



UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

**HARD COPY**

ADMINISTRATIVE PROCEEDING  
File No. 3-15967

In the Matter of

LAWRENCE M. LABINE,

Respondent.

RESPONDENT LAWRENCE M.  
LABINE'S ANSWER TO THE  
ALLEGATIONS CONTAINED IN THE  
ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS

Respondent Lawrence M. LaBine ("Respondent"), for his Answer to the Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21C of the Securities Act of 1934, Sections 203(f) and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940 ("the Order"), admits, denies and alleges as follows:

1. Respondent admits the background allegations in the first three sentences of Paragraph 1 of the Order. The allegations in the fourth and fifth sentences of Paragraph 1 refer to documents that speak for themselves, and require no response. Respondent admits the allegations in the sixth sentence of Paragraph 1.

2. The allegations in Paragraph 2 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied.

3. The allegations in Paragraph 3 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied.

4. The allegations in Paragraph 4 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied.

5. Respondent admits the allegations in Paragraph 5 of the Order.

6. Respondent admits the allegations in Paragraph 6 of the Order.

7. Respondent admits the allegations in Paragraph 7 of the Order.

8. Respondent admits the allegations in Paragraph 8 of the Order.

9. Respondent admits the allegations in the first sentence of Paragraph 9 of the Order. Respondent is without sufficient knowledge or information to admit or deny the allegations contained in the second sentence of Paragraph 9, and, therefore denies the allegations. Respondent denies the allegations in the third and fourth sentences of Paragraph 9. Respondent is without sufficient knowledge or information to admit or deny the allegations contained in the fifth sentence of Paragraph 9, and, therefore denies the allegations. Respondent admits the allegations in the sixth sentence of Paragraph 9.

10. Respondent admits the allegations in Paragraph 10 of the Order.

11. Respondent admits the allegations in Paragraph 11 of the Order.

12. Respondent is without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 12 of the Order, and, therefore denies the allegations.

13. Respondent admits the allegations in the first sentence of Paragraph 13 of the Order. The allegations in the second, third and fourth sentences of Paragraph 13 are an inaccurate, incomplete and misleading statement of the facts and are therefore denied. Respondent denies the allegations in the fifth sentence of Paragraph 13.

14. The allegations in Paragraph 14 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied.

15. The allegations in the first sentence of Paragraph 15 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied. Respondent denies the allegations in the second and third sentences of Paragraph 15.

16. The allegations in Paragraph 16 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied.

17. The allegations in Paragraph 17 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied.

18. The allegations in Paragraph 18 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied.

19. The allegations in Paragraph 19 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied.

20. Respondent denies the allegations in Paragraph 20 of the Order.

21. The allegations in Paragraph 21 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied.

22. The allegations in the first and second sentences of Paragraph 22 are an inaccurate, incomplete and misleading statement of the facts and law and are therefore denied. Respondent denies the allegations in the third sentence of Paragraph 22.

23. Respondent denies the allegations in Paragraph 23 of the Order.

24. The allegations in Paragraph 24 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied.

25. The allegations in Paragraph 25 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied.

26. The allegations in Paragraph 26 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied.

27. The allegations in the first sentence of Paragraph 27 of the Order are an inaccurate, incomplete and misleading statement of the facts and are therefore denied. Respondent admits the allegation that he earned commissions, which he believes were in excess of \$500,000.

28. Respondent denies the allegations contained in Paragraph 28 of the Order.

29. Respondent denies the allegations contained in Paragraph 29 of the Order.

30. Respondent denies any allegations not specifically denied above.

#### **AFFIRMATIVE DEFENSES**

1. For his first affirmative defense, Respondent alleges that the Division of Enforcement has failed to state a claim upon which relief can be granted.

2. For his second affirmative defense, Respondent alleges that the Division of Enforcement has failed to allege and/or cannot prove one or more elements of each of the claims in the Order.

3. For his third affirmative defense, Respondent alleges that the Division of Enforcement has failed to allege its fraud and fraud-based claims with the requisite particularity and, as such, the fraud and fraud-based claims are subject to dismissal.

4. For his fourth affirmative defense, Respondent alleges that clients assumed the risks associated with the investments that they authorized.

5. For his fifth affirmative defense, Respondent alleges that he, and all of his agents, at all times relevant hereto, acted in good faith and at no time acted either willfully, intentionally, negligently or recklessly with respect to any matter alleged in the Order.

6. For his sixth affirmative defense, Respondent alleges his conduct did not cause or substantially contribute to any alleged loss by the clients as any losses were due to market conditions and third parties, including Domin-8, and not because of anything Respondent did or did not do.

7. For his seventh affirmative defense, Respondent alleges the clients had full knowledge of all material facts and information and did not rely on any alleged act or representation by Respondent.

8. For his eighth affirmative defense, Respondent alleges he conducted adequate due diligence.

9. For his ninth affirmative defense, Respondent alleges that the investments were suitable for the clients.

10. For his tenth affirmative defense, Respondents allege that Domin-8's prospectuses and supplements provided all material information necessary to the decision of whether to invest in the company.

11. For his eleventh affirmative defense, Respondent alleges that he did not act as an Investment Adviser within the meaning of the Investment Advisers Act of 1940.

12. For his twelfth affirmative defense, Respondent alleges that the Investment Adviser Act of 1940 is inapplicable.

13. For his thirteenth affirmative defense, Respondent alleges that the written disclosures in Domin-8's PPM and supplements control over any alleged misrepresentations or material omissions to the contrary by Respondent.

14. For his fourteenth affirmative defense, Respondent alleges that he did not know

And/or fail to disclose anything materially different than what is disclosed in the Domin-8 prospectuses and offering documents.

15. For his fifteenth affirmative defense, Respondent alleges that he never received any warrants and also that any alleged misrepresentations or omissions regarding the warrants were not material.

16. For his sixteenth affirmative defense, Respondent alleges that if anyone had an obligation to disclose the warrants it was Domin-8, the Placement Agent or DeWaay Financial Network.

17. For his seventeenth affirmative defense, Respondent alleges that he put ahead of his interests the interests the Domin-8 investors' to whom he sold Series D.

18. For his eighteenth affirmative defense, Respondent alleges that at all relevant times his actions were supervised and approved by DeWaay Financial Network.

19. For his nineteenth affirmative defense, Respondent alleges that he relied on DeWaay Financial Network to appropriately supervise him and advise him of any alleged wrongdoing.

20. For his twentieth affirmative defense, Respondent alleges that none of his alleged acts or omissions was the cause in fact or the proximate cause of any of the losses alleged by the Division of Enforcement.

21. For his twenty-first affirmative defense, Respondent alleges that the losses alleged by the Division of Enforcement are speculative.

22. For his twenty-second affirmative defense, Respondent alleges that he did not employ any devices, schemes or artifices to defraud or engage in any acts or practices which operated as a fraud or deceit on the clients alleged in the Order or any other persons.

23. For his twenty-third affirmative defense, Respondent alleges that he is entitled to a waiver of any disgorgement, penalty or other financial consequence and that any such consequence is not in the public interest.

24. For his twenty-fourth affirmative defense, Respondent alleges that any action under Section 203(f) of the Advisers Act is not appropriate or in the public interest.

25. For his twenty-fifth affirmative defense, Respondent alleges that any action under Section 15(b) of the Exchange Act is not appropriate or in the public interest.

26. For this twenty-sixth affirmative defense, Respondent alleges that any action under Section 9(b) of the Investment Company Act of 1940 is not appropriate or in the public interest.

27. For his twenty-seventh affirmative defense, Respondent alleges that the claims are barred by all applicable statutes of limitations.

28. For his twenty-eighth affirmative defense, Respondent alleges that the claims are barred by the doctrine of waiver.

29. For his twenty-ninth affirmative defense, Respondent alleges that the claims are barred by the doctrine of laches.

30. For his thirtieth affirmative defense, Respondent alleges that the claims are barred by the doctrine of estoppel.

31. Respondent reserves the right to assert any additional affirmative defenses that are supported by information or facts obtained through discovery or other means during this case and expressly reserves the right to amend his Answer to assert such additional defenses in the future.

**REQUESTED RELIEF**

**WHEREFORE**, Respondent requests:

A. That the Order be dismissed with prejudice and the request for a cease and desist order be denied.

B. That Respondent be awarded his attorneys' fees and costs incurred in defending this matter pursuant to the Equal Access to Justice Act. See 5 U.S.C. § 504, 28 U.S.C. § 2412.

RESPECTFULLY SUBMITTED this 31<sup>st</sup> day of July, 2014.

BASKIN RICHARDS PLC

By \_\_\_\_\_

  
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