UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 72335 / June 5, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15911

In the Matter of:

ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO RULE 102(e) OF THE COMMISSION’S RULES OF PRACTICE, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Brian Reiss ("Respondent" or "Reiss") pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.1

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

1 Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any attorney . . . who has been by name (A) [p]ermanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder; or (B) [f]ound by any court of competent jurisdiction in an action brought by the Commission to which he or she is a party . . . to have violated (unless the violation was found not to have been willful) or aided and abetted the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.
proceedings, and the findings contained in Section III. 2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Reiss, age 60, is a California resident living in Huntington Beach, California. Reiss is a member of the California State Bar. Reiss provided advice to individuals and entities regarding compliance with the federal securities laws. Reiss has never held any securities licenses and is not registered with the Commission in any capacity.

2. On March 7, 2013, the Commission filed a complaint against Reiss in SEC v. Brian R. Reiss (Civil Action No.1537), in the United States District Court for the Southern District of New York. On March 14, 2014, the court entered an order permanently enjoining Reiss by consent, from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

3. The Commission’s complaint alleged, among other things, that Reiss drafted and executed legal opinion letters which caused the transfer agents to remove restrictive legends on stock certificates representing shares of publicly traded companies. Reiss repeatedly drafted and executed opinion letters containing inaccurate statements without making a reasonable inquiry into the underlying facts. The false and misleading statements Reiss made in the legal opinion letters he drafted and executed induced the transfer agents for public companies to remove the restrictive legends and permit the sale of shares to the public. Reiss provided the legal opinion letters to transfer agents who required assurances, in the form of legal opinion letters, that the transactions qualified for an exemption from the registration requirements under the federal securities laws. With this assurance, the transfer agents issued stock certificates without restrictive legends allowing the stock to be traded freely, known as “free-trading” stock. Reiss knew, or was reckless in not knowing, that the shareholders seeking his opinion letters intended to sell the stock on the public markets and that the transfer agents would rely on his opinion letters to issue stock certificates without restrictive legends.
IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Reiss’s Offer.

Accordingly, it is hereby ORDERED effective immediately, that:

A. Reiss is suspended from appearing or practicing before the Commission as an attorney.

By the Commission.

Jill M. Peterson
Assistant Secretary