

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 86819 / August 29, 2019

Admin. Proc. File No. 3-18893

In the Matter of
SALVADORE D. PALERMO

ORDER TO SHOW CAUSE

On November 9, 2018, the Securities and Exchange Commission issued an order instituting administrative proceedings (“OIP”) against respondent Salvatore D. Palermo pursuant to Section 15(b) of the Securities Exchange Act of 1934.¹ On February 27, 2019, the Division of Enforcement filed a Notice of Service appending a process server’s affidavit, which states that service of the OIP was made on Palermo on February 11, 2019, pursuant to Rule 141(a)(2)(i) of the Commission’s Rules of Practice.²

As stated in the OIP, Palermo’s answer was required to be filed within 20 days of service of the OIP.³ As of the date of this order, Palermo has not filed an answer. The prehearing conference and the hearing are thus continued indefinitely.

Accordingly, Palermo is ORDERED to SHOW CAUSE by September 12, 2019, why the Commission should not find him in default due to his failure to file an answer or to otherwise defend this proceeding. When a party defaults, the allegations in the OIP will be deemed to be true and the Commission may determine the proceeding against that party upon consideration of the record without holding a public hearing.⁴ The OIP informed Palermo that a failure to file an answer could result in his being deemed in default and the proceedings determined against him.⁵

¹ *Salvadore D. Palermo*, Exchange Act Release No. 84564, 2018 WL 5881783 (Nov. 9, 2018).

² 17 C.F.R. § 201.141(a)(2)(i).

³ Rules of Practice 151(a), 160(b), 220(b), 17 C.F.R. §§ 201.151(a), .160(b), .220(b).

⁴ Rules of Practice 155, 180, 17 C.F.R. § 201.155, .180.

⁵ *See Palermo*, 2018 WL 5881783, at *2.

If Palermo responds to this order to show cause, the Division may file a reply within 14 days after its service. If Palermo does not file a response, the Division shall file a motion for default and other relief by October 10, 2019. The motion should discuss relevant authority relating to the legal basis for and the appropriateness of the requested sanctions and include evidentiary support sufficient to make an individualized assessment of whether those sanctions are in the public interest.⁶ The parties may file opposition and reply briefs within the deadlines provided by the Rules of Practice.⁷ The failure to timely oppose a dispositive motion is also a basis for a finding of default;⁸ it may result in the determination of particular claims, or the proceeding as a whole, adversely to the non-moving party and may be deemed a forfeiture of arguments that could have been raised at that time.⁹

The parties are reminded that an electronic courtesy copy of each filing should be emailed to APFilings@sec.gov in PDF text-searchable format.

Upon review of the filings in response to this order, the Commission will either direct further proceedings by subsequent order or issue a final order resolving the matter.

For the Commission, by the Office of the General Counsel, pursuant to delegated authority.

Vanessa A. Countryman
Secretary

⁶ See generally *Rapoport v. SEC*, 682 F.3d 98, 108 (D.C. Cir. 2012) (requiring “meaningful explanation for imposing sanctions”); *McCarthy v. SEC*, 406 F.3d 179, 190 (D.C. Cir. 2005) (“each case must be considered on its own facts”); *Gary McDuff*, Exchange Act Release No. 74803, 2015 WL 1873119, at *1 (Apr. 23, 2015); *Ross Mandell*, Exchange Act Release No. 71668, 2014 WL 907416, at *2 (Mar. 7, 2014), *vacated in part on other grounds*, Exchange Act Release No. 77935, 2016 WL 3030883 (May 26, 2016); ; *Don Warner Reinhard*, Exchange Act Release No. 61506, 2010 WL 421305, at *4 & nn.25-26 (Feb. 4, 2010), *appeal after remand*, Exchange Act Release No. 63720, 2011 WL 121451, at *5-8 (Jan. 14, 2011).

⁷ See Rules of Practice 154, 160, 17 C.F.R. §§ 201.154, .160.

⁸ See Rules of Practice 155(a)(2), 180(c), 17 C.F.R. § 201.155(a)(2), .180(c); *see, e.g., Benham Halali*, Exchange Act Release No. 79722, 2017 WL 24498, at *3 n.12 (Jan. 3, 2017).

⁹ *See, e.g., McBarron Capital LLC*, Exchange Act Release No. 81789, 2017 WL 4350655, at *3-5 (Sep. 29, 2017); *Bennett Group Fin. Servs., LLC*, Exchange Act Release No. 80347, 2017 WL 1176053, at *2-3 (Mar. 30, 2017); *Apollo Publ’n Corp.*, Securities Act Release No. 8678, 2006 WL 985307, at *1 n.6 (Apr. 13, 2006).