

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 8700 / May 31, 2006

SECURITIES EXCHANGE ACT OF 1934
Release No. 53891 / May 31, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12310

In the Matter of

**BEAR, STEARNS & CO. INC.; CITIGROUP
GLOBAL MARKETS, INC.; GOLDMAN,
SACHS & CO.; J.P. MORGAN SECURITIES,
INC.; LEHMAN BROTHERS INC.;
MERRILL LYNCH, PIERCE, FENNER &
SMITH INCORPORATED; MORGAN
STANLEY & CO. INCORPORATED AND
MORGAN STANLEY DW INC.; RBC DAIN
RAUSCHER INC.; BANC OF AMERICA
SECURITIES LLC; A.G. EDWARDS & SONS,
INC.; MORGAN KEEGAN & COMPANY,
INC.; PIPER JAFFRAY & CO.; SUNTRUST
CAPITAL MARKETS INC.; AND
WACHOVIA CAPITAL MARKETS, LLC,**

Respondents.

**ORDER UNDER SECTION 27(A)(b)
OF THE SECURITIES ACT OF 1933
AND SECTION 21E(b) OF THE
SECURITIES EXCHANGE ACT OF
1934, GRANTING WAIVERS OF
THE DISQUALIFICATION
PROVISIONS OF SECTION
27A(b)(1)(A)(ii) OF THE
SECURITIES ACT OF 1933 AND
SECTION 21E(b)(1)(A)(ii) OF THE
SECURITIES EXCHANGE ACT OF
1934 AS TO GOLDMAN, SACHS &
CO. AND ITS AFFILIATES**

Goldman, Sachs & Co. has submitted a letter on behalf of itself, its affiliates, and other offering participants, dated January 10, 2006, for a waiver of the disqualification provisions of Section 27A(b)(1)(A)(ii) of the Securities Act of 1933 ("Securities Act") and Section 21E(b)(1)(A)(ii) of the Securities Exchange Act of 1934 ("Exchange Act") arising from its settlement of an administrative proceeding commenced by the Commission. On May 31, 2006, pursuant to the Offer of Settlement by Goldman Sachs, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Section 15(b) of the Securities Exchange Act of 1934 (the "Order"). Under the Order, the Commission found that Goldman Sachs willfully violated Section 17(a)(2) of the Securities Act.

The Order censures Goldman Sachs and requires Goldman Sachs (1) to cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act; (2) within 10 days of the entry of this Order, to pay a civil money penalty in the amount of \$1,500,000 to the United States Treasury; (3) to make certain disclosures regarding its material auction practices and procedures ; and (4) not later than 6 months after the date of this order, unless otherwise extended by the staff of the Commission for good cause shown, have its chief executive officer or general counsel certify in writing to the staff of the Commission that Goldman Sachs has implemented procedures that are reasonably designed to prevent and detect failures by Goldman Sachs to conduct the auction process in accordance with the auction procedures disclosed in the disclosure documents and any supplemental disclosures and that Goldman Sachs is in compliance with Section IV.E. of the Order.

The safe harbor provisions of Section 27A(c) of the Securities Act and Section 21E(c) of the Exchange Act are not available for any forward looking statement that is “made with respect to the business or operations of an issuer, if the issuer . . . during the 3-year period preceding the date on which the statement was first made . . . has been made the subject of an . . . administrative decree or order arising out of a governmental action that (I) prohibits future violations of the antifraud provisions of the federal securities laws; (II) requires that the issuer cease and desist from violating the antifraud provisions of the securities laws; or (III) determines that the issuer violated the antifraud provisions of the securities laws[.]” Section 27A(b)(1)(A)(ii) of the Securities Act and Section 21E(b)(1)(A)(ii) of the Exchange Act. The disqualifications may be waived “to the extent otherwise specifically provided by rule, regulation, or order of the Commission.” Section 27A(b) of the Securities Act and Section 21E(b) of the Exchange Act.

Based on the representations set forth Goldman Sachs’ letter, the Commission has determined that, under the circumstances, the request for a waiver of the disqualifications resulting from the entry of the Order is appropriate and should be granted.

Accordingly, **IT IS ORDERED**, pursuant to Section 27A(b) of the Securities Act and Section 27E(b) of the Exchange Act, that a waiver from the disqualification provisions of Section 27A(b)(1)(A)(ii) of the Securities Act and Section 21E(b)(1)(A)(ii) of the Exchange Act as to Goldman Sachs, its affiliates, and other offering participants resulting from the entry of the Order is hereby granted.

By the Commission.

Nancy M. Morris
Secretary