

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 8670 / March 16, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12238

In the Matter of

BEAR, STEARNS & CO., INC. and
BEAR, STEARNS SECURITIES CORP.,

Respondents.

ORDER UNDER RULE 602(e) OF
THE SECURITIES ACT OF 1933
GRANTING A WAIVER OF THE
DISQUALIFICATION PROVISION
OF RULE 602(c)(3)

Bear, Stearns & Co., Inc. (“BS&Co.”) and Bear, Stearns Securities Corp. (“BSSC”) (together, “Respondents”) have submitted a letter, dated February 7, 2006, requesting a waiver of the disqualification from the exemption under Regulation E under the Securities Act of 1933 (“Securities Act”) arising from the settlement of a cease-and-desist and administrative proceeding commenced by the Commission. On March 16, 2006, pursuant to the Respondents’ Offer of Settlement, the Commission instituted 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, Sections 15(b) and 21C of the Securities Exchange Act of 1934, and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“OIP”) against Respondents.

The OIP censures Respondents and finds that (1) BS&Co. willfully violated Section 17(a) of the Securities Act, Sections 10(b), 15(c), and 17(a) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rules 10b-5, 15c1-2, and 17a-3(a)(6) thereunder, and willfully aided and abetted and caused violations of Section 17(a) of the Securities Act, Sections 10(b), 15(c) and 17(a) of the Exchange Act and Rules 10b-5, 15c1-2, and 17a-3(a)(6) thereunder, and Rule 22c-1(a) as adopted under Section 22(c) of the Investment Company Act of 1940 (“Investment Company Act”); (2) BSSC willfully violated Section 17(a) of the Securities Act, Sections 15(c) and 17(a) of the Exchange Act and Rules 15c1-2 and 17a-3(a)(6) thereunder, and Rule 22c-1(a) as adopted under Section 22(c) of the Investment Company Act, and willfully aided and abetted and caused violations of Section 17(a) of the Securities Act, Sections 15(c) and 17(a) of the Exchange Act and Rules 15c1-2 and 17a-3(a)(6) thereunder; (3) requires Respondents to cease and desist from committing or causing violations and future violations of the preceding provisions; (4) requires Respondents to pay, jointly and severally, \$160 million

in disgorgement and a \$90 million civil penalty; and (5) requires Respondents to comply with certain undertakings.

Regulation E provides an exemption from registration under the Securities Act, subject to certain conditions, for securities issued by certain small business investment companies and business development companies. The Regulation E exemption is not available for the securities of an issuer if, among other things, any investment adviser or underwriter for the securities to be offered is subject to an order of the Commission entered pursuant to Section 15(b) of the Exchange Act. *See* Rule 602(c)(3) under the Securities Act. The Commission may waive the disqualification upon a showing of good cause. *See* Rule 602(e) under the Securities Act.

Based on the representations set forth in Respondents' February 7, 2006 request, the Commission has determined that, pursuant to Rule 602(e), a showing of good cause has been made and that the request for a waiver of the disqualification should be granted.

Accordingly, **IT IS ORDERED**, pursuant to Rule 602(e) under the Securities Act, that a waiver of the disqualification provision of Rule 602(c)(3) under the Securities Act resulting from the entry of the OIP is hereby granted.

By the Commission.

Nancy M. Morris
Secretary