

## The Perils of Regulation by Prosecution—Lessons From the 'Blackstreet' Case

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The article examines the impact of the Security and Exchange Commission's propensity to formulate standards of conduct through adjudication over rule making. Analyzing the *Blackstreet* case as example, it illustrates why regulations born from prosecution suffer from lack of clarity. The case was resolved without providing an explanation for why disclosure of in-house brokerage activities is insufficient and that broker-dealer registration is required.

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