

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 67845 / September 12, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15020

In the Matter of

JILAINE H. BAUER, ESQ.,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS AND
IMPOSING TEMPORARY SUSPENSION
PURSUANT TO RULE 102(e)(3)(i)(B) OF
THE COMMISSION'S RULES OF
PRACTICE**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Jilaine H. Bauer, Esq. (“Respondent” or “Bauer”) pursuant to Rule 102(e)(3)(i)(B)¹ of the Commission’s Rules of Practice [17 C.F.R. § 200.102(e)(3)(i)(B)].

II.

The Commission finds that:

1. Jilaine H. Bauer, 57, at all relevant times was an attorney, and is the former general counsel, chief compliance officer, secretary, and senior vice president of Heartland Advisors, Inc. (“HAI”) and the former vice president of Heartland Group, Inc. (“Heartland Group”).

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, temporarily suspend from appearing or practicing before it any attorney . . . who has been by name: (A) [p]ermanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating . . . any provision of the Federal securities laws or of the rules and regulations thereunder; or (B) [f]ound by any court of competent jurisdiction in an action brought by the Commission to which he or she is a party . . . to have violated (unless the violation was found not to have been willful) . . . any provision of the Federal securities laws or of the rules and regulations thereunder.

2. On December 11, 2003, the Commission filed a complaint against Bauer and others in the United States District Court for the Eastern District of Wisconsin (the “Court”) alleging, among other things, that Bauer engaged in insider trading in the shares of Heartland Group’s Short Duration High-Yield Municipal Fund (“Short Duration Fund”). Securities and Exchange Commission v. Heartland Advisors, Inc., et al., Case No. 03-C-1427 (E.D. Wis.). Specifically, the complaint alleged that Bauer sold her shares with knowledge that the Short Duration Fund and Heartland Group’s High-Yield Municipal Bond Fund had liquidity and pricing problems. The complaint further alleged that Bauer was unjustly enriched in the amount of approximately \$20,000 when she sold her Short Duration Fund shares.

3. On May 25, 2011, the Court granted the SEC summary judgment on its insider trading claims against Bauer, finding that Bauer possessed material, non-public information when she redeemed her shares in the Short Duration Fund on October 3, 2000.

4. On June 15, 2012, the Court entered a judgment finding that Bauer violated Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and Section 36(a) of the Investment Company Act of 1940, and that Bauer acted with scienter.

III.

Based upon the foregoing, the Commission finds that a court of competent jurisdiction has found that Bauer, an attorney, violated the Federal securities laws within the meaning of Rule 102(e)(3)(i)(B) of the Commission’s Rules of Practice. In view of this finding, the Commission deems it appropriate and in the public interest that Bauer be temporarily suspended from appearing or practicing before the Commission.

IT IS HEREBY ORDERED that Bauer be, and hereby is, temporarily suspended from appearing or practicing before the Commission. This Order will be effective upon service on the Respondent.

IT IS FURTHER ORDERED that Bauer may, within thirty days after service of this Order, file a petition with the Commission to lift the temporary suspension. If the Commission receives no petition within thirty days after service of the Order, the suspension will become permanent pursuant to Rule 102(e)(3)(ii).

If a petition is received within thirty days after service of this Order, the Commission will, within thirty days after the filing of the petition, either lift the temporary suspension, or set the matter down for hearing at a time and place to be designated by the Commission, or both. If a hearing is ordered, following the hearing, the Commission may lift the suspension, censure the petitioner, or disqualify the petitioner from appearing or practicing before the Commission for a period of time, or permanently, pursuant to Rule 102(e)(3)(iii).

This Order shall be served upon Bauer personally or by certified mail at her last known address.

By the Commission.

Elizabeth M. Murphy
Secretary