

person is subject to one of the disqualifying factors stated in that section and such action is in the public interest.

6. Section 7316(a)(4) of the Act authorizes the Commissioner to deny registration to a person who has been permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the securities business.
7. Under §7316(c), the Commissioner may summarily postpone the registration of an agent pending final determination of any proceeding under that section of the Act.
8. Section 7316(c) provides that a registrant whose registration has been postponed is entitled to a hearing if a written request is received by the Commissioner. It also provides that if no hearing is requested, an order of postponement will remain in effect until it is modified or vacated by the Commissioner.

Notice of Allegations

9. Lawrence J. Zirinsky is a broker-dealer agent who is employed with Gruntal & Co., Inc. On November 15, 1990, Mr. Zirinsky filed an application requesting registration in the State of Delaware as an agent of Gruntal & Co. Inc. Action on this application is summarily postponed in light of the permanent injunction entered against Mr. Zirinsky by the Supreme Court of the State of New York.
10. On May 29, 1980, Mr. Zirinsky was arrested and charged with a scheme to defraud in the first degree, grand larceny in the third degree and chain distributor schemes, class A

misdemeanor, in connection with a pyramid scheme with which Mr. Zirinsky was involved. On July 22, 1980, Mr. Zirinsky was sentenced by the Supreme Court of New York to a conditional discharge and ordered to pay restitution and costs. Mr. Zirinsky also consented to the entry of a judgment of permanent injunction, enjoining and restraining him from engaging in the sale or offer for sale of securities in or from the State of New York.

11. The entry of a permanent injunction against Mr. Zirinsky by the Supreme Court of New York, enjoining and restraining him from engaging in the sale or offer for sale of securities in or from the State of New York, constitutes a disqualifying factor under §7316(a)(4) of the Delaware Securities Act in that Mr. Zirinsky was permanently enjoined by a court of competent jurisdiction from engaging in conduct involving an aspect of the securities business.
12. It is in the public interest that the registration of respondent be denied.


DeSales Haley
Securities Investigator

DATE: December 3, 1990