

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SECURITIES EXCHANGE ACT OF 1934
Release No. 53206/February 2, 2006

INVESTMENT ADVISERS ACT OF 1940
Release No. 2478/February 2, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12129

In the Matter of	:	
	:	ORDER MAKING FINDINGS AND
SKIFTER AJRO	:	IMPOSING SANCTIONS BY DEFAULT

SUMMARY

This Order bars Skifter Ajro (Ajro) from association with a broker or dealer or with an investment adviser. Ajro previously pleaded guilty to charges of securities and wire fraud.

I. BACKGROUND

The Securities and Exchange Commission (Commission) issued its Order Instituting Proceedings (OIP) against Ajro on December 16, 2005, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act) and Section 203(f) of the Investment Advisers Act of 1940 (Advisers Act). The OIP alleges that he pleaded guilty to four counts of securities and wire fraud based on his wrongdoing from 2001 through 2003 while associated with Prudential Securities, Inc. (PSI), a registered broker-dealer and investment adviser.

Ajro was served with the OIP on December 27, 2005. Accordingly, his Answer to the OIP was due by January 17, 2006, that is, within twenty days of service. See 17 C.F.R. § 201.220(b); OIP at 3. To date, Ajro has failed to file an Answer or send any other correspondence to the Commission.¹ Thus, Ajro has failed to answer or otherwise to defend the proceeding within the meaning of 17 C.F.R. § 201.155(a)(2). Thus, he is in default, and the undersigned finds that the allegations in the OIP are true.² See 17 C.F.R. §§ 201.155(a), .220(f).

¹ The Division of Enforcement filed a Motion for Default (Motion) on January 26, 2006. However, the service certificate attached to the Motion did not indicate service on Respondent Ajro.

² Previously, Ajro was advised that if he failed to file an Answer to the OIP, the undersigned would enter an order barring him from association with a broker or dealer or with an investment

II. FINDINGS OF FACT

From April 2001 until at least June 2003, Ajro was associated with a registered broker-dealer and investment adviser, PSI. On August 9, 2005, Ajro pleaded guilty to two counts of violating Section 10(b) of the Exchange Act and two counts of wire fraud in United States v. Ajro, No. 05-CR-10194-NMG (D. Mass). The criminal information to which he pleaded guilty alleged that, from April 2001 through October 2003, Ajro defrauded mutual funds by employing various deceptive acts to execute prohibited market timing trades on behalf of seven hedge fund customers. His conduct, intended to avoid detection by mutual funds, included creating and using multiple customer account numbers and financial adviser numbers as well as making affirmative false representations and material omissions to employees at mutual fund companies about the true nature and extent of his market timing. He continued to engage in this conduct even after he was notified repeatedly that mutual fund companies prohibited his customers' market timing activity and that some mutual funds had precluded him from further trading because of repeated violations of their prospectus limitations. Ajro generated more than \$200,000 in net commissions from his fraudulent scheme.

III. CONCLUSIONS OF LAW

Ajro has been convicted, within ten years of the commencement of this proceeding, of a felony that “involves the purchase or sale of any security,” “arises out of the conduct of the business of a broker, dealer, [or] investment adviser,” and “involves the violation of section . . . 1341 . . . or 1343 . . . of title 18, United States Code” within the meaning of Section 203(e)(2)(A), (B), and (D) and Section 203(f) of the Advisers Act. The Advisers Act defines “convicted” to include a “plea of guilty.” See Section 202(a)(6) of the Advisers Act.

IV. SANCTION

Ajro will be barred from association with a broker or dealer or with an investment adviser. This sanction will serve the public interest and the protection of investors, pursuant to Section 15(b) of the Exchange Act and Section 203(f) of the Advisers Act. It accords with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981). Ajro's unlawful conduct in carrying out his business while associated with a broker-dealer and an investment adviser was recurring and egregious, extending over a period of several years. There are no mitigating circumstances.

V. ORDER

IT IS ORDERED that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, SKIFTER AJRO IS BARRED from association with a broker or dealer.

adviser. See Skifter Ajro, Admin. Proc. No. 3-12129 (A.L.J. Jan. 13, 2006) (unpublished) (citing 17 C.F.R. §§ 201.154(b), .155(a), .220(f)).

IT IS FURTHER ORDERED that, pursuant to Section 203(f) of the Investment Advisers Act of 1940, SKIFTER AJRO IS BARRED from association with an investment adviser.

Carol Fox Foelak
Administrative Law Judge