UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING

File No. 3-20973

In the Matter of

IEH Corporation,

Respondent.

RESPONDENT IEH CORPORATION'S REPLY IN SUPPORT OF MOTION FOR RULING ON ITS MOTION FOR SUMMARY DISPOSITION, OR, IN THE ALTERNATIVE MOTION FOR HEARING

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Respondent IEH Corporation ("IEH" or the "Company"), by counsel, submits this reply in support of its Motion for Ruling on Its Motion for Summary Disposition, or, in the Alternative Motion for Hearing ("Motion for Ruling") and respectfully requests that the Securities and Exchange Commission (the "Commission") promptly rule on IEH's December 22, ***2023*** Motion for Summary Disposition (the "Motion")[1] as required by Rule of Practice 250(b) and dismiss this proceeding or, in the alternative, set a hearing as required by Rule of Practice 360(a)(2)(ii). *See* 17 C.F.R. § 201.250(b); 17 C.F.R. § 201.360(a)(2)(ii).

I. INTRODUCTION

This case is egregiously stale and should be dismissed because the *Gateway* factors weigh in IEH's favor. The following strongly compelling facts—which strengthen with each of IEH's additional on-time filings—are undisputed:

- IEH has remediated all the prior deficiencies alleged in the OIP;
- IEH is currently compliant with its reporting obligations;
- IEH has filed on-time, periodic reports, including audited financial statements, for the last two years (and counting).

In similar circumstances, Section 12(j) proceedings have been dismissed after issuers cured their deficiencies. *See, e.g.*, *Digital Brand Media & Mktng. Grp.*, 2019 WL 6118538 (Nov. 12, 2019). Try as it might (*see* the lengthy table of authorities in the Division's Response, addressed below), the Division *still* has not identified a case where the Commission or an administrative law judge has revoked the registration of an issuer such as IEH that (1) has cured all its deficient filings,

[1] In this Reply, IEH's Dec. 22, 2023 Motion for Summary Disposition is referred to as the "Motion"; the Division's Feb. 21, 2024 Opposition to IEH's Motion for Summary Disposition is referred to as the "Response to Motion"; and IEH's Mar. 4, 2024 Reply in Support of Its Motion for Summary Disposition is referred to as the "Reply in Support of the Motion."

(2) is currently compliant, and (3) has a two-year (and counting) track record of on-time filings. This is because no such case does, could, or should exist.

In its Response, the Division offers excuses for the Commission's delays, asserts the prejudice to IEH and its shareholders is unfounded, urges a lop-sided application of the *Gateway* factors, and encourages the Commission to turn a blind eye to IEH's full remediation, current compliance, and two-year track record of on-time filings. The Division's arguments are unpersuasive, and the Commission should grant IEH's Motion. IEH diligently has sought resolution of this matter only to be thwarted or ignored improperly. The harm IEH and its shareholders incur as a result of the delay is real and ongoing, and IEH should not be prejudiced merely because the Division believes it is proper for the Commission to postpone a Section 12(j) proceeding that has been fully briefed for more than 18 months and that predates the current administration. The Commission should apply the *Gateway* factors to IEH's compelling circumstances and grant IEH's Motion.

Alternatively, if the Commission chooses to defer ruling on IEH's Motion, this case should be set for a hearing promptly. *See* Rule of Practice 250(b). IEH has languished in regulatory limbo since this case began in August 2022, and the delay is harming IEH and its shareholders. There is no legitimate reason for further delay.

II. ARGUMENT

A. Application of the *Gateway* Factors Favors Granting IEH's Motion for Summary Disposition.

The Commission is authorized "as it deems necessary or appropriate for the protection of investors" to revoke the registration of an issuer's securities. 15 U.S.C. § 78l(j). In making this determination, the Commission "will consider, among other things, the seriousness of the issuer's violations, the isolated or recurrent nature of the violations, the degree of culpability involved, the

extent of the issuer's efforts to remedy its past violations and ensure future compliance, and the credibility of its assurances, if any, against further violations." *Gateway Int'l Holdings*, 2006 WL 1506286, at *4 (May 31, 2006) (citing *Steadman v. SEC*, 603 F.2d 1126, 1139–40 (5th Cir. 1979). The Commission's determination turns the effect on "current and prospective investors, of the issuer's violations, on the one hand, and the Section 12(j) sanctions, on the other hand." *Id.*

Applying these factors, the Commission should grant IEH's Motion. *See* Motion at 8–20 (analyzing the various *Gateway* factors under the facts existing when IEH filed the Motion on December 22, 2023). With respect to the second *Gateway* factor (the isolated or recurrent nature of the violations), the passage of time and IEH's ongoing compliance make IEH's prior delinquencies more isolated and less recent. IEH has filed Exchange Act reports with the Commission since 1954. With the exception of the reports that are the subject of this proceeding—which IEH has remediated fully—IEH has decades' worth of public filing compliance.

Regarding the final two *Gateway* factors (the extent of IEH's remedial efforts and the credibility of IEH's assurances of future compliance), it is undisputed that IEH has cured all alleged reporting deficiencies, is currently compliant with its reporting obligations, and has a two-year (and counting) track record of on-time reporting. These facts conclusively satisfy the last two *Gateway* factors and demonstrate the successful "extent of [IEH]'s efforts to remedy its past violations and ensure future compliance" and prove the "credibility" of IEH's prior "assurances . . . against further violations." *Gateway*, 2006 WL 1506286, at *4. Granting IEH's Motion would be consistent with prior cases dismissing Section 12(j) proceedings when issuers cured delinquent filings or made compelling assurances of future compliance. *See, e.g.*, *Digital Brand Media & Mktng. Grp.*, 2019 WL 6118538 (Nov. 12, 2019); *Global Digital Sols., Inc.*, 2019 WL 1274911

(Mar. 19, 2019); *Phlo Corp*., 2007 WL 966943 (Mar. 30, 2007); *e-Smart Techs., Inc.*, 2005 WL 274086 (Feb. 3, 2005). The Commission should grant IEH's Motion.

B. The Division's Arguments Are Unavailing.

The arguments in the Division's Response merely amplify the reasons for IEH's Motion for a Ruling. Rather than join IEH in seeking prompt resolution of this matter on the merits, the Division urges IEH to surrender to "terminate this proceeding." Response at 10. Rather than proceed in accordance with the Commission's Rules of Practice and guidance, the Division attempts to excuse the prejudicial delays. *See id.* at 7–9. Rather than consider IEH's legitimate concerns regarding years-long delays that negatively affect the capital-raising activities of IEH, the Division suggests that *IEH has benefitted* by continuing to be listed during this proceeding. *See id.* at 10. Rather than move to dismiss this action as it has in other instances, the Division claims it is powerless to do so. *See id.* at 6; *but see* Div. of Enforcement's Mot. to the Comm'n to Dismiss Admin. Proc., *Global Digital Sols., Inc.*, No. 3-18325 at 1 (Sept. 17, 2018) ("The [Division] hereby moves the Commission to dismiss this [Section 12(j)] proceeding against respondent"), https://www.sec.gov/files/litigation/apdocuments/3-18325-event-23.pdf. Rather than apply all the *Gateway* factors, the Division urges strict liability for Section 12(j) violations that would ignore the strongly compelling undisputed facts that IEH (1) cured all its deficient filings, (2) is currently compliant, and (3) has a two-year (and counting) track record of on-time reporting. *See* Response at 11–13. The Commission should reject the Division's Response and grant IEH's Motion.

1. The Delay in this Proceeding Violates the Commission's Rules of Practice.

The Division argues that the delays in this case do not violate the Commission's Rules of Practice. That is wrong. For decades, "[t]he length of proceedings before administrative agencies,

including the Securities and Exchange Commission, has [been] a matter of major concern to the courts." *Gearhart & Otis, Inc. v. Sec. & Exch. Comm'n*, 348 F.2d 798, 800 (D.C. Cir. 1965). As the Commission's Rules of Practice recognize, "[t]imely resolution of adjudicatory proceedings is one factor in assessing the effectiveness of the adjudicatory program in protecting investors, promoting public confidence in the securities markets and assuring respondents a fair hearing." Rule of Practice 900(a)(1), 17 C.F.R. § 201.900(a)(1). And the Commission's Rules of Practice, which "govern proceedings before the Commission," set timelines for resolution of administrative proceedings. Rule of Practice 100(a), 17 C.F.R. § 201.100(a); *see also, e.g.*, Rules of Practice 250(b), 360(a)(2)(ii). The extreme delays in this case—*more than three years since inception*—are inconsistent with Commission rules, including Rules of Practice 100, 250, 360, and 900.

The Commission's delays do not serve shareholders' or the Division's legitimate interests. Instead, the delays unfairly aid the Division because the pendency of this proceeding—and the associated harm to IEH (discussed below)—create a heavy extrajudicial sanction that weighs on IEH. The imposition of sanctions is a high bar, and sanctions can be imposed only where "necessary or appropriate for the protections of investors" *and* "if the Commission finds, on the record after notice and opportunity for hearing, that the issuer, of such security has failed to comply with any provision of this chapter or the rules and regulations thereunder." *See* 15 U.S.C. § 78l(j). The Commission has made no findings in this case, and the Division is not entitled to this extrajudicial sanction or the litigation advantage it bestows on the Division.

2. There Is Evidence that the Delays in this Case Have Prejudiced IEH.

The Division suggests that the prejudice to IEH and its shareholders from delays in this case are unfounded. That is incorrect. There is concrete evidence of prejudice, and the continued delay in resolving this case has imposed—and continues to impose—undue collateral consequences and an improper extrajudicial sanction on IEH. *First*, IEH cannot relist or uplist its

shares with OTC until this proceeding is resolved. This is not unsupported speculation. *See* Response at 9. OTC personnel have informed IEH in unequivocal terms that OTC Markets Group "cannot start" its required review "until [this SEC proceeding] has been resolved." *See* Donahue Decl., Ex. 1 (quotation from April 9, 2024 email from Joseph Oltmanns of OTC Markets).

Second, the continued delay harms the public markets and shareholders. IEH frequently receives inquiries from investors asking about upgrading IEH's listing to improve the visibility and liquidity of IEH's shares for shareholders. This also is not unsupported speculation. *See* Donahue Decl., Exs. 2, 3, & 4. Investors want to trade IEH stock, but it is exceedingly difficult for investors to do so as long as IEH is listed on its current OTCID Basic Market tier, and OTC will not move IEH off that tier until this matter is resolved. The delays in this proceeding directly affect shareholders' ability to trade IEH stock, which negatively affects IEH's liquidity and IEH's access to capital.

3. Not All Section 12(j) Violations Warrant Revocation.

The Division asserts that the Commission considers Section 12(j) violations to be serious violations of the Exchange Act. IEH has never argued otherwise, and the Division's Response misconstrues IEH's argument. As IEH has stated, IEH takes its reporting obligations seriously. *See* Reply in Support of the Motion at 9. Despite the seriousness of Section 12(j) violations, however, revocation is not "necessary or appropriate" in all cases. *See, e.g.*, *Digital Brand Media & Mktng. Grp.*, 2019 WL 6118538, at *6 (observing that the "violations were serious" but declining to impose a sanction in view of the company's "filing of past due reports and its continuing to file current reports"); *Phlo Corp.*, 2007 WL 966943, at *16 (observing that "Phlo's violation of its reporting obligations was serious, egregious, and recurrent" but declining to revoke the registration of Phlo's stock); *e-Smart Techs., Inc.*, 2004 WL 2309336, at *2 ("Although we consider e-Smart's violations serious, we also believe the Company's subsequent filing history is

an important factor to be considered in determining whether revocation is 'necessary or appropriate for the protection of investors.'"). Even the case on which the Division relies—which was egregious and involved an issuer who defaulted in the Section 12(j) proceeding—recognized the need to consider remedial efforts and assurances of future compliance. *See Herzog Int'l Holdings, Inc.*, 2025 WL 2793284, at *3 (Sept. 29, 2025) ("[Respondent] has submitted no evidence of any efforts to remedy its past violations and ensure future compliance.").

IEH's circumstances are compelling and do not warrant the "draconian remedy" of revocation. *e-Smart Techs., Inc.*, 2005 WL 274086, *8 (Feb. 3, 2005) (citing Thomas L. Hazen, *Treatise on the Law of Securities Regulation* § 9.2[1][B] (4th ed 2002)). IEH has cured all alleged reporting deficiencies, is currently compliant with its reporting obligations, and has a two-year (and counting) track record of on-time reporting. In these circumstances, notwithstanding the seriousness of Section 12(j) violations, a sanction is not necessary or appropriate for the protection of investors.

4. The Commission Should Apply *All* the Gateway Factors and Decline To Impose a Sanction.

The Division contends that the Commission should deny IEH's Motion, otherwise the Commission will have "abandon[ed] the *Gateway* multi-factor balancing test in favor of the rule that successful curative filings—regardless of when filed so long as the deficiencies are cured before the Commission's decision issues—require dismissal of a Section 12(j) proceeding." Response at 11–12. The Commission cites a lengthy list of cases where the Commission purportedly rejected that rule, but the Commission should reject the Division's strawman argument.

IEH is not urging the Commission to abandon *Gateway* or adopt any bright-line rules. Instead, IEH urges the Commission to apply *all* the *Gateway* factors, including the factors that

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take into consideration the strongly compelling undisputed facts that IEH has cured all alleged reporting deficiencies, is currently compliant with its reporting obligations, and has a two year (and counting) track record of on-time reporting. *See, e.g.*, *Digital Brand Media & Mktng. Grp.*, 2019 WL 6118538 (Nov. 12, 2019); *Global Digital Solutions, Inc.*, 2019 WL 1274911 (Mar. 19, 2019) (granting Division's motion to dismiss after "'GDSI became current on the filings alleged to have been delinquent'") (quoting the Division's motion to dismiss); *Phlo Corp*., 2007 WL 966943 (Mar. 30, 2007); *e-Smart Techs., Inc.*, 2005 WL 274086 (Feb. 3 2005).

Each case the Division cites for support is inapposite and easily distinguishable from IEH. In each case, unlike IEH, the cited company ***never became fully compliant with its reporting obligations***, either because it failed to file all delinquent reports, or the reports it filed were deficient, or both. As described in the following paragraphs, the Division's cited cases clearly are inapposite for determining whether to impose a sanction on IEH. IEH has cured all its deficient filings, is currently compliant, and has a two-year (and counting) track record of on-time filings. None of the companies below come close to IEH.

For example, unlike IEH, in *China-Biotics, Inc.*, the Commission observed that "China-Biotics's delinquent and materially deficient reports [did] not render it current or compliant with its Exchange Act obligations." 2013 WL 5883342, at *13 (Nov. 4, 2013). The Commission concluded that "the company's recent filings . . . neither cure the company's past violations nor provide credible assurances against further violations." *Id.* Similarly, in *Talon Real Estate Holding Corp.*, the Commission observed that "Talon remains delinquent on ten required quarterly and annual reports." 2019 WL 6324601, at *5 (Nov. 25, 2019). In *Advanced Life Sciences*, "[the company] continue[d] to be delinquent in its quarterly and annual reports" and "ha[d] not filed a periodic report in over six years." 2017 WL 3214455, at *2 (July 28, 2017). In *Absolute Potential,*

Inc., the company "continued to struggle with its ability to establish and maintain 'internal control over financial reporting.' Absolute acknowledged that two recently filed quarterly reports contained inaccuracies." 2014 WL 1338256, at *5 (Apr. 4, 2014). In *Calais Resources Inc.*, the company was "not 'current' with respect to its reporting requirements and remain[ed] out of compliance." 2012 WL 2499349, at *5 (June 29, 2012). The remaining cases the Division cites similarly are distinguishable.[2]

The Commission should apply all the *Gateway* factors and grant IEH's Motion in view of the undisputed facts that IEH has cured all alleged reporting deficiencies, is currently compliant with its reporting obligations, and has a two-year (and counting) track record of on-time reporting.

5. The Commission Should Not Ignore the Reality of IEH's Strongly Compelling Remediation and Compliance.

Finally, the Division contends that the outcome of this proceeding should not be contingent on how long it has been pending. Otherwise, the Division prognosticates, "respondents who committed the same violation would be treated differently" depending on how long the

[2] *See Herzog Int'l Holdings, Inc.*, 2025 WL 2793284, at *3 (Sept. 29, 2025) (the respondent "failed to answer the OIP or respond to the show cause order, it has submitted no evidence of any efforts to remedy its past violations and ensure future compliance. Nor has it made any assurances against further violations."); *Advanzeon Sols. Inc.*, 2023 WL 6458592, at *5 (Oct. 2, 2023) ("to date, the five periodic reports that were delinquent on the date we issued the OIP remain delinquent and six additional periodic reports have become delinquent"); *Smartag Int'l, Inc.,* 2023 WL 1066737, at *2 (Jan. 26, 2023) ("As of the date of this opinion, Smartag would need to file twelve quarterly reports and four annual reports in order to bring the company current in its filing requirements."); *LegacyXChange, Inc.*, 2022 WL 17345980, at *3 (Nov. 29, 2022) ("Legacy is not currently in compliance with its reporting obligations because it has failed to file periodic reports that became due after the issuance of the OIP."); *American Stellar Energy, Inc.*, 2011 WL 2783483, at *3 (July 18, 2011) ("As of the date of this opinion, [the company] has not filed an annual report for fiscal year 2008, nor has it filed any quarterly reports for the first three quarters of fiscal year 2008 or for the quarters ended June 30 and September 30, 2009."); *Cobalis Corp.*, 2011 WL 2644158, at *4 (July 6, 2011) ("[The company] has not filed audited financial statements or other required periodic or current reports for more than three years."); *Nature's Sunshine Prod., Inc.*, 2009 WL 137145, at *7 (Jan. 21, 2009) ("the Company has yet to return to full compliance with the Exchange Act's reporting requirements.").

Commission took to rule. *See* Response at 13. The Division cites *Advanzeon Solutions, Inc.*, to illustrate the potential "capriciousness" that could result if the Commission considered the reality of IEH's full compliance when determining whether to sanction IEH. *Id*.

The Division's argument is unpersuasive for two key reasons. *First* and most importantly, the circumstances of *Advanzeon* are not remotely comparable to IEH. It is undisputed that IEH has cured all alleged reporting deficiencies, is currently compliant with its reporting obligations, and has a two-year (and counting) track record of on-time reporting. In stark contrast, in *Advanzeon*, the company failed "to file a single delinquent report with the Commission," and as of the date of the Commission's order "the five periodic reports that were delinquent on the date [the Commission] issued the OIP remain[ed] delinquent and six additional periodic reports [had] become delinquent." *Advanzeon Sols. Inc.*, 2023 WL 6458592, at *5. In other words, the company had missed five periodic reports ***and never remediated any of them***. *See id.* Because IEH is distinguishable from *Advanzeon* in this case-determinative way, there is no risk that different outcomes in these cases will be considered disparate or capricious.

Second, the Division's argument encourages the Commission to turn a blind eye to the reality of IEH's curative actions, current compliance, and two-years' worth of on-time filings. The Division's proposed approach ignores the Commission's precedent that "subsequent filing history is an important factor to be considered in determining whether revocation is 'necessary or appropriate for the protection of investors.'" *e-Smart Techs. Inc.*, 2004 WL 2309336 at *2 (remanding "to provide the law judge an opportunity to assess her sanctioning determination in light of e-Smart's subsequent reporting record"). IEH's undisputed remediation and ongoing compliance have proved that the Division's earlier concerns regarding the effectiveness of IEH's remedial measures and assurances of future compliance were—and are—incorrect. *See* Response

to Motion at 10–12; *see also Absolute Potential, Inc.*, 2014 WL 1338256, at *7 ("We remanded [*e-Smart*] because the law judge's conclusion" regarding e-Smart's inability to come into compliance "proved incorrect—the company soon began to file its delinquent reports."). On remand in *e-Smart*, the administrative law judge ultimately determined not to impose a sanction because the company provided "'current, audited financial information to the investing public, which . . . fulfilled the purpose behind the periodic reporting requirements.'" *e-Smart Techs. Inc.*, 2005 WL 274086, at *8 (quoting *e-Smart Techs. Inc.*, 2004 WL 2309336, at *2 n.16). Similarly, for the last two years, the investing public has had access to "'current, audited financial information'" about IEH. *Id.* As in *e-Smart*, imposing a sanction on IEH would "harm investors unfairly, rather than serve any deterrent or remedial function now that the company has filed, albeit untimely, all its delinquent reports." *Id*. IEH's subsequent filing history is an "important factor to be considered," and the Commission should reject the Division's invitation to turn a blind eye to it. *e-Smart Techs.* 2004 WL 2309336, at *2.

III. CONCLUSION

For the foregoing reasons, IEH respectfully requests that the Commission dismiss this proceeding, or, in the alternative schedule a hearing. Should the Commission not decide this matter prior to February 15, 2026, please take note that IEH intends to seek a Writ of Mandamus from the United States Court of Appeals for the District of Columbia Circuit. While IEH hopes to avoid such action, the prolonged delay in this matter warrants urgent attention to redress the ongoing harm to IEH.

Dated: December 23, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

In accordance with SEC Rules of Practice 150 and 151, 17 C.F.R. §§ 201.150 & 201.151, I certify that a copy of IEH Corporation's reply was (a) filed on December 23, 2025, through the Commission's Electronic Filings in Administrative Proceedings (eFAP) system; and (b) was served on the following persons on December 23, 2025, via email at the email addresses indicated:

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Respondent and Respondent's legal counsel, Sean M. Donahue, agree to waive all paper service of all opinions and orders, and agree to accept service of all opinions and orders by email delivery. Their email addresses are: spurkayastha@iehcorp.com and seandonahue@paulhastings.com.

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