

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 90259 / October 22, 2020**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-20136**

**In the Matter of**

**NORMAN T. REYNOLDS,**  
**ESQ.**

**Respondent.**

**ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE PROCEEDINGS  
AND IMPOSING TEMPORARY  
SUSPENSION PURSUANT TO RULE  
102(e)(3)(i) OF THE COMMISSION'S  
RULES OF PRACTICE**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Norman T. Reynolds (“Respondent” or “Reynolds”) pursuant to Rules 102(e)(3)(i)(A) and (B)<sup>1</sup> of the Commission’s Rules of Practice (17 C.F.R. § 201.102(e)(3)(i)(A), (B)).

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<sup>1</sup> Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, temporarily suspend from appearing or practicing before it any attorney ...who has been by name: (A) [p]ermanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder; or (B) [f]ound by any court of competent jurisdiction in an action brought by the Commission to which he or she is a party ... to have violated (unless the violation was found not to have been willful) or aided and abetted the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

## II.

The Commission finds that:

1. Reynolds, at all relevant times, was an attorney who was admitted to practice in the state of Texas.
2. On April 12, 2017, the Commission filed an injunctive action against Reynolds, Mustafa David Sayid, and Kevin Jasper in the United States District Court for the Southern District of New York, *Securities and Exchange Commission v. Mustafa David Sayid, Kevin Jasper, and Norman T. Reynolds*, Civil Action No. 1:17-cv-2630 (JFK). The complaint alleged that Reynolds and the other defendants engaged in a fraudulent scheme to effect illegal, unregistered sales of Nouveau Holdings., Ltd. (“Nouveau”) shares in violation of Sections 5 and 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), and Rule 10b-5 thereunder.
3. The complaint further alleged as follows: Sayid orchestrated two stock promoters’ unlawful resale of at least four million Nouveau restricted shares. Nouveau’s transfer agent required an attorney opinion letter opining that the shares qualified for an exemption from registration before it would remove the restrictive legend from these unregistered securities. In July 2013, Sayid hired Reynolds to write two legal opinion letters opining that the proposed issuances qualified for removal of restrictions under 17 C.F.R. 230.144 (“Rule 144”). To qualify for a Rule 144 one-year holding period, the stock-transfer agreements that led to the issuance of the Nouveau stock needed to have been completed by July 2012. Reynolds was suspicious of the execution dates for the agreements because he had reviewed documents that indicated the execution date was September 25, 2012. He initially told Sayid that the proposed transaction did not meet the Rule 144 one-year holding period. Sayid lied to Reynolds and gave him purported stock-transfer agreements that were falsely backdated to make it appear the transactions complied with Rule 144’s one-year holding period. Despite his suspicions concerning the execution dates, Reynolds relied on Sayid’s false representations and sent Sayid the opinion letters without ever verifying the execution dates of the stock-transfer agreements. His letters enabled the stock promoters to conduct a paid promotional campaign (blasting emails touting Nouveau’s stock to unsuspecting penny-stock investors), and sell the unrestricted Nouveau stock, reaping hundreds of thousands of dollars in profit.
4. On November 25, 2019, the court granted the Commission’s motion for summary judgment against Reynolds, finding he had violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 5 and 17(a) of the Securities Act. The court did not make a finding that Reynolds’ violations were not willful.
5. On July 22, 2020, the court entered final judgment against Reynolds, permanently enjoining him from violating Sections 5 and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. In addition, the court issued permanent penny stock and officer and director bars against Reynolds, and permanently enjoined him from participating in the preparation or issuance of any opinion letter in connection with the offer or sale of securities pursuant to, or claiming an exemption under, Section 4(1) of the Securities Act and

Rule 144 thereunder. It also ordered him to pay \$700 in disgorgement, \$193 in interest and a civil penalty of \$75,000.

6. On September 9, 2020, the court issued an amended final judgment against Reynolds that amended the manner of disposition of disgorgement, but did not affect the judgment as to liability.

### III.

Based upon the foregoing, the Commission finds that a court of competent jurisdiction, in an action brought by the Commission, has permanently enjoined Reynolds from violating the Federal securities laws within the meaning of Rule 102(e)(3)(i)(A) of the Commission's Rules of Practice. The Commission further finds that Reynolds has been found by a court of competent jurisdiction, in an action brought by the Commission, to have violated the federal securities laws within the meaning of Rule 102(e)(3)(i)(B) of the Commission's Rules of Practice. In view of these findings, the Commission deems it appropriate and in the public interest that Reynolds be temporarily suspended from appearing or practicing before the Commission as an attorney. Accordingly,

IT IS HEREBY ORDERED that Reynolds be, and hereby is, temporarily suspended from appearing or practicing before the Commission as an attorney. This Order will be effective upon service on the Respondent.

IT IS FURTHER ORDERED that Reynolds may, within thirty days after service of this Order, file a petition with the Commission to lift the temporary suspension. If the Commission receives no petition within thirty days after service of the Order, the suspension will become permanent pursuant to Rule 102(e)(3)(ii).

If a petition is received within thirty days after service of this Order, the Commission will, within thirty days after the filing of the petition, either lift the temporary suspension, or set the matter down for hearing at a time and place to be designated by the Commission, or both. If a hearing is ordered, following the hearing, the Commission may lift the suspension, censure the petitioner, or disqualify the petitioner from appearing or practicing before the Commission for a period of time, or permanently, pursuant to Rule 102(e)(3)(iii).

This Order shall be served upon Reynolds by certified mail at his last known address.

By the Commission.

Vanessa A. Countryman  
Secretary