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August 3, 1987

PUBLIC AVAILABILITY DATE: 09-03-87		
ACT	SECTION	RULE
1934	15(a)	---

Gerald Lorentz  
Lorentz Property and Investment  
Company  
1516 Darlene Way  
Boulder City, Nevada 89005

Dear Mr. Lorentz:

Thank you for your letter of June 10, 1987 in which you requested information regarding requirements for engaging in the "investment banking business". Because you do not provide details about the particular services you propose to offer, I cannot tell you whether or not your proposed activities would require Securities and Exchange Commission ("Commission") registration as a broker-dealer or as an investment adviser. I will, however, provide you with a general description of the securities laws that may apply to your proposed activities.

If you propose to purchase or sell securities for your own account or for the account of others, you may be required to register as a broker-dealer. A broker is defined in Section 3(a)(4) of the Securities Exchange Act of 1934 (the "Exchange Act") as "any person engaged in the business of effecting transactions in securities for the accounts of others..." A dealer is defined in Section 3(a)(5) of the Exchange Act as "any person engaged in the business of buying and selling securities for his own account, through a broker or otherwise, but does not include a bank, or any person insofar as he buys or sells securities for his own account, either individually or in some fiduciary capacity, but not as a part of a regular business."

Section 15(a) of the Exchange Act requires brokers and dealers to register with the Commission unless they qualify for one of the narrow statutory exemptions. These exemptions are for persons (natural or otherwise) whose business is exclusively intrastate and who do not make use of the facilities of any national securities exchange, 1/ or persons who purchase and

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1/ Id.

Mr. Gerald Lorentz  
Page Two

sell exempted securities, commercial paper, bankers' acceptances, or commercial bills only. 2/

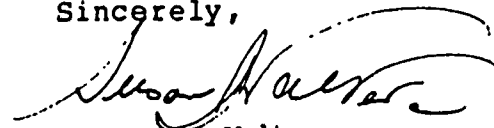
If you register as a broker-dealer, you will also be required to join the National Association of Securities Dealers, Inc. ("NASD"), or another self-regulatory organization if you qualify to do so, and to comply with their rules, in addition to those of the Commission. 3/

If you propose to provide only investment advice, you may be required to register as an investment adviser, in compliance with the Investment Advisers Act of 1940 (the "Advisers Act"). According to the Advisers Act, an investment adviser is generally "any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the advisability of investing in, purchasing or selling securities, or who for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities...." 4/

In the case that you decide to register as an investment adviser, the Division of Investment Management has asked that I call to your attention the Advisers Act generally.

I have enclosed two information packets for your information. One is for registration as an investment adviser and the other for registration as a broker-dealer. I suggest that you consult with an attorney familiar with the federal securities laws before proceeding with the registration procedure.

Sincerely,



Susan J. Walters  
Branch Chief,  
Legal Interpretations  
Office of Chief Counsel

Enclosures

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2/ Id. Exempted securities for the purposes of the Exchange Act are defined in Section 3(a)(12).

3/ Section 15(b)(8) of the Exchange Act. In addition, inspection of a new registered broker-dealer will be conducted within six months of registration by the appropriate self-regulatory organization. Section 15(b)(2)(C) of the Exchange Act.

4/ Section 202(a)(11) of the Advisers Act. There are limited exceptions in certain instances from the registration requirement for investment advisers.

**LORENTZ PROPERTY & INVESTMENT COMPANY**

1516 Darlene Way  
Boulder City, Nevada 89005

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Phone: (702) 294-1048

CHAIRMAN'S OFFICE  
RECEIVED

June 10, 1987

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SEC. & EXCH. COM. L.

John S.R. Shad, Chairman  
Securities and Exchange Commission  
450 5th St., N.W.  
Washington, D.C. 20549

Dear Mr. Shad:

Would you please send me information regarding the requirements for going into the Investment Banking business in which I could sell securities, especially venture capital securities, to the public?

Is there any government publication that would help me get into this line of business. With some people making \$125 million a year, it is certainly an attractive business to get into.

Thank you very much.

Very sincerely,

  
Gerald Lorentz