

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 77702 / April 25, 2016

INVESTMENT ADVISERS ACT OF 1940
Release No. 4377 / April 25, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17225

In the Matter of

MALCOLM SEGAL,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
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 pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Malcolm Segal (“Respondent”).

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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, 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. From January 1989 through April 2011, Segal was a registered representative associated with Cumberland Brokerage Corp., a broker-dealer registered with the Commission. From April 2011 through July 2014, Segal was a registered representative associated with Aegis Capital Corp., a dually-registered broker-dealer and investment adviser. Segal, 69 years old, is a resident of Langhorne, Pennsylvania and Boynton Beach, Florida.

2. On February 16, 2016, Segal pled guilty to eleven counts of mail fraud, in violation of 18 U.S.C. §1341, and three counts of wire fraud in violation of 18 U.S.C. §1343, before the United States District Court for the Eastern District of Pennsylvania in *United States v. Malcolm Segal*, Crim. No. 2:15-cr-287 (E.D.Pa.).

3. The counts of the criminal indictment to which Segal pled guilty charge, among other things, that between January 2011 and May 2015, while employed at Cumberland Brokerage Corp. and then Aegis Capital Corp., Segal served as President of National CD Sales, a company formed by him that purportedly brokered sales of certificates of deposit (CDs) and purchased CDs on behalf of clients. The indictment alleges that Segal conducted a fraudulent scheme in which he stole more than \$3.2 million from clients and other investors through the sale of non-existent CDs. Segal falsely told investors that he had purchased CDs paying annual interest of up to 12%, but instead stole investor funds and used them for personal expenses and to make payments to other investors.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Segal's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, and Section 203(f) of the Advisers Act, that Respondent Segal be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

Pursuant to Section 15(b)(6) of the Exchange Act Respondent Segal be, and hereby is barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served

as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields
Secretary