

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**  
**May 2, 2007**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12626**

|                           |   |   |
|---------------------------|---|---|
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| <b>In the Matter of</b>   | : | <b>ORDER INSTITUTING ADMINISTRATIVE</b>       |
|                           | : | <b>AND CEASE-AND-DESIST PROCEEDINGS</b>       |
| <b>THOMAS C. BRIDGE,</b>  | : | <b>PURSUANT TO SECTION 8A OF THE</b>          |
| <b>JAMES D. EDGE, AND</b> | : | <b>SECURITIES ACT OF 1933, SECTIONS 15(b)</b> |
| <b>JEFFREY K. ROBLES,</b> | : | <b>AND 21C OF THE SECURITIES EXCHANGE</b>     |
|                           | : | <b>ACT OF 1934 AND SECTION 9(b) OF THE</b>    |
| <b>Respondents.</b>       | : | <b>INVESTMENT COMPANY ACT OF 1940</b>         |
|                           | : |   |

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Thomas C. Bridge (“Bridge”) and pursuant to Section 15(b) of the Exchange Act against James D. Edge (“Edge”) and Jeffrey K. Robles (“Robles”) (collectively, the “Respondents”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**Summary**

1. This matter concerns the use of deceptive means to place market timing or frequent trades in shares of mutual funds.<sup>1</sup> During the relevant time period, two A.G. Edwards & Sons, Inc. (“AG Edwards”) registered representatives, referred to at AG Edwards as financial consultants (“FCs”), Bridge and Charles Sacco (“Sacco”), used deceptive tactics to place thousands of market timing trades on behalf of certain of their customers in contravention of

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<sup>1</sup> “Market timing” includes (a) frequent buying and selling of shares of the same mutual fund or (b) buying or selling mutual fund shares in order to exploit inefficiencies in mutual fund pricing. Market timing, while not illegal *per se*, can harm other mutual fund shareholders because it can dilute the value of their shares if the market timer is exploiting pricing inefficiencies, disrupt the management of the mutual fund’s investment portfolio or cause the targeted mutual fund to incur costs borne by other shareholders to accommodate frequent buying and selling of shares by the market timer.

hundreds of requests by mutual fund companies to stop market timing. These tactics included: 1) opening multiple accounts with different account numbers for the same customer; 2) naming accounts in the names of many different entities affiliated with the same customer; 3) opening new accounts or transferring existing accounts to different branch offices for the same customer; 4) placing trades using multiple FC identification numbers; and 5) transferring assets between related accounts. These tactics allowed Bridge and Sacco to conceal their identities and the identities of their market timing customers from mutual fund companies and to continue placing market timing trades after the mutual fund companies requested that they stop trading. Thus, Bridge and Sacco violated the antifraud provisions of the Securities Act and the Exchange Act. In addition, Bridge's and Sacco's branch managers, Edge and Robles, failed to respond to numerous red flags which indicated that Sacco and Bridge were employing deceptive tactics to market time on behalf of their market timing customers. Thus, Edge and Robles failed reasonably to supervise Bridge and Sacco with a view toward preventing and detecting their violations of the federal securities laws.

### **Respondents**

2. Bridge, age 40, is a resident of Fort Lauderdale, Florida. Bridge has been employed as a registered FC at AG Edwards in its Boca Raton, Florida branch office since March 1995. Since 2002, Bridge also has acted as the assistant branch manager of the Boca Raton branch office. At all relevant times, Bridge has held the following licenses with the National Association of Securities Dealers, Inc. ("NASD"): General Securities Representative (Series 7), Uniform Securities Agent State Law (Series 63), and General Securities Sales Supervisor (Series 9 and Series 10).

3. Edge, age 45, is a resident of Lake Worth, Florida. Edge has been employed at AG Edwards since 1985 and has been the branch manager of the AG Edwards Boca Raton, Florida branch office since January 2001. Since February 2002, Edge also has overseen the AG Edwards Lake Worth, Florida branch office. At all relevant times, Edge has held the following NASD licenses: Registered Commodity Representative (Series 3), General Securities Representative (Series 7), Branch Manager (Series 8), and Uniform Securities Agent State Law (Series 63).

4. Robles, age 38, is a resident of Kingston, Massachusetts. Robles has been employed at AG Edwards since March 2002 and has been the branch manager of the AG Edwards Boston Back Bay office since June 2002. At all relevant times, Robles has held the following NASD licenses: General Securities Representative (Series 7), Uniform Securities Agent State Law (Series 63), Branch Manager (Series 8), and Registered Investment Adviser (Series 65).

### **Other Relevant Person and Entity**

5. Sacco, age 29, is a resident of Medford, Massachusetts. Between December 2001 and October 2003, Sacco was employed as an FC in the Boston Back Bay branch office of AG Edwards. Robles was Sacco's direct supervisor from June 2002 to October 2003. On May 2, 2007, the Commission instituted settled administrative proceedings against Sacco in the Matter of Charles A. Sacco, in which the Commission found that Sacco willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by using

deceptive means to market time on behalf of his customers. Sacco consented to the issuance of the Commission's order without admitting or denying the Commission's findings.

6. AG Edwards is a Delaware corporation with headquarters located in St. Louis, Missouri that has been registered with the Commission as a broker-dealer pursuant to Section 15 of the Exchange Act since 1967. AG Edwards has approximately 730 offices staffed by approximately 6,824 registered FCs that provide retail brokerage services throughout the United States, Switzerland and the United Kingdom. AG Edwards is the principal operating subsidiary of A.G. Edwards, Inc., a Delaware corporation whose stock is traded on the NYSE under the symbol AGE. On May 2, 2007, the Commission instituted settled administrative proceedings against AG Edwards in the Matter of A.G. Edwards & Sons, Inc., in which the Commission found that AG Edwards failed reasonably to supervise its FCs with a view toward preventing and detecting their violations of the federal securities laws. AG Edwards consented to the issuance of the Commission's order without admitting or denying the Commission's findings.

### **Background**

7. During the relevant time period, Bridge and Sacco engaged in illegal market timing schemes on behalf of certain of their customers. Bridge and Sacco defrauded mutual fund companies and their shareholders by engaging in a series of deceptive practices designed to conceal their identities and the identities of their customers in order to circumvent restrictions that the mutual fund companies imposed on market timing.

8. Many mutual fund companies screened for market timing or excessive short-term trading by reviewing the FC identification numbers and account numbers associated with trades over a certain dollar amount. Typically, if a mutual fund company concluded that a particular trade placed by one of AG Edwards' FCs violated the mutual fund company's exchange limitations or restrictions against market timing, it would attempt to prevent additional trades in that mutual fund or mutual fund family by contacting AG Edwards and/or the FC who placed the trade.

9. Over time, AG Edwards received at least 92 communications from the following 21 mutual fund companies objecting to Bridge's placement of market timing trades:

|                                 |                             |
|---------------------------------|-----------------------------|
| AIM Investments:                | at least 2 communications;  |
| Blackrock:                      | at least 2 communications;  |
| CDC Nvest Funds:                | at least 1 communication;   |
| Credit Suisse:                  | at least 7 communications;  |
| Dreyfus:                        | at least 3 communications;  |
| Evergreen Investments:          | at least 1 communication;   |
| Franklin Templeton Investments: | at least 7 communications;  |
| Goldman Sachs & Co.:            | at least 2 communications;  |
| John Hancock Funds:             | at least 3 communications;  |
| Janus:                          | at least 12 communications; |
| JP Morgan Funds:                | at least 10 communications; |
| Liberty/Columbia Funds:         | at least 9 communications;  |

|                                  |                                |
|----------------------------------|--------------------------------|
| Lord Abbett & Co.:               | at least 1 communication;      |
| Nuveen Investments:              | at least 3 communications;     |
| One Group Mutual Funds:          | at least 8 communications;     |
| Phoenix Investment Partners:     | at least 1 communication;      |
| PIMCO:                           | at least 2 communications;     |
| Pioneer Investments:             | at least 1 communication;      |
| Scudder Investments:             | at least 9 communications;     |
| SunAmerica Mutual Funds:         | at least 2 communications; and |
| Thornburg Investment Management: | at least 6 communications.     |

10. Over time, AG Edwards received more than 180 communications from the following 30 mutual fund companies objecting to Sacco's placement of market timing trades:

|                                 |                                |
|---------------------------------|--------------------------------|
| AIM Investments:                | at least 36 communications;    |
| AllianceBernstein:              | at least 4 communications;     |
| American Funds:                 | at least 2 communications;     |
| Blackrock:                      | at least 4 communications;     |
| Calvert Funds:                  | at least 1 communication;      |
| CDC Nvest Funds:                | at least 1 communication;      |
| Credit Suisse:                  | at least 9 communications;     |
| Dreyfus:                        | at least 16 communications;    |
| Eaton Vance:                    | at least 6 communications;     |
| Evergreen Investments:          | at least 2 communications;     |
| Fidelity Investments:           | at least 3 communications;     |
| First American Funds:           | at least 1 communication;      |
| Franklin Templeton Investments: | at least 2 communications;     |
| John Hancock Funds:             | at least 2 communications;     |
| The Hartford:                   | at least 9 communications;     |
| ING Funds:                      | at least 2 communications;     |
| JP Morgan Funds:                | at least 10 communications;    |
| Liberty/Columbia Funds:         | at least 10 communications;    |
| Mainstay Funds:                 | at least 1 communication;      |
| Managers Investment Group:      | at least 2 communications;     |
| One Group Mutual Funds:         | at least 1 communication;      |
| Phoenix Investment Partners:    | at least 10 communications;    |
| PIMCO:                          | at least 3 communications;     |
| Pioneer Investments:            | at least 4 communications;     |
| Scudder:                        | at least 23 communications;    |
| State Street Global Advisors:   | at least 2 communications;     |
| SunAmerica Mutual Funds:        | at least 2 communications;     |
| T. Rowe Price:                  | at least 16 communications;    |
| Van Kampen Investments:         | at least 2 communications; and |
| Wells Fargo:                    | at least 1 communication.      |

These communications were in the form of telephone calls, letters, e-mails and cancelled trade notices (collectively “restriction notices”). These restriction notices informed AG Edwards, Bridge and Sacco that the mutual fund companies had rejected particular trades or restricted Bridge, Sacco or their customers from further market timing.

11. The majority of the written restriction notices were sent to the mutual fund order room at AG Edwards’ headquarters located in St. Louis, Missouri. As the restriction notices came in, employees in the order room updated AG Edwards’ trading data and then sent copies of the restriction notices to the FC responsible for placing the trade and the branch manager responsible for supervising the FC. At all relevant times, AG Edwards’ branch managers were responsible for reviewing all correspondence in their branches, including mutual fund restriction notices.

12. AG Edwards issued each of its registered FCs one unique identification number through which to place trades on behalf of their customers. However, FCs could obtain additional FC identification numbers with which they could place trades by entering into a “split” with one or more other FCs. A legitimate reason to request a new FC number was to share commissions and fees with one or more additional FCs who serviced the same customer. In contrast, Bridge and Sacco obtained split FC numbers to continue market timing mutual funds that previously restricted them from trading under other FC numbers or split FC numbers. Because many mutual fund companies restricted further trading by FC numbers rather than by FC names, an FC could evade restrictions by obtaining and trading under a new FC number.

13. During the relevant time period, FCs were not required to obtain approval from their branch managers before requesting additional split FC numbers. However, Bridge and Sacco both regularly sought their branch managers’ approval before requesting any split FC numbers.

14. During the relevant time period, AG Edwards required its branch managers to approve the opening of all new customer accounts.

15. At all relevant times, AG Edwards’ branch supervisory manual required all branch managers, including Edge and Robles, to review a daily trading report which detailed all trades placed by FCs under their supervision and originating from their branch office. Among other things, the daily trading report included the identity of the customer, the FC who placed the trade, and the mutual fund that was traded.

### **Bridge’s Market Timing**

16. In September 2001, Edge asked Bridge to take over a large market timing account from another FC whose employment had been terminated. Between September 2001 and September 2003, Bridge opened 15 different accounts for his market timing customer. At all relevant times, Bridge knew that his market timing customer planned to use the accounts to place market timing trades.

17. Bridge’s market timing customer’s accounts were fee-based accounts in AG Edwards’ Fund Navigator Program, later called the Preferred Fund Advisor program. Through

these accounts, Bridge's market timing customer did not pay commissions to Bridge for each transaction placed on the market timing customer's behalf. Instead, Bridge and AG Edwards were paid quarterly fees ranging from 1% to 1.5% of the total assets in the market timing customer's accounts. Bridge received a total of \$39,808.53 in compensation for trading on behalf of his market timing customer.

18. Between September 2001 and September 2003, Bridge placed at least 2,898 trades on behalf of his market timing customer. Most of these trades were in mutual funds that prohibited market timing or strictly limited the number and frequency of trades in an effort to prevent market timing.

19. Bridge regularly communicated with his market timing customer and discussed specific trades, the flow of assets into and out of the customer's accounts and the opening of new accounts.

20. Between September 2001 and September 2003, Bridge and AG Edwards received at least 92 restriction notices from at least 21 different mutual fund companies objecting to Bridge's placement of market timing trades on behalf of his market timing customer. In addition, Bridge received other telephone calls and messages which requested that he stop placing market timing trades on behalf of the same customer.

21. After receiving copies of the restriction notices, Bridge repeatedly ignored the mutual fund companies' requests to cease trading and continued market timing on behalf of his customer. In order to avoid further detection by the mutual fund companies, Bridge engaged in a series of deceptive acts and practices to conceal his market timing activity from mutual fund companies.

22. For example, between September 2001 and September 2003, Bridge opened seven accounts at the Boca Raton branch office using the names of five entities affiliated with his market timing customer to avoid further detection of his customer's market timing activity by mutual fund companies.

23. Between September 2001 and September 2003, Bridge also opened eight accounts at the Lake Worth branch office using the names of four entities affiliated with his market timing customer. The reason Bridge opened multiple accounts for his market timing customer at more than one of AG Edwards' branches was to avoid mutual fund companies' restrictions against market timing activity.

24. As Bridge obtained accounts for his market timing customer at the Boca Raton and Lake Worth branch offices, he transferred his market timing customer's assets between the related accounts. Bridge transferred assets between the related accounts in order to place market timing trades on behalf of his customer in accounts that had not been restricted by the mutual fund companies.

25. In addition, after Bridge's own FC number was restricted from trading by mutual fund companies, Bridge used several additional FC identification numbers to place market timing trades on behalf of his market timing customer.

26. Between September 2001 and September 2003, Bridge requested and obtained at least 17 different split FC numbers with which he traded on behalf of his market timing customer. These split FC numbers were with FCs located in both the Boca Raton and Lake Worth branch offices. Most of the splits were with individuals who did little to service the market timing accounts. These individuals typically received between 10% and 20% of the commissions or fees for trades executed under the split FC numbers.

27. By using these deceptive acts and practices, Bridge was able to disguise his identity and the identity of his market timing customer and thus, gain access to mutual funds that previously attempted to stop him from market timing on behalf of his market timing customer.

### **Sacco's Market Timing**

28. Starting in approximately May 2002, Sacco began opening brokerage accounts for two market timing customers. Between May 2002 and September 2003, Sacco opened 142 separate accounts for his market timing customers. At all relevant times, Sacco knew that his market timing customers planned to use their accounts at AG Edwards to place market timing trades.

29. Between May 2002 and September 2003, Sacco placed more than 35,000 trades on behalf of his market timing customers. Most of these trades were in mutual funds that prohibited market timing or strictly limited the number and frequency of trades in an effort to prevent market timing.

30. Sacco regularly communicated with his market timing customers by telephone and e-mail concerning specific trades, the flow of assets into and out of their accounts and the opening of new accounts.

31. Between May 2002 and September 2003, Sacco and AG Edwards received more than 180 restriction notices from mutual fund companies objecting to Sacco's placement of market timing trades on behalf of his market timing customers. These restriction notices informed Sacco and AG Edwards that the fund companies had rejected particular trades or restricted Sacco and his market timing customers from further market timing.

32. After receiving copies of the restriction notices, Sacco repeatedly ignored the mutual fund companies' requests to cease trading and continued market timing on behalf of his customers. In order to avoid further detection by the mutual fund companies, Sacco engaged in a series of deceptive acts and practices to conceal his continuing market timing activity from mutual fund companies.

33. For example, between May 2002 and September 2003, Sacco opened 142 new accounts in the names of multiple entities affiliated with his market timing customers. Sacco used these accounts to avoid further detection of his market timing customers' market timing activity by mutual fund companies. Sacco also transferred assets between the related accounts after he received restriction notices.

34. Between May 2002 and September 2003, as Sacco received restriction notices from mutual fund companies related to his market timing trades, he requested and obtained at least nine different split FC numbers with which he traded on behalf of his market timing customers. Most of the splits were with individuals who did little to service Sacco's market timing customers and who received only 1% of the commissions or fees for trades executed under the split FC numbers.

35. By using these deceptive acts and practices, Sacco was able to disguise his identity and the identities of his market timing customers and thus, gain access to mutual funds that previously attempted to stop him from market timing on behalf of his market timing customers.

### **Edge's Supervisory Failures**

36. At all relevant times, Edge was Bridge's direct supervisor.

37. Between September 2001 and September 2003, Bridge opened 15 accounts at both the Boca Raton and Lake Worth branch offices in the names of several entities affiliated with Bridge's market timing customer. Bridge sought Edge's approval for the opening of each of these accounts. Despite the red flags raised by opening all of these accounts in two different branch offices for the same customer, Edge approved the opening of all of the accounts. By approving the opening of multiple accounts for the same customer, Edge allowed Bridge to conceal his identity and the identity of his market timing customer in order to continue market timing on behalf of his market timing customer and to circumvent the mutual fund companies' restrictions against market timing.

38. During the relevant time period, AG Edwards' mutual fund order room in St. Louis, Missouri sent restriction notices relating to Bridge's market timing to Edge. Edge did not take reasonable steps to follow up on these restriction notices.

39. Between September 2001 and September 2003, Bridge obtained and used 17 different split FC numbers to place market timing trades on behalf of his market timing customer. Bridge sought Edge's authorization before he made requests for the new split FC numbers. Despite the red flags raised by Bridge's multiple requests for split FC numbers to trade on behalf of the same customer, Edge approved Bridge's use of all of the split FC numbers. By approving Bridge's use of multiple split FC numbers, Edge allowed Bridge to conceal his identity and the identity of his market timing customer in order to continue market timing on behalf of his market timing customer and to circumvent mutual fund companies' restrictions against market timing.



40. Edge not only was aware that Bridge used multiple split FC numbers to place market timing trades on behalf of Bridge's market timing customer, but also helped Bridge select the FCs in the Boca Raton branch office with whom Bridge obtained split FC numbers.

41. During the relevant period, Edge was responsible for reviewing a daily trading report which detailed all trades placed by FCs under his supervision from the Boca Raton and Lake Worth offices, including trades placed by Bridge. However, Edge unreasonably delegated this authority for reviewing trades to Bridge, including the authority to review all of the trades that Bridge himself placed.

42. As branch manager of AG Edwards' Boca Raton and Lake Worth branch offices, Edge was responsible for supervising Bridge. However, Edge failed to respond to red flags indicating that Bridge was using deceptive tactics to conceal his identity and the identity of his customer from mutual fund companies. Edge also authorized the opening of new accounts and the issuance of split FC numbers which allowed Bridge to engage in deceptive market timing activity. Edge also failed to reasonably respond to red flags in the form of multiple restriction notices from mutual fund companies objecting to Bridge's market timing activity and Bridge's trading activity reflected in the daily trading report. If Edge had reasonably responded to these red flags, it is likely that he could have prevented or detected Bridge's fraudulent conduct. Thus, Edge failed reasonably to supervise Bridge.

### **Robles' Supervisory Failures**

43. From June 2002 to October 2003, Robles was Sacco's direct supervisor.

44. After Robles became Sacco's branch manager in June 2002, Sacco informed Robles that the majority of his business was related to his market timing customers.

45. Based on the revenue Sacco's market timing activity brought into the Boston Back Bay branch office, Robles rewarded Sacco by moving him to a window office which was located next to Robles' office, and provided Sacco with a parking space.

46. Between May 2002 and September 2003, Sacco opened 142 accounts in the names of several entities affiliated with his market timing customers. After Robles became Sacco's branch manager in June 2002, Sacco sought Robles' approval before he opened any new accounts on behalf of his market timing customers. Despite the red flags raised by opening all of these accounts for the same two customers, between June 2002 and October 2003, Robles himself, or through delegated authority to his assistant branch manager, approved the opening of most of the 142 accounts. By approving the opening of multiple accounts for the same customers, Robles allowed Sacco to conceal his identity and the identities of his market timing customers from mutual fund companies in order to continue market timing on behalf of his market timing customers and to circumvent mutual fund companies' restrictions against market timing.

47. Between June 2002 and September 2003, AG Edwards' mutual fund order room in St. Louis, Missouri sent restriction notices relating to Sacco's market timing to Robles. Robles did not take reasonable steps to follow up on these restriction notices.

48. Between May 2002 and September 2003, Sacco obtained and used nine different split FC numbers to place market timing trades on behalf of his market timing customer. Sacco sought Robles' authorization before he made requests for the new split FC numbers. Despite the red flags raised by Sacco's multiple requests for split FC numbers to trade on behalf of the same customers, Robles approved Sacco's use of most of these split FC numbers. By approving Sacco's use of multiple split FC numbers, Robles allowed Sacco to conceal his identity and the identities of his market timing customers from mutual fund companies in order to continue market timing on behalf of his market timing customers and to circumvent mutual fund companies' restrictions against market timing.

49. During the relevant time period, Robles reviewed the daily trading report which detailed all trades placed by FCs under his supervision from the Boston Back Bay branch office, including trades placed by Sacco.

50. As branch manager of AG Edwards' Boston Back Bay branch office, Robles was responsible for supervising Sacco. However, Robles failed to respond to red flags indicating that Sacco was using deceptive tactics to conceal his identity and the identity of his market timing customers from mutual fund companies. Robles also authorized the opening of new accounts and the issuance of split FC numbers which allowed Sacco to engage in deceptive market timing activity. Robles also failed to reasonably respond to red flags in the form of multiple restriction notices from mutual fund companies objecting to Sacco's market timing activity and Sacco's trading activity reflected in the daily trading report. If Robles had reasonably responded to these red flags, it is likely that he could have prevented or detected Sacco's fraudulent conduct. Thus, Robles failed reasonably to supervise Sacco.

### **Violations**

51. As a result of the conduct described above, Bridge willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

52. As a result of the conduct described above, Edge and Robles failed reasonably to supervise Bridge and Sacco with a view to preventing their violations of the federal securities laws. Section 15(b)(6)(A)(i) of the Exchange Act provides for the imposition of sanctions against persons associated with a broker or dealer who have failed reasonably to supervise, with a view to preventing violations of the securities laws, other persons who commit such violations, if such persons are subject to their supervision.

### III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent Bridge pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement plus prejudgment interest and civil penalties pursuant to Section 21B of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent Bridge pursuant to Section 9(b) of the Investment Company Act including, but not limited to, civil penalties pursuant to Section 9(d) of the Investment Company Act;

D. What, if any, remedial action is appropriate in the public interest against Respondents Edge and Robles pursuant to Section 15(b) of the Exchange Act including, but not limited to, civil penalties imposed pursuant to Section 21B of the Exchange Act.

E. Whether, pursuant to Section 8A of the Securities Act and Sections 15(b) and 21C of the Exchange Act, Respondent Bridge should be ordered to cease and desist from committing or causing violations of and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and whether Respondent Bridge should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act, Section 21C(e) of the Exchange Act and Section 9(e) of the Investment Company Act.

### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Nancy M. Morris  
Secretary