

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-22015

In the Matter of

**DANIELS CORPORATE
ADVISORY COMPANY, INC.,**

Respondent.

MOTION FOR SUMMARY DISPOSITION

The Division of Enforcement (“Division”), pursuant to the Securities and Exchange Commission (“Commission”) Rules of Practice 154 and 250, moves for an order revoking the registration of each class of securities of Respondent Daniels Corporate Advisory Company, Inc. registered pursuant to Section 12 of the Securities Exchange Act of 1934 (“Exchange Act”).

There is no dispute that a violation has occurred. Respondent’s Answer together with the Commission’s own records show that Respondent had failed to file seven periodic reports when the Order Instituting Proceedings (“OIP”) was issued and is now delinquent in 10 periodic reports. The only remaining issue is the appropriate remedy for Respondent’s violations, a resolution governed by the Commission’s precedent in *Gateway International Holdings, Inc.*, Exchange Act Release No. 53907, 2006 WL 1506286, *8 (May 31, 2006). The facts relevant to the *Gateway* factors are likewise not disputed and demonstrate that, as a matter of law, revocation is required for the protection of investors.

BRIEF IN SUPPORT

I. FACTS

A. Issuer Background.

Respondent (CIK # 1498291) (Ticker symbol: DCAC) is a defaulted Nevada corporation located in Forest Hills, New York with a class of securities registered with the Commission pursuant to Exchange Act Section 12(g). *See* Declaration of Sandyha Harris at Ex. 1 (Information from Nevada Secretary of State), Ex. 2 (EDGAR Filing History), and Ex. 3 (Form 8-A Registration Statement).¹ Respondent is delinquent in its periodic filings with the Commission, having not filed any periodic reports since it filed a Form 10-Q for the period ended August 31, 2022, which reported a net loss of \$1,622,888 for the prior nine months. *Id.* at Ex. 2 Ex. 4 (Delinquency Chart), and Ex. 5 (Form 10-Q). When the OIP issued, seven periodic reports were delinquent; Respondent is now delinquent in filing 10 periodic reports. As of May 21, 2025, unsolicited quotations for Respondent's common stock were quoted on OTC Link. *Id.* at Ex. 6 (OTC Markets Company Profile).

B. Respondent's Delinquencies.

Section 13(a) of the Exchange Act and Rule 13a-1 thereunder require that all issuers file an annual report for each fiscal year. Exchange Act Rule 13a-13 requires that domestic issuers file quarterly reports. 15 U.S.C. §78m(a) and 17 C.F.R. §240.13a-1; 17 C.F.R. §240.13a-13. Since Respondent is incorporated in Nevada, it is a domestic issuer and must file quarterly reports.

¹ Because Respondent sought to concurrently register its common stock under the Securities Act of 1933 (the "Securities Act") and Section 12(g) of the Exchange Act, the Section 12(g) registration became effective on July 12, 2012, the day the Section 12(g) registration statement was filed and the day after the Securities Act registration became effective. *See* 17 C.F.R. § 249.208a(d)(2) (where an issuer seeks to concurrently register securities under the Securities Act and Section 12(g) of the Exchange Act, the Section 12(g) registration becomes effective upon the later of the filing of the Section 12(g) registration statement or the effectiveness of the Securities Act registration statement).

On December 29, 2023, the Division of Corporation Finance issued a delinquency notice informing Respondent that if it did not file all then-delinquent reports within 15 days, it could be subject to a revocation proceeding. *See* Harris Decl. at Ex. 7 (Delinquency Notice). Respondent then informed the Division of Corporation Finance that the Company was out of capital and that the investment should be deemed a “write off,” but that the Company did not have the finances to file a Form 15 terminating its securities registration. *See* Harris Decl. at Ex. 8 (Response to Delinquency Notice). In its August 29, 2024 Answer, Respondent admitted that its “formal reporting ceased,” which is also established by the Commission’s own records. *See* Harris Decl. at Ex. 2 and Ex. 4. However, Respondent requested a twelve-month registration suspension during which it intended to become current on its reports. *Id.* It has been over nine months since Respondent made its request and Respondent has not cured any of its delinquencies. Harris Decl. at Ex. 2 and Ex. 4.

II. APPLICABLE STANDARDS

Rule of Practice 250(b) provides for summary disposition if there is no genuine issue as to any material fact and the party making the motion is entitled to judgment as a matter of law. *See* 17 C.F.R. § 201.250.

Section 12(j) empowers the Commission, where “necessary and appropriate for the protection of investors” to either suspend (for a period not exceeding twelve months) or permanently revoke a security’s registration “if the Commission finds, on the record after notice and opportunity for hearing, that the issuer of such security has failed to comply with any provision of this title or the rules and regulations thereunder,” including the filing of periodic reports. 15 U.S.C. §78l(j). In making its determination, the Commission considers the five *Gateway* factors, which are: (1) the seriousness of the issuer’s violations; (2) the isolated or recurrent nature of the

violations; (3) the degree of culpability involved; (4) the extent of the issuer's efforts to remedy its past violations and ensure future compliance; and (5) the credibility of the issuer's assurances, if any, against future violations. *Gateway*, 2006 WL 1506286 at *8. Where the issuer's violations are serious and recurrent, the Commission applies "a strong presumption in favor of revocation" that can only be rebutted by "a strongly compelling showing with respect to the other factors." *Absolute Potential, Inc. (f/k/a Absolute Waste Services, Inc.)*, Exchange Act Release No. 71866, 2014 WL 1338256 at *6 (April 4, 2014).

III. ARGUMENT

Respondent admits that it has ceased formal reporting, an undisputed fact evidenced from the Commission's own records. At the time the OIP issued, Respondent had failed to file seven periodic reports and has accrued three additional delinquent reports since then. Therefore, whether a violation occurred is not disputed. The only remaining issue is the appropriate remedy for Respondent's violations. Because the facts relevant to the *Gateway* factors are not disputed, no evidentiary hearing is necessary for a remedy determination. Under Commission precedent, the appropriate remedy is revocation.

A. Respondent's violations of Section 13(a) are serious and recurrent.

1. Respondent's violations are serious.

All violations of Section 13(a)'s reporting requirements are serious because timely and accurate reporting is statutorily required and the reporting requirements are one of the primary statutory tools for protecting the integrity of the securities marketplace. As the Commission has stated:

Failure to file periodic reports violates a central provision of the Exchange Act. The purpose of the periodic filing requirements is to supply investors with current and accurate financial information about an issuer so that they may make sound decisions. Those requirements are "the primary tool[s] which Congress has

fashioned for the protection of investors from negligent, careless, and deliberate misrepresentations in the sale of stock and securities.” Proceedings initiated under Exchange Act Section 12(j) are an important remedy to address the problem of publicly traded companies that are delinquent in the filing of their Exchange Act reports, and thereby deprive investors of accurate, complete, and timely information upon which to make informed investment decisions.

Gateway, 2006 WL 1506286 at *6 (quoting *SEC v. Beisinger Indus. Corp.*, 552 F.2d 15, 18 (1st Cir. 1977)). Here, investors have lacked current and accurate financial information about Respondent since August 2022, a period of over two years.

2. Respondent’s violations of Section 13(a) are recurrent.

Respondent’s failure to file seven periodic reports that were due during a period lasting more than a year constitutes recurrent violations, which satisfies the second *Gateway* factor. The Commission has held that delinquencies of similar duration are recurrent. *See e.g., Ironclad Encryption Corp.*, Exchange Act Release No. 9426, 2022 WL 488507, *3 (Feb. 15, 2022) (failure to file for “more than year” was recurrent and continuous); *Triton Emission Sols. Inc.*, Exchange Act Release No. 94255, 2022 WL 488504, *3 (Feb. 15, 2022) (same). Therefore, the second *Gateway* factor supports revocation.

B. Respondent has not rebutted the presumption of revocation with a compelling showing on the remaining *Gateway* factors. Indeed, those factors confirm that revocation is required to protect investors.

Because Respondent’s violations are serious and recurrent, they give rise to the presumption that revocation is required unless Respondent can make a strongly compelling showing in its favor on the remaining *Gateway* factors. Here, Respondent can make no such showing.

1. Respondent has exhibited a high degree of culpability.

Evidence that a reporting violation was “inadvertent or accidental” establishes a low level of culpability. *China-Biotics, Inc.*, Exchange Act Release 70800, 2013 WL 5883342, *10 (Nov. 4,

2013). Evidence that an issuer knew of its reporting obligations but failed to comply with them establishes “a high degree of culpability.” *Id.* (issuer had a “high degree of culpability” where it “did not file a single periodic report for more than a year and a half” and continued in its delinquencies “despite multiple warnings and the institution of [revocation] proceedings”). Here, Respondent knew it had a reporting obligation as evidenced by the fact that it filed several reports before the delinquencies giving rise to this proceeding. *See* Harris Decl. at Ex. 2. Its failure to file reports while knowing that reports were required makes Respondent highly culpable. Respondent’s culpability is aggravated by its failure to file several Forms 12b-25 notifying the Commission of its inability to timely file some of the delinquent reports. *Id.* at Ex. 2 and Ex. 4. *See also China-Biotics*, 2013 WL 5883342 at *11 (failure to file Form 12b-5 is an aggravating factor for culpability).

2. Respondent has not made any efforts to remedy its past violations and ensure future compliance.

To make a compelling showing of future compliance, Respondent must demonstrate that it has implemented concrete and effective measures to ameliorate the cause of its filing failures. *See Phlo Corp.*, Exchange Act Release No. 55562, 2007 WL 966943, *16 (Mar. 30, 2007). Respondent asserts that the primary basis for its filing failures is its lack of capital, a cause that does not appear to have been remedied and has caused Respondent’s delinquencies to persist.

3. Respondent has not provided credible assurances as to future compliance.

Respondent’s likelihood of future violations can be inferred from a single past violation, including the very violation that led to the enforcement action. *See KPMG Peat Marwick LLP*, Exchange Act Release No. 44050, 2001 SEC LEXIS 422 at *21- 22 (Mar. 8, 2001). An issuer’s failure to meet self-imposed deadlines for curing past deficiencies also undermines the credibility of its assurances of future compliance. *Am. Stellar Energy, Inc. (n/k/a Tara Gold)*, Exchange Act

Release No. 64897, 2011 WL 2783483, at *4 (July 18, 2011) (assurances of future compliance were not credible were issuer “failed to adhere to the schedules that the company itself set”). Here, Respondent had allowed seven delinquencies to accrue before the OIP issued. Respondent then told the Commission that it could cure its delinquencies over a 12-month period. Nine months into that period, Respondent has cured no delinquencies.

C. Revocation is necessary and appropriate for investor protection.

The undisputed evidence on all five *Gateway* factors establishes that revocation is necessary and appropriate for the protection of investors. In considering the appropriate remedy, the Commission seeks to protect future investors from trading in securities of an issuer, such as Respondent, that has failed to provide information required for an informed investment decision. “Revocation is a prospective remedy and is imposed based on [the Commission’s] concern about protecting future investors in the company.” *Citizens Capital Corp.*, Exchange Act Release No. 67313, 2012 WL 2499350 at *8 (June 29, 2012). Investor protection also takes into account “the broader systemic harm” that follows from registrants who fail to comply with reporting requirements. *Absolute Potential, Inc.*, 2014 WL 1338256 at *7. By imposing a sanction significant enough to deter other issuers from engaging in similar conduct, the Commission protects current and prospective investors of all public filers. *See Advanced Life Sciences Holdings, Inc.*, Exchange Act Release No. 81253, 2017 WL 3214455 at *6 (July 28, 2017). The protective purposes served by revocation require that remedy here.

IV. Conclusion

For the reasons set forth above, the undisputed facts establish that Respondent has violated the reporting requirements of the Exchange Act and that a sanction of revocation is appropriate and necessary for the protection of investors. Accordingly, the Division requests that the Commission grant the Division's Motion for Summary Disposition and that the Commission revoke the registrations of each class of Respondent's securities registered under Section 12 of the Exchange Act.

Dated: June 2, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I caused a true copy of the Division of Enforcement's Motion for Summary Disposition and Brief in Support to be served on June 2, 2025, in the manner indicated below:

By Email

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