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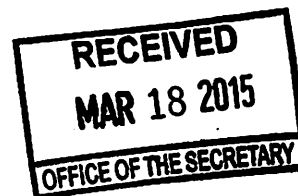
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March 17, 2015

VIA FEDERAL EXPRESS

The Honorable Cameron Elliot
Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

VIA FEDERAL EXPRESS

U.S. Securities and Exchange Commission
Office of the Secretary
100 F. Street NE
Suite 1090
Washington, DC 20549

Re: Administrative Proceeding File No. 3-16223

Dear Hon. Cameron Elliot,

This firm represents Respondents Sands Brothers Asset Management, LLC ("SBAM") in the above-referenced matter. Enclosed herewith for filing is an original and three (3) copies of the Reply Memorandum of Law in Further Support of Kaplan's Response to the ALJ's Order to Show Cause.

Should you have any questions please contact me or in my absence, my associate Robyn D. Paster, Esq.

Very truly yours,



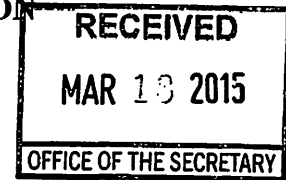
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Encl.

cc: Anthony Bruno (via email)
Janna I. Berke, Esq. (via email and Federal Express)
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UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-16223



In the Matter of

SANDS BROTHERS ASSET
MANAGEMENT, LLC, STEVEN
SANDS, MARTIN SANDS AND
CHRISTOPHER KELLY,

Respondents.

**REPLY MEMORANDUM OF LAW IN FURTHER SUPPORT OF
KAPLAN'S RESPONSE TO THE ALJ'S ORDER TO SHOW CAUSE**

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Martin H. Kaplan, Esq. (“MHK”) of Gusrae Kaplan Nusbaum PLLC (“GKN” together with MHK, “Kaplan”)¹ submits this Reply Memorandum of Law in further support of Kaplan’s Response to the ALJ’s Order to Show Cause requesting that Kaplan not be disqualified as counsel for Respondent Sands Brothers Asset Management, LLC (“SBAM”).^{2,3}

PRELIMINARY STATEMENT

It is undisputed that “[t]he [proponent of disqualification] must meet a heavy burden of showing that disqualification is warranted.”⁴ In the instant matter, the Division’s Response and Kelly’s Reply fail to meet this burden because the Submissions are devoid of any facts sufficient to show that: confidences were exchanged between Kelly and Kaplan; Kaplan violated any ethical obligations; or that Kelly’s conflict waiver was not comprehensive and informed.⁵ Accordingly, Kelly’s conflict waiver executed on February 26, 2014 (“Kelly’s Conflict Waiver”)—wherein Kelly expressly waived the right to seek to disqualify Kaplan from continued representation of SBAM—should be enforced and disqualification be deemed inappropriate.

ARGUMENT

I. NO FACTS WERE PROFFERED SUFFICIENT TO SHOW THAT CONFIDENCES WERE EXCHANGED

The OSC probed whether Kaplan *actually received* confidential information from Kelly. The Division’s Response and Kelly’s Reply are irrelevant to the Court’s determination because

¹ References to Kaplan in this Reply Memorandum of Law should be understood to apply to both MHK and GKN.

² This brief incorporates by reference Kaplan’s Response to the ALJ’s Order to Show Cause (“Kaplan’s Response”) and Martin H. Kaplan’s Affirmation (“MHK’s Affirmation”) submitted on March 5, 2015.

³ On February 25, 2015, the Court issued an Order to Show Cause why Kaplan should not be disqualified as counsel for SBAM (the “OSC”). On March 10, 2015, Christopher Kelly (“Kelly”) submitted his Reply to Kaplan’s Response to the ALJ’s Order to Show Cause (“Kelly’s Reply”) and on March 12, 2014, the Division of Enforcement (the “Division”) submitted its Response to the Court’s February 25, 2015 Order to Show Cause (the “Division’s Response” together with Kelly’s Reply, the “Submissions”).

⁴ Ullmann-Schneider v. Lacher & Lovell- Taylor PC, 110 A.D.3d 469, 470 (1st Dep’t 2013).

⁵ Kelly’s Reply is irrelevant because it grossly mischaracterizes SBAM’s defense. At no time has SBAM asserted that Kelly was responsible for preparing SBAM’s financial records.

the Submissions failed to set forth any factual or evidentiary material which may support the contention that Kaplan was privy to confidences. As extensively detailed in Kaplan's Response and MHK's Affirmation, Martin H. Kaplan affirmed that there were no confidences exchanged between Kaplan and Kelly.⁶ Importantly, Kelly testified, presumptively honestly, before the Commission and responded to each question concerning his duties at SBAM.⁷ Moreover, Kelly's role and responsibilities are a matter of record based upon SBAM's business records and Kelly's Submissions.⁸ Therefore, Kaplan's knowledge with respect to Kelly are a matter of record.

Any assertion that the records of voicemails and/or telephone calls between Kelly and the SEC Staff (the "Tapes") are confidential is patently false.⁹ The Division's assertion that confidentiality is bifurcated with respect to the Tapes, is confusing and non-persuasive.¹⁰ Accordingly, the Tapes, in and of themselves, are not confidential.

Contrary to the Division's assertions, Kelly's Conflict Waiver contained more than "standard language" and expressly contemplated the potential for a regulatory proceeding against Kelly:

*You should also be aware that if it is ultimately found that you violated any of the securities laws, rules or regulations, you might be penalized for such violation(s) [].*¹¹

And any assertion that disclosure was inadequate is incorrect.

As set forth in Kaplan's Response and Affirmation, Kaplan terminated the relationship with Kelly—not because of an actual conflict of interest—but because of Kelly's strange and

⁶ See Kaplan's Response at Part II(A), pp. 9-10 and MHK's Affirmation at ¶¶ 17-21, 32, 35-36, 41. See also Kaplan's Response at footnotes 45 and 49, p. 9.

⁷ See MHK's Affirmation at ¶ 32.

⁸ See MHK's Affirmation at ¶¶ 13-14.

⁹ See Kaplan's Response at Part II(A), p. 10 and MHK's Affirmation at ¶¶ 20, 35-36.

¹⁰ See Division's Response at Part II(B)(1), p. 10.

¹¹ See Kaplan's Response at Part II(C), p. 6 and MHK's Affirmation at ¶ 16.

erratic conduct, which defied the need for ongoing representation. Therefore, any suggestion that Kaplan terminated the relationship due to an actual conflict is false.

II. NO LAW WAS PROFFERED IN SUPPORT OF DISQUALIFICATION

As set forth in more detail in Kaplan's Response, Barnabas and its progeny have enforced advance conflict waivers similar to Kelly's Conflict Waiver.¹² The Submissions fail to set forth case law which refutes the validity of Kelly's Conflict Waiver—accordingly the holding in Barnabas controls.

CONCLUSION

For the reasons set forth above, we request that Kaplan not be disqualified from representing SBAM and that oral argument be scheduled.

Dated: New York, New York
March 17, 2015

Respectfully submitted,
GUSRAE KAPLAN NUSBAUM PLLC

By: _____

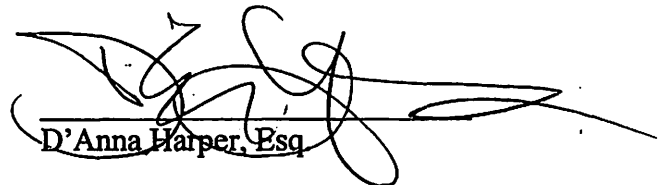

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¹² See *St. Barnabas Hosp. v. New York City Health & Hosps. Corp.*, 7 A.D.3d 83, 84 (4th Dep't 2008); See also Kaplan's Response footnote 31 at p. 7.

CERTIFICATE OF SERVICE

I hereby certify that on March 17, 2015 I caused the following parties to be served with the Reply Memorandum of Law in Further Support of Kaplan's Response to the ALJ's Order to Show Cause, by forwarding same in the manner indicated below:

<p><u>VIA FEDERAL EXPRESS</u></p> <p>U.S. Securities and Exchange Commission Office of the Secretary 100 F. Street NE Suite 1090 Washington, DC 20549 <i>Original and 3 copies</i></p>	<p><u>VIA FEDERAL EXPRESS</u></p> <p>Honorable Cameron Elliot Administrative Law Judge Securities and Exchange Commission 100 F. Street NE Washington, DC 20549-2557</p> <p>Courtesy copy via email to Anthony Bruno at BrunoA@sec.gov</p>
<p><u>VIA EMAIL to BerkeJ@sec.gov and FEDERAL EXPRESS</u></p> <p>Janna I. Berke, Esq. New York Regional Office Securities and Exchange Commission 200 Vesey Street, Suite 400 New York, NY 10281</p>	<p><u>VIA EMAIL to BrownN@sec.gov and FEDERAL EXPRESS</u></p> <p>Nancy A. Brown, Esq. New York Regional Office Securities and Exchange Commission 200 Vesey Street, Suite 400 New York, NY 10281</p>
<p><u>VIA EMAIL to [REDACTED] FEDERAL EXPRESS</u></p> <p>Christopher Kelly, Esq. [REDACTED] [REDACTED]</p>	<p><u>VIA EMAIL mrossi@mayerbrown.com and FEDERAL EXPRESS</u></p> <p>Matthew Rossi, Esq. Mayer Brown, LLP 1999 K Street, N.W. Washington, D.C. 20006 <i>Counsel for Martin Sands and Steven Sands</i></p>



D'Anna Harper, Esq.