UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-13099

In the Matter of	:
NEWBRIDGE SECURITIES CORP., GUY S. AMICO, SCOTT H. GOLDSTEIN, ERIC M. VALLEJO, and DANIEL M. KANTROWITZ,	:
Respondents.	:

DIVISION OF ENFORCEMENT'S RESPONSE IN OPPOSITION TO PETITIONERS GUY S. AMICO AND SCOTT H. GOLDSTEIN'S MOTION TO VACATE SUPERVISORY BARS

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I. INTRODUCTION

Pursuant to the Commission's October 10, 2023 Extension Order, the Division of Enforcement ("Division") hereby files its Response in Opposition to the Motion to Vacate Supervisory Bars of Guy S. Amico and Scott H. Goldstein ("Vacate Mot.").

The Commission entered an Order adopting as final the June 9, 2009 initial decision and order entered by the Administrative Law Judge ("ALJ") in this administrative proceeding, which barred Guy S. Amico and Scott H. Goldstein (hereinafter, "Petitioners") from associating with any broker or dealer in a supervisory capacity with the right to apply for reinstatement after two years ("supervisory bar orders"), and imposed on each a civil penalty of $79,000. [Vacate Mot., Ex. B (July 23, 2010 Order)].[1]

Petitioners are majority shareholders and controlling principals of Newbridge Financial Inc., the holding company that owns respondent Newbridge Securities Corp. ("Newbridge") [Vacate Mot., Ex. C (Amico Affidavit), at ¶5; Ex. D (Goldstein Affidavit), at ¶5]. Newbridge is the registered broker-dealer where respondent, Daniel M. Kantrowitz, was found to have engaged in the unregistered distribution of the stock of Roanoke Technology Corp. ("Roanoke") and fraudulent manipulation of Roanoke shares between November and December 2003, and market manipulation scheme involving the stock of Concorde America, Inc. ("Concorde") between June and October 2004. [Motion to Vacate, Ex. A (June 9, 2009 Initial Decision), at 54, 59]. Petitioners were found to have failed to reasonably supervise Kantrowitz, within the meaning of Sections

[1] On July 25, 2009, the Commission issued an Order Instituting Public Administrative Proceedings Pursuant to Section 8A of the Securities Act of 1933, and Sections 15(b) and 21C of the Securities Exchange Act of 1934 against Petitioners, among others. After an 11-day hearing, the ALJ issued the June 9, 2009 initial decision and, thereafter, Petitioners filed a petition for review. Subsequently, Petitioners requested that their petition for review be withdrawn, which the Commission granted by Order dated July

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15(b)(4)(E) and 15(b)(6) of the Securities Exchange Act of 1934 ("Exchange Act"), with a view to preventing and detecting Kantrowitz's willful violations of the registration and antifraud provisions of the federal securities laws. [*Id.* at 65].

Although the supervisory bar orders provide Petitioners with the opportunity to reapply for reinstatement as supervisors within two years – a process Petitioners well understand having since applied for (and obtained) reinstatement as general securities representatives and investment banking representatives – Petitioners have instead chosen to move to vacate the supervisory bar orders altogether. Petitioners argue that the supervisory bar order "has caused and continues to cause direct financial harm to [Newbridge]" in connection with its "clearing and settlement relationships" and that the order has "been an impediment to the sale of [Newbridge]" [Vacate Mot., at 3], without providing any specific details or other facts to support these contentions. And while Petitioners claim that neither of them "have current plans to resume direct supervisory responsibilities at [Newbridge]" [*Id.* at 3], they state that "the right to file for reinstatement was an important contractual consideration to Messrs. Amico and Goldstein in withdrawing their appeals of the 2009 decision" [*Id.*] and admit that "it would be helpful to [Newbridge] to have the flexibility that vacating their supervisory bars would provide in the event future circumstances require additional supervisory personnel." [*Id.* at 12].

The Division opposes Petitioner's Motion to Vacate for several reasons. First, the supervisory bar order provides for reinstatement through an application process that gives the Financial Industry Regulatory Authority ("FINRA") and the Commission, through its Division of Trading and Markets

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23, 2010. The Order also gave notice that the June 9, 2009, initial decision of the administrative law judge had become the final decision of the Commission with respect to Petitioners.

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("TM"), the opportunity to assess the necessary information about Petitioners, Newbridge and the firm's supervisory system, among other things, and to determine whether (and under what circumstances) Petitioners should be reinstated as supervisors. The evidence submitted with this response shows that Petitioners started the process to become associated with Newbridge as general securities principals but have not seen that process through – likely because FINRA required a heightened supervision plan, among other things, in connection with its approval of Petitioners' requests – critical facts that Petitioners do not mention in their Motion to Vacate. Indeed, contrary to Petitioners' claim in their motion that each role they have "submitted to FINRA for approval . . . [has been] approved by FINRA as being consistent with the public interest" [Vacate Mot., at 7], FINRA had concerns about their reassociation as principals and proposed significant restrictions in connection with its proposed approvals.

Moreover, aside from vague, unsupported references in their affidavits of financial harm due to the supervisory bar orders [Vacate Mot., Exs. C and D, at ¶7], Petitioners have not submitted any details or other evidence of hardship due to the supervisory bar orders. Without specific information that explains *how* the supervisory bar orders have affected Newbridge's clearing and settlement arrangements or impeded the sale of Newbridge, or information that quantifies Petitioners' (or Newbridge's) alleged "financial harm," Petitioners cannot establish the "compelling circumstances" required for the Commission to vacate an administrative bar order. *In the Matter of Robert Hardee Quarles*, Exchange Act Release No. 66530, 2012 WL 759386 (March 7, 2012). Indeed, as further discussed below, a consideration of the public interest factors the Commission has said it considers when assessing whether to vacate an administrative bar strongly support denying Petitioners' Motion to Vacate.

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II. ARGUMENT

A. Standard for Vacating an Administrative Order

The Commission has vacated or modified bar orders when the legal predicate for the bar has been removed, *see e.g., Linus N. Nwaigwe*, Exchange Act Release No. 69967, 2013 WL 3477085 (July 11, 2013) (vacating bar order based on reversal of criminal conviction) or, in extremely rare circumstances, where significant time has passed since the entry of the order and the petitioner has demonstrated a track record of compliance after a long period of Commission-approved reassociation, *see, e.g., Robert Hardee Quarles,* Exchange Act Release No. 66530, 2012 WL 759386 at *2-3 (March 7, 2012) (Quarles, age 70, filed his petition 26 years after order entered and had a demonstrated and unblemished record since the order was entered). *See also Fred F. Liebau, Jr.*, Exchange Act Release No. 92353, 2021 WL 2863016 at *2 (July 8, 2021) (22-year old supervisory bar vacated as to Liebau, who was 72 years old); *Ciro Cozzolino*, Exchange Act Release No. 49001, 2003 WL 23094746 at *3-4 (Dec. 29, 2003) (order vacated because over 29 years had passed since administrative order entered and Cozzolino, age 69, demonstrated his inability to obtain employment due to the bar order).

Importantly, in most of the cases where the Commission has vacated bar orders, "lifting the bar was the last in a series of incremental grants of relief – that is, the petitioner earlier had been permitted to associate without restrictions." *Ciro Cozzolino*, 2003 WL 23094746 at *2; *Edward I. Frankel*, Exchange Act Release No. 49002, 2003 WL 23094747 at *2 (Dec. 29, 2003). This incremental approach allows the Commission to determine that there would be no adverse impact on the public interest and the protection of investors if the bar were vacated or modified. *Id.*

Moreover, the Commission has stated that "[i]n reviewing requests to lift or modify an administrative bar order, [it] will determine whether, under all the facts and circumstances presented, it

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is consistent with the public interest and investor protection to permit the petitioner to function in the industry, without the safeguards provided by the bar." *Stephen S. Wien,* Exchange Act Release No. 49000, 2003 WL 23094748 at *4 (Dec. 29, 2003). "In the usual case, bars will remain in place; relief will be appropriate only in compelling circumstances." *Id. See also Robert Hardee Quarles*, 2012 WL 759386 at *2; *Edward I. Frankel*, 2003 WL 23094747 at *3 (same).

The factors that guide the Commission's public interest and investor protection inquiry include:

> (1) the nature of the misconduct at issue in the underlying matter; (2) the time that has passed since issuance of the administrative bar; (3) the compliance record of, and any regulatory interest in, the petitioner since issuance of the administrative bar; (4) the age and securities industry experience of the petitioner, and the extent to which the Commission has granted prior relief from the administrative bar; (5) whether the petitioner has identified verifiable, unanticipated consequences of the bar; (6) the position and persuasiveness of the Division of Enforcement, as expressed in response to the petition for relief; and (7) whether there exists any other circumstance that would cause the requested relief from the administrative bar to be inconsistent with the public interest or the protection of investors.

Robert Hardee Quarles, 2012 WL 759386 at *2. The Commission has indicated that "not all of these factors will be relevant in determining the appropriateness of the relief in a particular case, and no one factor is dispositive." *Michael H. Johnson*, Exchange Act Release No. 75894, 2015 WL 5305993 at *3 (Sept. 10, 2015).

As shown below, Petitioners have not established the "compelling circumstances" warranting such extraordinary relief – vacating an administrative order.

B. Petitioners Should Fully Avail Themselves of the Reapplication Process Prior Seeking to Vacate the Supervisory Bar Orders

Vacating the supervisory bar orders against Petitioners before they have fully availed themselves of the reapplication process is not appropriate and would be inconsistent with the Commission's stated "incremental" approach in granting relief.

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As Petitioners acknowledge in their motion, they were eligible to re-apply to become associated with Newbridge in a supervisory capacity two years after the supervisory bar orders became effective. [Vacate Mot. at 2, and Ex. B]. Petitioners have in fact availed themselves of the Membership Continuance Application ("MC-400 Application") process with FINRA[2] to become associated with Newbridge as general securities representatives and as investment banking representatives.

In contrast, Petitioners' applications to re-associate as general securities principals have taken a very different procedural path, FINRA's proposed approval of their reassociation as principals were subject to significant restrictions, those approvals were withdrawn by FINRA pending amended applications and, until very recently, Petitioners appeared to have abandoned that process altogether.

(i) Applications for General Securities Representative. In 2010, Petitioners submitted MC-400 Applications with FINRA for the continued association with Newbridge as General Securities Representatives (Series 7). [Div. Ex. A (Declaration of Marcia E. Asquith), and Sept. 29, 2010 Letters from C. Williams to J. Fahey Re Notice of Amico and Goldstein's MC-400 Applications for continuing association with Newbridge, Div. Exs. A-1, A-2, respectively]. Pursuant to Exchange Act Rules 19h-1(a)(3)(iv) and (a)(4),[3] on September 9, 2013, FINRA sent to TM notifications of the continued association of Petitioners with Newbridge as general securities representatives.

[2] FINRA Rule 9520 series governs the re-application process for persons who are subject to a disqualification ("Disqualified Person") but seek to re- associate in one or more capacities with a registered broker-dealer. The Rule 9520 series requires that the MC-400 Application be completed by a Member Firm, on behalf of the Disqualified Person.

[3] Exchange Act Rule 19h-1, 17 C.F.R. §240.19h-1, provides for notice by a self-regulatory organization to the Commission of its intention to approve the admission to or continuance in membership or participation or association with a member of any person subject to a statutory disqualification.

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[September 9, 2013 Letters from L. Lee-Stepney, FINRA Statutory Disqualification, to E. Murphy, Secretary, SEC, for the Continued Associations of Amico and Goldstein, Div. Exs. A-3, A-4, respectively]. On November 7, 2013, the Commission acknowledged the receipt of the notifications. [Div. Ex. B (Declaration of Edward Schellhorn), and November 27, 2013 Letters from R. Cushmac, to L. Lee-Stepney regarding Guy S. Amico and Scott H. Goldstein, Div. Exs. B-1, B-2, respectively].

(ii) Applications for Association as Investment Banking Representative. In 2015, Petitioners filed MC-400 Applications for association with Newbridge as investment banking representatives (Series 79). [Vacate Mot., at 7 n. 9]. Pursuant to Exchange Act Rules 19h-1(a)(3)(iv) and (a)(4), on January 30 and February 3, 2015, FINRA sent to TM notifications regarding Petitioners Goldstein and Amico and their continued association as investment banking representatives with Newbridge. [January 30 and February 3, 2015 Letters from L. Lee-Stepney, FINRA Statutory Disqualification, to B. Fields, Secretary, SEC, for the Continued Associations of Goldstein and Amico as Limited Representatives – Investment Banking, Div. Exs. A-8, A-9, respectively]. On April 22, 2015, the Commission acknowledged the receipt of the notifications. [April 22, 2015 Letters from Robert C. Cushmac, to L. Lee-Stepney regarding Guy S. Amico and Scott H. Goldstein, Div. Exs. B-5, B-6, respectively].

(iii) Applications for Association as General Securities Principals

In contrast, Petitioners' MC-400 Applications to become general securities principals have taken a very different path than their applications to remain associated as general securities and investment banking representatives – with different results.

First, Petitioners' applications for principal were subjected to a more stringent Rule 19h-1

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process. Petitioners filed their MC-400 Applications for principal in late 2014. [December 26, 2013 Letter from B. Herman to J. Fahey re Notice of Goldstein's MC-400 Application for continued association as General Securities Principal (Series 24) with Newbridge, Div. Ex. A-5].[4] Pursuant to Exchange Act Rules 19h-1(a)(3)(iv) and (a)(4), FINRA sent to TM notifications of Petitioners continuing association with Newbridge as principals. [Dec. 18, 2013 Letter from L. Lee-Stepney to E. Murphy, Re continued association of Amico with Newbridge as General Securities Principal (Series 24), Div. Ex. A-6; March 11, 2014 Letter from L. Lee-Stepney to E. Murphy, Re continued association of Scott Goldstein with Newbridge as General Securities Principal, Div. Ex. A-7]. In response, on September 16, 2014, TM requested that FINRA *withdraw* its pending notices, which were submitted pursuant to Exchange Act Rules 19h-1(a)(3)(iv) and (a)(4), and instead submit notices pursuant Exchange Act Rule 19h-1(d), requesting a Commission Order, rather than simply requesting an acknowledgement letter from TM. [September 16, 2014 Letters from R. Cushmac to L. Lee-Stepney regarding Guy S. Amico and Scott H. Goldstein, Div. Exs. B-3, B-4, respectively].

This distinction is not insignificant. Notices pursuant to 19h-1(a)(3)(iv) and (a)(4) provide TM with "notice" of FINRA's approval of the application, the circumstances or restrictions under which the applicant is approved (if any) and provide only for an "acknowledgement" of that notice by TM. 17 C.F.R. §240.19h-1(a)(3)(iv) and (a)(4). Once TM sends a letter "acknowledging" the receipt of the 19h-1 notices under these provisions, the re-association for the purpose set forth in the notices become effective. In contrast, notices pursuant to Rule 19h-1(d) seek an Order from the Commission that,

[4] FINRA did not locate a similar letter informing TM about the application for Mr. Amico, but Petitioners admit they both filed applications in 2014. Vacate Mot., at 8 n. 9.

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notwithstanding the notification, the Commission will not institute proceedings pursuant to Exchange Act Section 15(b)(1)(B), 15(b)(4), 15(b)(6), 15B(a)(2), 15B(c)(2), 19(h)(2) or 19(h)(3) if the applicant seeks to obtain or continue association with a broker or dealer. 17 C.F.R. §240.19h-1(d).

Accordingly, in 2015, Petitioners re-applied for association with Newbridge as general securities principals. [Vacate Mot., at 8 n. 9]. On April 5, 2017, FINRA issued Notices Pursuant to Rule 19h-1(d), approving Petitioners' applications but subject to a plan of heightened supervision, retention of an independent compliance consultant, and disallowing Petitioners to act in any supervisory capacity. [April 5, 2017 FINRA Notices Pursuant to Rule 19h-1 Re Amico's and Goldstein's reassociation with Newbridge as a General Securities Principals, Div. Exs. A-10, A-11, respectively]. FINRA stressed the importance of these restrictions stating that "considering the nature and gravity of [Petitioners'] disqualifying event, FINRA's concerns are minimized because [Petitioners] will not be directly supervising registered representatives . . . will only function as principal in the limited capacities outlined in this notice" and Petitioner's activities will be subjected to review by "an independent consultant who will oversee all aspects of the plan of supervision." [Exs. A-10, A-11, respectively, at 17].

Moreover, the 2017 Rule 19h-1 Notices were later *withdrawn* by FINRA, by letters dated February 4, 2020, which also stated that FINRA expected to "file an amended Notice pursuant to Rule 19h-1 in the near term." [February 4, 2020 Letters from P. Delk-Mercer, to D. Ryan, Office of Chief Counsel, Div. of Trading and Markets, Div. Exs. A-12, A-13, respectively]. The February 4, 2020 FINRA letters suggest that FINRA expected Petitioners to submit amended MC-400 Applications to reassociate as

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principals.

Yet, the record indicates that amended applications were not filed with FINRA "in the near term" or years later for that matter, indicating that perhaps Petitioners did not like FINRA's inclusion of supervisory restrictions (among other things) as to Petitioners. Only recently have Petitioners decided to submit amended MC-400 Applications to associate as principals of Newbridge. Counsel for Petitioners confirmed to undersigned counsel for the Division that Petitioners were planning to file their MC-400 Applications for principal, thereby pursuing "two tracks" to obtain relief from the supervisory bar orders [Div. Ex. D (Declaration of Teresa J. Verges), at ¶ 2], and upon information and belief, the Petitioners refiled their amended applications this month.

Thus, the Commission should deny Petitioners' Motion to Vacate and require Petitioners to fully exhaust the Rule 19h-1 process, allowing for both FINRA and Commission review (via TM staff). It is incumbent upon Petitioners to see that process through and establish a record of compliance. This process would allow Petitioners to "establish a satisfactory compliance record" as supervisory principals, "before moving to vacate the bar." *Gregory Osborn*, Exchange Act Release No. 10641, 2019 WL 2324337 at *3 (May 31, 2019) (denying Osborn's request to vacate the associational bar because he did not undergo the process seeking re-entry into the securities industry, but rather, sought "to avoid this process entirely"). Petitioners should not be afforded what would amount to an "end run" around that 19h-1 process.

C. The Balance of Factors Weigh Against Vacating the Supervisory Bar Orders

The public interest factors that the Commission will weigh in consideration of whether to vacate or modify an administrative order overwhelmingly weigh against vacating the supervisory bar orders.

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(1) The Nature of the Misconduct at Issue in the Underlying Matter

In their motion, Petitioners substantially downplay their misconduct in the underlying matter that gave rise to the supervisory bar orders. They argue that neither of them "were found to have acted as Kantrowitz's direct supervisor" [Vacate Mot., at 2], and that the two-year supervisory bars were based upon the finding that they "bore responsibility for [Newbridge's] failure to develop policies, procedures, and systems reasonably designed to prevent and detect Kantrowitz's violations . . . and for failing to implement rules and procedures to guide Kantrowitz's supervisor . . ." [*Id.* at 5-6].

While these supervisory failures are quite serious, the ALJ's findings after an 11-day hearing establish that the conduct was *worse*: the supervisory failures were pervasive, Petitioners had notice of them and still failed to do anything or accept responsibility. The ALJ found that despite their responsibility to ensure that Newbridge have adequate written procedures in place, Newbridge did not have any written supervisory procedures directed toward detecting market manipulation or improper quoting activity; it did not have a written supervisory procedure to review instant messages until mid-2004; and there were no rules and procedures in place to guide Kantrowitz's immediate supervisor. [Vacate Mot., Ex. A, at 61]. Although Petitioners delegated supervisory responsibilities, there were no procedures for follow-up or implementation. [*Id.* at 61-62]. The ALJ further found that although the State of Florida required strict supervision of Kantrowitz, he was never in fact subjected to heightened supervision, and Petitioners knew that fact "yet took no corrective action." [*Id.* at 61]. Among the most damaging conduct was the fact that Petitioners were placed on notice -- by the NASD and the SEC through deficiency letters – of widespread supervisory failures, including an "institutional breakdown" in 2003 and 2004. [*Id.* at 62].

Relevant to the Motion to Vacate, however, is Petitioners' own failure to recognize their roles in the "institutional breakdown" or other supervisory failures established by the evidence at trial.

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Indeed, the ALJ noted that "Amico and Goldstein repeatedly attempt[ed] to shift blame for their supervisory failures to the NASD and the Commission," as well as others. [*Id.* at 63].

Petitioners' Motion to Vacate indicates that little has changed about Petitioners' recognition of their own failures and role in the widespread supervisory breakdown that allowed Kantrowitz to manipulate the stock of Roanoke and Concorde. Moreover, even if, as Petitioners contend, Newbridge has eliminated the market making business line and taken corrective action to improve its supervisory structure [Vacate Mot., at 6], given Petitioner's role as control persons of Newbridge, any of the purported changes, supervisory structure and personnel can change at the direction of Petitioners if the supervisory bar orders are vacated. At minimum, the Commission should require the Petitioners to take the "incremental" steps of demonstrating they can reassociate as supervisory principals without restrictions. *Ciro Cozzolino*, 2003 WL 23094746 at *2. Consideration of this factor weighs against vacating the supervisory bar orders.

(2) The Time that Has Passed Since Issuance of the Administrative Bar

The supervisory bar orders against Petitioners became effective on July 23, 2010 [*see* Vacate Mot., Ex. B] over thirteen years ago. While thirteen years is not insignificant, it is far less time than in most cases where the Commission has vacated an order. *See, e.g., Robert Hardee Quarles,* 2012 WL 759386 at *3-4 (vacated after 26 years); *Ciro Cozzolino*, 2003 WL 23094746 at *3 (vacated after 29 years); *Fred F. Liebau, Jr.*, 2021 WL 2863016 at *2 (vacated after 22 years); *Stephen S. Wien*, 2003 WL 23094748 at *4 (vacating bar after 21 years, but noting that this was "a time frame that is not unduly lengthy and does not weigh significantly in favor of relief"). However, even if thirteen years can be considered a sufficiently long time, the Commission has made clear that the amount of time, standing alone, does not "weigh significantly in favor of relief." *Edward I. Frankel*, 2003 WL 23094747 at *3 (denying motion to vacate 31-year old bar order because other factors on balance did

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warrant such extraordinary relief).

Petitioners argue that it has been nearly eleven years "since [Petitioners] were eligible to apply to have the bars vacated." That is incorrect. Under the supervisory bar orders, Petitioners were entitled to *apply for reassociation* in a supervisory capacity after two years – a process Petitioners know and understand. As discussed in Section II.B. above, Petitioners in fact submitted the MC-400 Applications to reassociate as principals but waited over *three years* after FINRA notified TM that it expected to file amended applications "in the near term." [Div. Exs. A-12, A-13]. Therefore, much of this delay falls squarely on the shoulders of Petitioners themselves. Consideration of this factor weighs against vacating the supervisory bar orders.

(3) The Compliance Record of, and Any Regulatory Interest In, the Petitioner Since Issuance of the Administrative Bar

The Division is unaware of any compliance issues or that Petitioners have been the subject of any disciplinary action since the entry of the supervisory bar orders – except for the FINRA disciplinary actions in August 2010 relating to conduct that predated the supervisory bar orders at issue here. [Vacate Mot., at 4, Exs. C and D].

However, when considering Petitioners' applications to re-associate as general securities principals, FINRA made clear in its Rule 19h-1 Notices that the proposed approvals were dependent on significant restrictions on Petitioners, including heightened supervision, an independent consultant, and that Petitioners refrain from supervising or working on Newbridge customer accounts, among other things. [Div. Exs. A-10, A-11]. And FINRA withdrew those very notices in February 2020, indicating that Petitioners would be submitting amended MC-400 Applications. Clearly there were regulatory concerns about Petitioners' association as principals without restrictions, especially given their role as control persons of Newbridge through their ownership of Newbridge Financial Inc. Accordingly, consideration of this factor is neutral at best, or weighs against vacating the supervisory bar orders.

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(4) The Age and Securities Industry Experience of the Petitioner, and the Extent to Which the Commission Has Granted Prior Relief From the Administrative Bar

The Division does not dispute that Petitioners have a long history in the securities industry. But this public interest factor also recognizes the Commission's preferred incremental approach in considering motions to vacate an administrative bar. While Petitioners have been approved to reassociate with Newbridge as general securities representatives and investment banking representatives, they have not completed the process for reassociation as general securities principals. FINRA's proposed approvals set forth in the 2017 Rule 19h-1 Notices were subject to significant restrictions [Div. Exs. A-10, A-11] and, on February 4, 2020, were withdrawn in anticipation of amended MC-400 applications [Div. Exs. A-11, A-12]. Although Petitioners have finally submitted amended applications this month, the over 3-year delay in this process was caused by their own inaction. Given that Petitioners have not fully availed themselves of the Rule 19h-1 reapplication process, consideration of this factor weighs against vacating the supervisory bar orders.

(5) Whether the Petitioner Has Identified Verifiable, Unanticipated Consequences of the Administrative Bar

Petitioners argue that the supervisory bar order "has caused and continues to cause direct financial harm to [Newbridge]" in connection with its "clearing and settlement relationships" and that the order has "been an impediment to the sale of [Newbridge]." [Vacate Mot., at 3, 10-11]. Petitioners further argue that the supervisory bar orders on BrokerCheck "has had a depressive effect upon Messrs. Amico and Goldstein's ability to attract new business." [*Id.* at 10].

Aside from restating these general statements in their respective affidavits [Vacate Mot., Exs. C, D], Petitioners do not provide any details or further support of their claims of financial harm. Moreover, Petitioners' claims of hardship are belied by the fact that

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they waited over three years to file an amended application to move the Rule 19h-1 process forward.

Finally, while the supervisory bar orders may have had an adverse impact on Petitioners, or may have impacted their ability to sell Newbridge, these are not examples of unexpected consequences of an administrative bar. The Commission has ruled in considering requests to vacate a bar order that diminished employment prospects and financial difficulties "are among the range of natural and foreseeable consequences that flow from a bar on employment in the securities industry. *Michael H. Johnson,* Exchange Act Release No. 75894, 2015 WL 5305993 at *4 n.20 (Sept. 10, 2015); *William H. Pike*, Investment Company Act Release 20417, 1994 WL 389872 at *2 (July 20, 1994).

Consideration of this factor weighs against vacating the supervisory bar orders.

(6) Whether There Exists Any Other Circumstance That Would Cause the Requested Relief From the Administrative Bar To Be Inconsistent With The Public Interest or The Protection of Investors[5]

There are several circumstances in this case that would cause the requested relief here to be inconsistent with the public interest. First, as previously discussed, Petitioners should not be allowed to pursue "two tracks" to obtain relief from the supervisory bar orders. [Div. Ex. D ¶ 2]. The Commission has made plain that it prefers to see a record of incremental approvals, which would provide Petitioners with an opportunity to demonstrate that there is no longer any need for restrictions and, importantly, that there would be no adverse impact on the public interest and the protection of investors if the bar were vacated or modified. *Ciro Cozzolino*, 2003 WL 23094746 at *2; *Edward I. Frankel*, Exchange Act Release No. 49002, 2003 WL 23094747 at *2 (Dec. 29, 2003).

Additionally, Petitioners have claimed that they "have current plans to resume direct supervisory responsibilities at [Newbridge]" [Vacate Mot. at 3]. But that is inconsistent with their

[5] A seventh factor is the Division's position on the motion to vacate. The Division opposes Petitioners' motion for all the reasons stated herein and in the Division's Exhibits.

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statements in their motion that "the right to file for reinstatement was an important contractual consideration to Messrs. Amico and Goldstein in withdrawing their appeals of the 2009 decision" [*Id.*] and that "it would be helpful to [Newbridge] to have the flexibility that vacating their supervisory bars would provide in the event future circumstances require additional supervisory personnel." [*Id.* at 12]. The Commission should give no weight to Petitioners' promises that they will not act as supervisors unless "future circumstances" require them to do so, especially where, as here, Petitioners have not fully availed themselves of the Rule 19h-1 reapplication process.

Finally, Petitioners argue that Petitioners would be subject to continued supervision by "the same capable and experienced supervisory and executive personnel as they are currently." [Vacate Mot., at 13-15, and Ex. E thereto (Affidavit of Leonard Sokolow)]. As control persons of Newbridge, however, there can be no assurance that Petitioners will not replace any of the current supervisory and executive personnel at any time.

Moreover, since the July 2010 Order entered against Petitioners, Newbridge has had no less than twenty disciplinary actions brought by FINRA and various state regulators, many of them involving supervisory failures. [Div. Ex. C (Declaration of Julie Russo) at ¶ 3, and Div. Ex. C-2 (Summary of Newbridge BrokerCheck Report]. This record of violations should caution against lifting the supervisory bar orders entered against Petitioners, who control Newbridge in the first place. Thus, consideration of this factor weighs against vacating the supervisory bar orders.

* * *

Consideration of the public interest factors overwhelmingly weigh against vacating the supervisory bar orders. Moreover, Petitioners have the ability to pursue reassociation through the Rule 19h-1 process and have in fact recently submitted

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amended MC-400 Applications. The Commission should require Petitioners to demonstrate through this incremental approach that they can reassociate as supervisory principals without restrictions.

III. Conclusion

Accordingly, the Division respectfully requests that the Commission deny Petitioners' Motion to Vacate.

October 23, 2023

Respectfully submitted,

[redacted]

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CERTIFICATE OF SERVICE

Pursuant to Rule 150 of the Commission's Rules of Practice, I hereby certify that the foregoing Division of Enforcement's Response to Petitioners' Guy S. Amico and Scott H. Goldstein's Motion to Vacate Supervisory Bars was filed using the eFAP system and that a true and correct copy of said filing has been served on the persons entitled to notice as indicated below on this 25th day of October 2023.

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