 15b7-1, and 17a-3(a)(12) thereunder. SEC v. Becker, No. 09-cv-5707 (S.D.N.Y. July 9, 2010). During the period from May 2002 until October 2009, Becker was an associated person and unregistered principal of Dillon Scott Securities, Inc. (Dillon Scott), a Commission-registered broker-dealer. The wrongdoing that underlies Becker's injunction occurred from January 2001 until July 2007, when he and Gregory S. Schaefer (Schaefer) sold three unregistered securities offerings of Gold Rush Technologies, Inc., Dillon Scott's parent company, raising approximately \$1.3 million in proceeds from twenty-nine investors. Becker and Schaefer, through offering memoranda, direct solicitations, and solicitations by two of their salespersons, represented that the money raised would be used to form a brokerage firm, Dillon Scott, but instead diverted approximately 79% of the offering proceeds to enrich themselves and others. In addition, Becker and Schaefer knowingly and substantially assisted Dillon Scott in violating numerous regulatory provisions governing broker-dealers by not disclosing in regulatory filings that Becker was controlling Dillon Scott, permitting individuals to effect securities transactions when they were not registered with FINRA, and not making or keeping required employment documentation for certain associated persons of Dillon Scott.

III. CONCLUSIONS OF LAW

Becker is permanently enjoined "from engaging in or continuing any conduct or practice in connection . . . with the purchase or sale of any security" within the meaning of Sections 15(b)(4)(C) and 15(b)(6)(A)(iii) of the Exchange Act.

IV. SANCTION

Becker will be barred from association with any broker or dealer. This sanction will serve the public interest and the protection of investors, pursuant to Section 15(b) of the Exchange Act. It accords with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981). Becker's unlawful conduct was egregious and recurring, occurring repeatedly over a short period. There are no mitigating circumstances.

V. ORDER

IT IS ORDERED that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, GARY S. BECKER IS BARRED from association with a broker or dealer.

Carol Fox Foelak
Administrative Law Judge