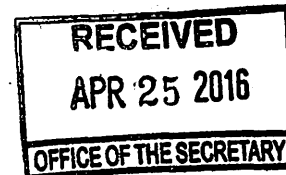


**HARD COPY**  
UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ADMINISTRATIVE PROCEEDINGS RULINGS  
Release No. 3718/March 17, 2016

ADMINISTRATIVE PROCEEDING  
File No. 3-17172



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In the Matter of

BARRY B. CLARE

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**RESPONDENT'S ANSWER AND AFFIRMATIVE DEFENSES**

Pursuant to Rule 220 of the Commission's Rules of Practice, 17 C.F.R. Section 201.220, Respondent, Barry B. Clare ("Mr. Clare"), by and through his undersigned counsel, hereby files his Answer and Affirmative Defenses to the Order Instituting Proceedings (the "OIP"), as follows:

1. As to paragraph 1 of the OIP, Mr. Clare admits that during the relevant period (as that term is defined in the OIP), he served as the vice president of finance at Baltia Air Lines, Inc. ("Baltia" or the "Company"), but denies that he acted as an unregistered broker for sales of Baltia's common stock to investors.
2. As to paragraph 2 of the OIP, Mr. Clare admits the allegation.
3. As to paragraph 3 of the OIP, Mr. Clare admits that Baltia sold its stock through various offerings over time to fund its operations during the relevant period.
4. As to paragraph 4 of the OIP, Mr. Clare admits that he was substantially involved in the finance department of Baltia, but denies that it functioned as an in-house brokerage firm.
5. As to paragraph 5 of the OIP, Mr. Clare denies the allegations.
6. As to paragraph 6 of the OIP, Mr. Clare admits the allegations.

7. As to paragraph 7 of the OIP, Mr. Clare admits the allegations.
8. As to paragraph 8 of the OIP, Mr. Clare admits the allegations.
9. As to paragraph 9 of the OIP, Mr. Clare admits the allegations, but denies that he acted as an unregistered broker and that Baltia's finance department functioned as an in-house brokerage firm.
10. As to paragraph 10 of the OIP, Mr. Clare is without knowledge of the precise amount raised by Baltia through the sale of its stock during the relevant period.
11. As to paragraph 11 of the OIP, Mr. Clare admits only that he spoke with potential investors and existing investors of Baltia about the purchase of Baltia stock.
12. As to paragraph 12 of the OIP, Mr. Clare denies the allegation.
13. As to paragraph 13 of the OIP, Mr. Clare denies the allegation.
14. As to paragraph 14 of the OIP, Mr. Clare denies the allegation, and states that the content of the two referenced radio interviews speaks for itself.
15. As to paragraph 15 of the OIP, Mr. Clare states that the content of the two referenced radio interviews speaks for itself.
16. As to paragraph 16 of the OIP, Mr. Clare admits only that Baltia paid for the interview pursuant to a contract, the terms of which speak for itself.
17. As to paragraph 17 of the OIP, Mr. Clare denies the allegation.
18. As to paragraph 18 of the OIP, Mr. Clare states that the content of the referenced email speaks for itself.
19. As to paragraph 19 of the OIP, Mr. Clare states that the content of the referenced email speaks for itself.

20. As to paragraph 20 of the OIP, Mr. Clare denies the allegation.
21. As to paragraph 21 of the OIP, Mr. Clare admits that he spoke with certain of Baltia's investors.
22. As to paragraph 22 of the OIP, Mr. Clare admits that, on occasion, he collected subscriber questionnaires and subscription agreements from certain Baltia investors, and that he reviewed the subscriber questionnaire.
23. As to paragraph 23 of the OIP, Mr. Clare admits that Baltia's then-chief executive Officer had to approve the price per share each investor paid for Baltia stock, but denies that he "helped finalize the price."
24. As to paragraph 24 of the OIP, Mr. Clare admits the allegations, but denies the suggestion that he had the authority to set the price per share that an investor paid for Baltia stock.
25. As to paragraph 25 of the OIP, Mr. Clare denies the allegation.
26. As to paragraph 26 of the OIP, Mr. Clare admits the allegation.
27. As to paragraph 27 of the OIP, Mr. Clare states that the ledgers speak for themselves, and otherwise denies the allegations.
28. As to paragraph 28, of the OIP, Mr. Clare states that the ledgers speak for themselves, and otherwise denies the allegations.
29. As to paragraph 29, of the OIP, Mr. Clare states that the ledgers speak for themselves, and otherwise denies the allegations.
30. As to paragraph 30 of the OIP, Mr. Clare denies that he received transaction based compensation, states that he is without knowledge as to the precise total amount of compensation he has received from Baltia, and otherwise states that the ledgers speak for themselves, and otherwise denies the allegations.

31. As to paragraph 31 of the OIP, Mr. Clare states that Baltia's Form 10-K speaks for itself, and otherwise denies the accuracy of the statement contained in the referenced Form 10-K.

32. As to paragraph 32 of the OIP, Mr. Clare denies the allegation.

**AFFIRMATIVE DEFENSES**

1. Mr. Clare acted in good-faith and without knowledge of any wrongdoing at all times during the relevant period.

2. Mr. Clare reasonably relied upon Baltia and its legal counsel in believing that his work at Baltia during the relevant period was in compliance with the federal securities laws.

3. Mr. Clare is entitled to rely upon the broker-dealer exemption as set forth in Section 3(a)(39) of the Securities Exchange Act of 1934.

4. The Division of Enforcement is barred from seeking a civil penalty for any alleged wrongful conduct more than five years prior to the filing of the OIP under the statute of limitations.

Dated: April 19, 2016

LAW FIRM OF DAVID R. CHASE  
*Counsel for Respondent, Mr. Barry B. Clare*  
1700 East Las Olas Boulevard, Suite 305  
Fort Lauderdale, Florida 33301  
Telephone: (954) 920-7779  
Facsimile: (954) 923-5622  
E-Mail: ~~\_\_\_\_\_~~ david@davidchaselaw.com

By: \_\_\_\_\_  
David R. Chase

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that, on this 19<sup>th</sup> day of April, 2016, I caused to be served a true copy of this document, on behalf of Respondent Barry B. Clare, on the following individuals by the following methods:

**By email and First Class Mail**

Brent J. Fields, Secretary  
Office of the Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E., Mail Stop 3628  
Washington, DC 20549  
Email: [fieldsb@sec.gov](mailto:fieldsb@sec.gov)

The Honorable James E. Grimes  
Administrative Law Judge  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549  
Email: [alj@sec.gov](mailto:alj@sec.gov)

Preethi Krishnamurthy, Esq.  
U.S. Securities and Exchange Commission  
New York Regional Office  
200 Vesey Street, Suite 400  
New York, NY 10281-1022  
Email: [KrishnamurthyP@SEC.GOV](mailto:KrishnamurthyP@SEC.GOV)  
Counsel for U.S. Securities and Exchange Commission

Lee Greenwood, Esq.  
U.S. Securities and Exchange Commission  
New York Regional Office  
200 Vesey Street, Suite 400  
New York, NY 10281-1022  
Email: [greenwoodl@SEC.GOV](mailto:greenwoodl@SEC.GOV)  
Counsel for U.S. Securities and Exchange Commission

Dated: April 19, 2016

By: \_\_\_\_\_

David R. Chase