

From The Office Of:  
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# NEWS RELEASE

RELEASE P.M. NEWSPAPERS  
THURSDAY, AUGUST 25, 1960

"Boiler room" operators and promoters of worthless stock schemes will face longer prison sentences and increased fines under a new law which becomes effective on September 1, 1960, Attorney General Louis J. Lefkowitz said today.

The new law, which amends the Martin Act, the New York State Securities Law, was passed by the 1960 Legislature on the recommendation of Attorney General Lefkowitz.

The new law provides that a person found guilty of a second violation of the Martin Act or twice in contempt of a court order obtained under the Act is guilty of a felony and will be subject to a fine of \$100,000 and a sentence of up to four years in prison or both.

The Attorney General said that investigation by his office has shown that the previous penalty of a \$1000 fine had failed to reduce violations. "Some individuals and corporations seemed to consider this fine as part of their cost of doing business," he said. Previously, the Act provided for prison sentences up to one year.

"The protection of our capital markets is vital to the economy of New York State and the nation. The small minority of those in the securities business who continually victimize investors and harm the reputation of the securities industry and who have previously shown their lack of respect for the law must be dealt with severely," Attorney General Lefkowitz said.

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From: Charles W. Stickle, Executive Assistant to the Attorney General  
Cortlandt 7-9800, Extensions 7192, 7175 and 7187.