

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 77373 / March 15, 2016

INVESTMENT COMPANY ACT OF 1940
Release No. 32028 / March 15, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17172

In the Matter of

BARRY B. CLARE,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-
AND-DESIST PROCEEDINGS
PURSUANT TO SECTIONS 15(b) AND
21C OF THE SECURITIES
EXCHANGE ACT OF 1934, AND
SECTION 9(b) OF THE INVESTMENT
COMPANY ACT OF 1940 AND
NOTICE OF HEARING**

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”) and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Barry B. Clare (“Clare” or “Respondent”).

II.

After an investigation, the Division of Enforcement alleges that:

Summary

1. From at least March 2011 to March 2015 (the “Relevant Period”), while serving as the vice president of finance at Baltia Air Lines, Inc. (“Baltia” or the “Company”), Clare acted as an unregistered broker for sales of Baltia’s common stock to investors.

2. Although Baltia has existed since 1989—ostensibly for the purpose of flying commercial flights from New York City to St. Petersburg, Russia—it has never operated a commercial flight or otherwise generated any revenue.

3. To fund its operations, Baltia has sold its common stock to investors through a continuous, unregistered offering that raised over \$26 million during the Relevant Period.

4. Baltia's finance department, which Clare ran, essentially functioned as an in-house brokerage firm.

5. Clare acted as a broker by actively soliciting potential investors, recommending investments in Baltia, negotiating and closing stock sales, and receiving transaction-based compensation for his work.

Respondent

6. **Clare**, age 57, resides in Bayside, New York. Clare joined Baltia in 2006 and has served as its vice president of finance since approximately 2007. Since January 5, 2016, Clare has also served as a director of Baltia.

Other Relevant Entity

7. **Baltia**, a New York corporation formed on August 24, 1989 and headquartered in Jamaica, New York, describes itself as a development-stage airline currently seeking air carrier certification from the Federal Aviation Administration ("FAA"). Baltia apparently plans to operate the only direct flight between New York City's John F. Kennedy International Airport and St. Petersburg, Russia. Baltia's common stock is registered with the Commission under Exchange Act Section 12(g) and quoted on OTC Link under the ticker symbol BLTA. The stock has traded below \$0.02 over the last year.

Clare's Unregistered Brokerage Activities

8. Because Baltia has never generated any revenue, it has funded its operations through unregistered offerings of its common stock.

9. Clare and others in Baltia's finance department raised capital for Baltia by selling the Company's stock.

10. During the Relevant Period, Baltia raised over \$26 million through these stock sales.

11. To sell Baltia's stock, Clare and others in Baltia's finance department first solicited potential investors.

12. Clare and the Baltia employees he oversaw often contacted people whose names appeared on certain lists of individuals who had no pre-existing relationship with Baltia.

13. Clare actively solicited these and other potential investors by phone, by email, and in person.

14. Clare also solicited potential investors during two interviews broadcast on a New York-area, Russian-language radio station in February and May 2014.

15. In the interviews, Clare stated that Baltia was a “great investment opportunity” and that he believed Baltia’s share price was “undervalued.”

16. Baltia paid for each interview pursuant to an advertising contract.

17. Once Clare and his employees had solicited potential investors, Clare recommended investments in Baltia directly to the potential investors.

18. For example, in 2011, Clare wrote and sent a glowing email about Baltia to potential investors: “As discussed, Baltia Air Lines is quite an attractive investment opportunity. I believe it is a prudent investment at this time.”

19. Similarly, in March 2012, Clare wrote and sent another email to potential investors: “I believe the investors who invest at this level could realize tremendous gains on their investments once Baltia begins flight revenue operations this coming summer.”

20. After actively soliciting investors and recommending Baltia investments to them, Clare typically closed the stock sale.

21. Clare generally met or spoke with Baltia’s investors himself.

22. Clare collected subscriber questionnaires and subscription agreements and ensured that the investors had completed the necessary forms.

23. Although Baltia’s then-chief executive officer had to approve the price per share each investor paid, Clare often helped finalize this price.

24. Specifically, Clare told certain investors that the price per share could be negotiated, he provided or relayed offers and counter-offers, and he helped implement the negotiated price after the former CEO had accepted it.

25. Finally, in return for his work, Clare received transaction-based compensation of up to 20% of the proceeds of the Baltia investments he obtained.

26. During the Relevant Period, Clare maintained ledgers of investments and compensation paid to him.

27. The ledgers list the name of each investor, the amount of the investment, the number of shares received, and the compensation paid or owed to Clare based on the investment, among other things.

28. Clare’s ledgers typically note Baltia’s obligation to pay him a portion of the amount of the investment, although Baltia’s actual payments to him varied based on the Company’s financial situation.

29. As Clare’s ledgers show, Clare sold Baltia stock on a near-daily basis during the Relevant Period. Indeed, Clare participated in at least 820 sales of Baltia stock.

30. During the Relevant Period, Clare received transaction-based compensation, totaling approximately \$1.7 million, for approximately 605 of these sales. Clare's ledgers show that Baltia owed him additional amounts of unpaid transaction-based compensation.

31. Baltia's Forms 10-K for the years 2011, 2012, and 2013 note that the Company paid Clare "for negotiating services in connection with the raise of new equity capital."

Violations

32. As a result of the conduct described above, Clare willfully violated Exchange Act Section 15(a), which makes it illegal for a broker or dealer to make use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security unless the broker is registered with the Commission or associated with a registered broker-dealer.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 9(b) of the Investment Company Act including, but not limited to, disgorgement and civil penalties pursuant to Section 9 of the Investment Company Act; and

D. Whether, pursuant to Section 21C of the Exchange Act, Respondent should be ordered to cease and desist from committing or causing violations of and any future violations of Section 15(a) of the Exchange Act, whether Respondent should be ordered to pay a civil penalty pursuant to Section 21B(a) of the Exchange Act and Section 9(d) of the Investment Company Act, and whether Respondent should be ordered to pay disgorgement pursuant to Sections 21B(e) and 21C(e) of the Exchange Act and Section 9 of the Investment Company Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an

Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields
Secretary