

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 58787 / October 15, 2008**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13273**

**In the Matter of**

**STEWART KALTER,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS,  
PURSUANT TO SECTIONS 15(b) AND 21C  
OF THE SECURITIES EXCHANGE ACT OF  
1934, MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A CEASE-  
AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Stewart Kalter (“Respondent” or “Kalter”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that

1. These proceedings arise out of the involvement of an unregistered and unlicensed person in a registered broker-dealer's transactions in securities and the broker-dealer's filing of inaccurate reports with the Commission.

#### **Respondent**

2. Kalter was the president and chief compliance officer of Vision Securities, Inc., ("Vision"), a registered broker-dealer, from November 2003 through December 2006. At all relevant times, he was a registered representative and registered principal of Vision. Kalter, who has been in the securities industry since at least November 1995, is 36 years old and a resident of Melville, New York.

#### **Other Relevant Entity**

3. Vision is a registered broker-dealer with its principal place of business in Melville, New York. It first registered with the Commission in 1993. In March 2007, the NASD<sup>2</sup> fined Vision \$27,500 for failure to maintain the required net capital, among other violations. On February 29, 2008, as a result of the firm's failure to maintain the required net capital, the NASD placed the firm under a cease-and-desist order pursuant to which the firm can only take unsolicited orders.

#### **The Inaccurate Filings**

4. From at least July 2005 through July 2006, Vision Securities was controlled by an individual (the "controlling representative") who was associated with it as a registered representative and corporate secretary and was a part owner of GCG Holdings, Inc., the entity that owned the firm. Although Kalter was nominally the president of Vision during that period, he acted solely at the direction of the controlling representative in all important matters, including hiring, setting compensation, and determining which bills Vision would pay.

5. During that time, Vision's Form BD did not identify the controlling representative as a control person. On about April 27, 2006, June 8, 2006 and July 3, 2006, Vision amended the Form BD, and failed to disclose that the controlling representative was a control person of the firm.

---

<sup>1</sup> The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

<sup>2</sup> In July 2007, the NASD and the member regulation, enforcement and arbitration functions of the New York Stock Exchange were consolidated into a new entity, the Financial Industry Regulatory Authority, commonly referred to as FINRA. All of the conduct discussed herein occurred before the creation of FINRA.

Kalter signed these April, June and July 2006 Form BD amendments, even though he knew that the controlling representative was a control person of Vision.

### **Unlawful Involvement of Unregistered and Unlicensed Person in Securities Transactions**

6. From about October 2005 until about May 2006, Vision Securities solicited investors in connection with a private placement of securities by Issuer X, in exchange for commissions based on the amount Vision raised. A number of the investors who participated in the offering and purchased securities of Issuer X through Vision were solicited by an individual who was not registered as a broker-dealer or approved by a national securities exchange or national securities association to be involved in effecting securities transactions. This individual was the president of a company that published an on-line, subscription-based newsletter featuring market analysis and stock recommendations (the “newsletter publisher”).

7. From about October 2005 until about May 2006, Kalter arranged for Vision to pay the newsletter publisher in excess of \$200,000, based on the amount invested in the Issuer X private placement by investors solicited by the newsletter publisher’s president. When he did so, Kalter knew that neither the publisher nor the president were registered as a broker-dealer and that the newsletter publisher’s president was not approved by a national securities exchange or national securities association to be involved in effecting securities transactions.

### **Violations**

8. Section 17(a) of the Exchange Act requires registered brokers or dealers, among other things, “to make and disseminate such reports as the Commission, by rule, prescribes as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of [the Exchange Act].” Section 15(b)(1) of the Exchange Act requires all brokers or dealers applying for registration with the Commission to file a Form BD with the Commission. Among other things, Form BD requires registered brokers and dealers to disclose any person who “controls” the broker or dealer. Form BD defines “control” as “[t]he power, directly or indirectly, to direct the management or policies of a company . . . .” A person is presumed to control a broker when he is “a director, general partner, or officer exercising executive responsibility (or having similar status or functions).” Rule 15b3-1, promulgated pursuant to Exchange Act Sections 15(b), 17(a), and 23(a), requires that a broker-dealer promptly file any amendment on Form BD if any information in the broker-dealer’s Form BD is or becomes inaccurate for any reason. The courts and the Commission have long recognized the importance of disclosing the identity of those who control a broker or dealer. “[T]he correct disclosure of the . . . controlling persons of an applicant is more than a ‘minor’ point, indeed it is most important to the proper administration of the [Exchange] Act.” Capital Funds, Inc. v. SEC, 348 F.2d 582, 588 (8<sup>th</sup> Cir. 1968). See also Financial Counselors, Inc. v. SEC, 339 F.2d 196, 197 (2d Cir. 1964) (upholding Commission’s revocation of broker-dealer’s registration when true control person was not disclosed on the registration application or any amendments thereto); SEC v. Moran, 922 F. Supp. 867, 901 (S.D.N.Y. 1996) (noting that supplying complete and accurate information in Form BD “furthers the interest of public disclosure, informed decision making, and allows the SEC to monitor securities transactions in order to fulfill the legislative mandate behind the establishment

of the securities acts.”). As a result of the conduct described in paragraphs 4 and 5 above, Kalter willfully aided and abetted and caused Vision’s violations of Section 17(a) of the Exchange Act and Rule 15b3-1 thereunder.

9. As a result of the conduct described in paragraphs 6 and 7 above, Kalter willfully aided and abetted and caused Vision’s violations of Sections 15(b)(7) of the Exchange Act and Rule 15b7-1 thereunder. Rule 15b7-1 provides that “[n]o registered broker or dealer shall effect any transaction in, or induce the purchase or sale of, any security unless any natural person associated with such broker or dealer who effects or is involved in effecting such transaction is registered or approved in accordance with the standards of training, experience, competence, and other qualification standards (including but not limited to submitting and maintaining all required forms, . . . and passing any required examinations) established by the rules of any national securities exchange or national securities association of which such broker or dealer is a member . . . .”

### Undertaking

Respondent shall provide to the Commission, within ten days after the end of the three month suspension period described in Section IV below, an affidavit that he has complied fully with the suspension.

### IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest, and for the protection of investors to impose the sanctions agreed to in Respondent Kalter’s Offer.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent shall cease and desist from causing any violations and any future violations of Sections 15(b)(7) and 17(a) of the Exchange Act and Rules 15b3-1 and 15b7-1 thereunder.

B. Respondent be, and hereby is, suspended from association with any broker or dealer for a period of three months, effective on the second Monday following the entry of this Order.

C. IT IS FURTHER ORDERED that Respondent shall pay a civil penalty of \$10,000 to the United States Treasury. Payment shall be made in the following installments: (1) \$5,000 within ten days of the entry of the Order; (2) \$2,500 within 180 days of the entry of the Order; and (3) \$2,500 within 360 days of the entry of the Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. Payments shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to

the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Stewart Kalter as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Leslie Kazon, Division of Enforcement, Securities and Exchange Commission, 3 World Financial Center, New York, New York 10281.

By the Commission.

Florence E. Harmon  
Acting Secretary