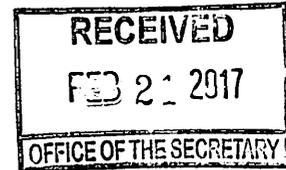


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**UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING
File No. 3-17676**

In the Matter of

**OTC GLOBAL PARTNERS, LLC
and RAIMUNDO DIAS,**

Respondents.

**DIVISION OF ENFORCEMENT'S REPLY IN SUPPORT OF MOTION FOR
SUMMARY DISPOSITION AGAINST RESPONDENT RAIMUNDO DIAS**

The Commission, having accepted Respondents' Offer, has found that Respondents willfully violated Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act") by selling millions of shares of restricted stock without any applicable exemption. "Section 5's registration requirements are a keystone of the entire system of securities regulation, and set forth basic requirements for the protection of investors." *Sirianni v. SEC*, 677 F.2d 1284, 1289 (9th Cir. 1982); *In re Gordon Brent Pierce*, Exchange Act Release No. 71644, 2014 WL 896757, *23 (Mar. 7, 2014) (finding that selling shares of stock without registration "caus[ed] harm to investors and the marketplace by depriving investors of the full disclosure that would have allowed them to make informed investment decisions"), *pet. denied*, 786 F.3d 1027 (D.C. Cir. 2015).

While, yes, Respondent Dias has paid financial remuneration in the form of disgorgement, and is on a one-year payment plan for a civil penalty, the imposition of the penny

stock bar is distinct and separate. Dias' assertion that absolutely no bar at all be imposed should be rejected.

Although Respondent distinguishes *Kirby*, he does not mention that Kirby's conduct was over a two-week period, *In re Kirby*, Release No. 8174, 2003 WL 71681, *3 (Jan. 9, 2003), while Respondent's was spread out over an entire year. (OIP at 2, ¶4). During that year, he and OTC Global Partners, LLC, the entity he was the sole manager of, converted *millions* of free-trading shares that they improperly sold into the market. (*Id.*). The Commission has previously found sales of unregistered stock made over a lesser eight-month period "recurrent and long-lasting." *In Re Gordon Brent Pierce*, 2014 WL 896757 at *23. Furthermore, Dias' current status as the sole manager of OTC Global Partners is quite relevant, as he is still currently positioned to immediately engage in precisely the same conduct for which this action is brought. *See SEC v. Converge Global Inc.*, 2006 WL 907567, *5 (S.D. Fla. Mar. 10, 2006) ("Based on Fink's misconduct in this case, his long career and experience in the financial services industry, and the likelihood that his occupation will present further opportunities to violate the securities laws, the Court finds a permanent penny stock bar against Fink to be appropriate).

The Division recognizes that Respondent Dias was not charged with fraud. The Division also recognizes that, while it believes a permanent penny stock bar would be appropriate, a recent Commission decision stemming from Section 5 violations may warrant a bar with a right to reapply. *See In Re Perres*, Securities Act Release No. 10287, 2017 WL 280080 (Jan. 23, 2017) (affirming ALJ's determination that it was in the public's interest to impose a bar from the securities industry and from participating in penny stock offerings, with a right to reapply after five years). We do note, though, it is clear from Respondent's Response that he has not accepted any responsibility for his actions, deflecting blame onto others. This is a critical component that

the Law Judge should consider here. *See id.* at *4 (“attempts to shift blame are additional indicia of respondent’s failure to take responsibility for his actions”) (internal citations omitted).

III. CONCLUSION

The Commission respectfully requests the Division’s Motion for Summary Disposition be granted and that a permanent penny stock bar be imposed on Respondent, Dias.

Respectfully submitted,

By:



Russell Koonin
Senior Trial Counsel
Florida Bar No. 474479
Direct Dial: (305) 982-6385
Email: kooninr@sec.gov

Attorney for Plaintiff
**SECURITIES AND EXCHANGE
COMMISSION**
801 Brickell Avenue, Suite 1800
Miami, Florida 33131
Telephone: (305) 982-6300
Facsimile: (305) 536-4146

CERTIFICATE OF SERVICE

I hereby certify that an original and three copies of the foregoing were filed with the Securities and Exchange Commission, Office of the Secretary, 100 F Street, N.E., Washington D.C. 20549-9303, and that a true and correct copy of the foregoing has been served by Email and U.S. Mail on this 17th day of February 2017, on the following persons entitled to notice:

Honorable Carol Fox Foelak
Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E.
Room 2557
Washington, D.C. 20549
(also via email to ALI@sec.gov)

James Sallah, Esq.
Aiman S. Farooq, Esq.
Sallah Astarita & Cox, LLC
2255 Glades Road, Suite 300E
Boca Raton, FL 33431
(*Counsel for Raimundo Dias and OTC Global Partners, LLC*)
(also via email to jds@sallahlaw.com & asf@sallahlaw.com)



Russell Koonin