

fied in subsection (b), with respect to the additional securities proposed to be offered.

§ 24. Denial, Suspension, and Revocation of Registration.

(a) The Commissioner may issue a stop order denying effectiveness to, or suspending or revoking the effectiveness of, any registration statement if he finds (1) that the order is in the public interest and (2) that

(A) the registration statement as of its effective date or as of any earlier date in the case of an order denying effectiveness, or any amendment under section 23 (h) as of its effective date, or any report under section 23 (g) is incomplete in any material respect or contains any statement which was, in the light of the circumstances under which it was made, false or misleading with respect to any material fact;

(B) any provision of this act or any rule, order, or condition lawfully imposed under this act has been willfully violated, in connection with the offering, by (i) the person filing the registration statement, (ii) the issuer, any partner, officer, or director of the issuer, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling or controlled by the issuer, but only if the person filing the registration statement is directly or indirectly controlled by or acting for the issuer, or (iii) any underwriter;

(C) the security registered or sought to be registered is the subject of an administrative stop order or similar order or a permanent or temporary injunction of any court of competent jurisdiction entered under any other federal or state act applicable to the offering; but

(i) the Commissioner may not institute a proceeding against an effective registration statement under clause (C) more than one year from the date of the order or injunction relied on, and (ii) he may not enter an order under clause (C) on the basis of an order or injunction entered under any other state act unless that order or injunction was based on facts which would currently constitute a ground for a stop order under this section;

(D) the issuer's enterprise or method of business includes or would include activities which are illegal where performed;

(E) the offering has worked or tended to work a fraud upon purchasers or would so operate;

(F) when a security is sought to be registered by notification, it is not eligible for such registration;

(G) when a security is sought to be registered by coordination, there has been a failure to comply with the undertaking required by section 21 (b) (4); or

(H) the applicant or registrant has failed to pay the proper filing fee; but the Commissioner may enter only a denial order under this clause and he shall vacate any such order when the deficiency has been corrected.

The Commissioner may not institute a stop-order proceeding against an effective registration statement on the basis of a fact or transac-