UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
March 22, 2007

ADMINISTRATIVE PROCEEDING
File No. 3-12596

In the Matter of **SALVATORE F. SODANO,** **Respondent.**	**ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION 19(h) OF THE SECURITIES EXCHANGE ACT OF 1934 AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission ("Commission") deems it necessary and appropriate in the public interest and for the protection of investors that public administrative proceedings be, and hereby are, instituted pursuant to Section 19(h)(4) of the Securities Exchange Act of 1934 ("Exchange Act") against Salvatore F. Sodano ("Sodano" or "Respondent").

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. **Salvatore F. Sodano**, age 51, resides in Nissequogue, New York. From September 1999 until January 2005, Sodano was Chairman and Chief Executive Officer ("CEO") of the American Stock Exchange LLC. Sodano resigned as CEO in January 2005 and as Chairman in April 2005.

B. RELEVANT ENTITY

2. **American Stock Exchange LLC** ("Amex" or "Exchange"), located in New York, New York, is a national securities exchange registered with the Commission pursuant to Section 6 of the Exchange Act. From 1998 until December 2004, the Amex was a subsidiary of NASD, Inc. ("NASD"). At all relevant times, however, the Amex was its own self-regulatory organization ("SRO") with all of an SRO's attendant obligations under the Exchange Act. Simultaneous with the

filing of these proceedings, the Commission is filing a settled Order Instituting Public Administrative Proceedings Pursuant to Sections 19(h)(1) and 21C of the Exchange Act against the Amex making findings, ordering compliance with undertakings and imposing a censure and cease-and-desist order for violations of Sections 17(a)(1) and 19(g)(1) of the Exchange Act and Exchange Act Rule 17a-1.

C. **FACTS**

Summary

3. As an SRO, the Amex is a quasi-governmental body that has responsibilities fundamental to the enforcement of the federal securities laws. The Amex and its officers have an obligation to comply, and to enforce compliance by its members, with the Exchange Act, the rules and regulations thereunder, and the Exchange's own rules. As the Amex's Chairman and CEO, Sodano failed to enforce compliance with federal securities laws, rules and regulations ("federal securities laws"), and Amex rules by the Amex's members and persons associated with the Amex's members.

4. In September 2000, the Commission, prompted by a 1999 inspection report by the Commission's Office of Compliance Inspections and Examinations ("OCIE"), instituted a settled administrative proceeding against the Amex in which the Commission found, among other things, that the Amex had failed to adequately enforce certain option order handling rules including critical customer-protection rules relating to firm quote and trading ahead ("September 2000 Order"). Although the Commission's order required the Amex to enhance and improve its regulatory programs for enforcing these rules, an inspection by OCIE ending in June 2003 revealed that, years later, the Amex had failed to do so. Additional internal reviews revealed similar failures. In fact, several of the Amex's representations made to OCIE staff following the September 2000 Order regarding steps the Amex purportedly had taken to improve its regulatory function in its options markets proved to be inaccurate and misleading.

5. Amex's regulation of its equities markets and its floor brokers had shortcomings similar to those in the Amex's options regulation. Many of these shortcomings remained after OCIE inspection reports alerted the Amex to them years earlier. These deficiencies in both the options and equities markets were emblematic of Sodano's failure to ensure that the Amex maintained an adequate regulatory program.

6. The Amex's regulatory deficiencies resulted in large part from Sodano's failure to pay adequate attention to regulation, to put in place an oversight structure, to ensure the regulatory staff was properly trained, and to dedicate sufficient resources to ensure that the Exchange was meeting its regulatory obligations. These failures were particularly significant with respect to the options market because Sodano knew the Exchange was subject to the September 2000 Order, which identified numerous regulatory failures in that area. Sodano's inattention to and apparent lack of interest in regulation filtered down the management chain creating an environment in which

regulation was not a priority and, therefore, compliance with the securities laws and Amex's rules was not enforced.

7. Notwithstanding numerous red flags throughout the period 1999 to 2004, Sodano failed to fulfill his responsibilities as an officer of the Exchange to enforce compliance with federal securities laws and the Amex's rules.

Sodano's Overall Responsibility

8. Pursuant to the Exchange Act, Sodano, as an officer of the Amex, had an obligation to enforce compliance with the federal securities laws and regulations and the Amex's rules by Amex members and persons associated with members. In addition, Sodano had numerous responsibilities that impacted the Amex and its employees' ability to discharge the Amex's regulatory responsibilities.

9. At all relevant times, Sodano was in charge of ensuring that the Amex had a viable, properly working oversight structure for its regulatory department. Sodano was also responsible for approving budgets, including those related to personnel and technology. In addition, Sodano was responsible for ensuring that regulatory personnel were adequately trained at all levels and that managers were qualified and prepared to oversee the regulatory departments. Sodano also was responsible for ensuring the Amex's compliance with its undertakings agreed to as part of the September 2000 Order, as well as with other commitments the Amex had made to Commission staff in response to numerous OCIE reports.

10. As described in more detail below, Sodano failed to carry out his regulatory responsibilities. As a result, the Amex was not adequately enforcing the federal securities laws and the Amex's rules. In sum, Sodano without reasonable justification or excuse, failed to enforce compliance with the federal securities laws and the Amex's rules by Amex members and persons associated with those members.

The Amex's Regulatory Failures

Prior Commission Action

11. On September 11, 2000, the Commission issued the above-referenced September 2000 Order, to which the Amex consented, finding, in relevant part, that the Amex had failed effectively to enforce compliance by its members with Exchange rules, policies, or procedures relating to options order handling and the federal securities laws more broadly. See In the Matter of Certain Activities of Options Exchanges, Exchange Act Rel. No. 43268 (Sept. 11, 2000) (September 2000 Order against the Amex and three other options exchanges).

12. In the September 2000 Order, the Commission found that the Amex had failed to surveil for, or to take appropriate action with respect to evidence of, violations of the firm quote rule, the customer priority rule, the limit order display rule, and the trade reporting rules. These

rules were designed to protect investors and provide some of the primary safeguards against execution abuses by specialists on the Amex's trading floor. In addition, the Commission found that, in many instances where violations were found, the Amex did not impose adequate sanctions.

13. The Amex consented to the issuance of the September 2000 Order and to specific undertakings. The relevant undertakings included requirements that the Amex promptly enhance and improve its surveillance, investigative, and enforcement processes and activities with respect to options order handling rules, including the duty of best execution with respect to the handling of orders after the broker-dealer routes the order to the Exchange, compliance with the limit order display rules, priority rules, trade reporting and firm quote rules. The undertakings also required the Amex to provide Commission staff with annual affirmations detailing the Amex's progress in complying with the September 2000 Order. Sodano, as CEO and Chairman of the Board, participated in the Amex's decision to consent to these and other undertakings and was responsible for ensuring the Amex's compliance with its obligations. Nonetheless, the Amex failed to comply with these obligations.

Inadequate Surveillance, Investigatory, and Enforcement Programs Related to the Amex's Options Markets

14. From at least 1999, Sodano was on notice that the Amex's surveillance, investigatory, and enforcement programs were inadequate. In July 1999, OCIE issued an inspection report ("July 1999 OCIE Report") in which the staff concluded that the Amex had failed to fulfill its regulatory responsibility to effectively enforce compliance by its members with Exchange rules and federal securities laws relating to order handling practices. The Amex's regulatory program, most of which was overseen and executed through the Amex's Member Firm Regulation Department ("MFR"), had significant deficiencies in surveillance for and enforcement of numerous critical investor protection rules. The OCIE staff made numerous recommendations on how the Amex could remedy the staff's principal findings. Sodano received this report and personally responded to it.

15. Sodano was put on notice of additional problems with the Exchange's derivatives and equities surveillance and enforcement programs a few months later when OCIE issued an additional inspection report in November 1999 ("November 1999 OCIE Report"). Thus, Sodano was on notice that the Amex's regulatory problems were widespread and not limited just to the Amex's options market.

16. Notwithstanding the September 2000 Order and the July and November 1999 OCIE Reports, as late as 2004, there remained significant deficiencies in the Amex's surveillance, investigatory, and disciplinary programs within the Amex's MFR. These deficiencies were most acute regarding the firm quote, customer priority, trade reporting, limit order display, as well as other options order handling rules. Many of the same deficiencies persisted from 1999 to 2004 without adequate remedial efforts by Sodano.

17. During the relevant time, the Derivatives Trading Analysis Department ("DTA") was a department within MFR primarily responsible for the Amex's regulatory surveillance

program for the derivatives and options markets. In January 2002, the Amex formed the Best Execution Department ("Best Ex") within DTA specifically to conduct surveillance reviews and investigations into whether Amex members complied with options order handling rules. Best Ex was responsible for reviewing surveillance reports for violations of the firm quote, trading ahead, trade reporting, and stopped order rules, and the limit order display obligation. DTA failed to adequately fulfill its regulatory function in many critical respects.

18. When Best Ex was formed, the Amex contemplated that the department would have five individuals to carry out its functions. During the relevant time, however, Best Ex never had a staff of five. It initially had a staff of four and thereafter had four or fewer individuals (including a period of only two). The lack of staff in Best Ex was a significant contributing factor to the Amex's inadequate surveillance, investigative, and enforcement programs for options order handling rules.

19. At all relevant times, Sodano was responsible for approval of personnel and technology budgets. Sodano ordered and/or approved hiring freezes and other budgetary constraints and poorly managed technology spending, which contributed to Best Ex's and DTA's failures. In addition, Sodano failed to ensure that regulatory personnel were adequately trained and similarly failed to take other basic management steps to oversee these regulatory departments. These failures allowed the regulatory deficiencies to persist unabated in the wake of the September 2000 Order and repeated negative OCIE inspection reports.

20. From 2000 through 2003, Sodano failed to enforce compliance with the Exchange's firm quote rule, priority rules, limit order display rule, trade reporting rule, busted and adjusted trades rule, stopped order rule, and related Exchange Act rules, as described in an OCIE staff inspection report issued in June 2003 ("June 2003 OCIE Report").

21. Although the Commission's September 2000 Order required the Amex to enhance and improve its regulatory programs for enforcing the option order handling rules, the Amex failed to do so. The Amex did not comply with the September 2000 Order to promptly enhance and improve its surveillance, investigative, and enforcement processes with respect to compliance with the options order handling rules.

22. Although the June 2003 OCIE Report detailed multiple, specific findings, notably the staff found that the Amex had not meaningfully enforced the firm quote rule since it became effective in April 2001. The report also detailed serious deficiencies in the Amex's regulatory programs related to trade reporting, trading ahead, limit order display, and best execution, as well as significant deficiencies with respect to the documentation maintained in the Amex's surveillance and investigative files.

23. The regulatory problems related to options order handling were so fundamental that the Amex even lacked basic documentation supporting its options surveillance, investigatory, and enforcement activities. The Amex, for example, failed to uniformly maintain in its case files the surveillance reports that gave rise to investigations, lacked audit trail data to support the potential applicability of exceptions to the firm quote rule, failed to maintain analyses and supporting documentation related to reviews of certain surveillance reports, and failed to make or keep records

of floor official approval and customer consent to busted and adjusted trades. Not only were Amex investigative files incomplete, but in an internal review in 2003, the Amex was unable even to locate many investigative files. In some instances, documents in case files were dated after the Amex's case tracking log reflected that the matters had been closed. In other instances, case files lacked documentation of how the matters were resolved. The Amex's record keeping problems are a result of, and provide further evidence of, Sodano's significant inattention to regulation.

24. Notwithstanding a specific undertaking pursuant to the September 2000 Order, the Amex failed to furnish complete, timely or accurate affirmations detailing the Amex's compliance with the Order. Sodano took no action to timely comply with this requirement and otherwise failed to ensure that the Amex undertook its responsibilities under the September 2000 Order, as detailed in the June 2003 OCIE Report. Without notice or a request for an extension of time, the Amex submitted the first affirmation (for 2001) almost five months late and did not even begin work on it until after its due date. The second affirmation (for 2002) was also submitted almost five months late. In addition, the first affirmation contained numerous false representations, and the second affirmation, which was short and conclusory in nature, did not correct these misrepresentations.

25. The affirmations are another example of an Amex obligation under the September 2000 Order for which Sodano abdicated responsibility. Sodano did not make specific delegations of responsibility or establish a framework to comply with this important obligation, and he took no action to ensure that affirmations to Commission staff under the Commission Order were made timely, accurately, or completely. Sodano's poor management over this process led to confusion and inaction by Amex staff, which ultimately led to the Amex's violations related to the affirmations.

26. Sodano failed to enforce numerous rules related to the Amex's options markets as detailed in the June 2003 OCIE Report, and he had no reasonable justification or excuse for failing to do so.

Inadequate Compliance With Rules Related to Equity Trading and Floor Brokers

27. The Amex also failed adequately to surveil for and enforce compliance with certain equity trading rules by its specialists, including the limit order display rule, trading ahead rule, and the firm quote rule. The majority of the Amex's other equity trading surveillances had similar deficiencies in that they were not performed, were conducted only sporadically, or had parameters that did not result in sufficient surveillance. These failures persisted until at least 2004.

28. Many of these deficiencies were brought to the Amex's attention in the November 1999 OCIE Inspection Report. This report detailed widespread problems within the Equity Trading Analysis division ("ETA"), including inadequate surveillance procedures and automation, as well as problems related to disciplinary processes and procedures, enforcement problems, and the Exchange's failures to implement several previous staff recommendations. These deficiencies

involved many of the same issues identified as problematic with respect to the options market in 1999, including the priority rules, limit order display rule, and trade reporting rule.

29. Many of these problems in the Exchange's equities surveillance programs still persisted as late as the middle of 2004.

30. Surveillance for floor broker trading was also inadequate. Several of the floor broker surveillances, including surveillance for frontrunning (when a trader takes a position in a security to profit from advance, nonpublic knowledge of an imminent order that may affect the market price of that security) either were not conducted at all or were conducted sporadically.

31. Many of these deficiencies were brought to Sodano's attention in a January 2001 OCIE inspection report. Although the report details specific findings, notably the OCIE staff found that the Amex did not even have a surveillance program in place to review floor broker equity trading, and that the surveillance programs related to floor broker options trading were inadequate. The staff also found that the Exchange infrequently and insufficiently conducted floor-broker examinations. The staff informed the Amex that these examination deficiencies contributed to a lack of floor-broker compliance with applicable federal securities laws and Exchange rules pertaining to books and records retention.

32. Many of these problems in the Amex's surveillance programs related to floor brokers still persisted as late as the middle of 2004.

33. As with its options market regulation, the Amex similarly failed to maintain complete and accurate documentation regarding its equity and floor-broker regulatory programs. For example, documentation relating to several surveillances in these areas was missing, and the Amex was unable to electronically generate accurate surveillance logs. A lack of qualified individuals and insufficient supervision and proper training of those individuals contributed to the Amex's failure to make and keep accurate records of its surveillances. All these deficiencies contributed to the Amex's failure adequately to surveil for violations by equity specialists and floor brokers. The Amex's record keeping problems are a result of, and provide further evidence of, Sodano's significant inattention to regulation.

34. Sodano failed to discharge his obligations to enforce compliance with the Amex's equity trading and floor broker rules, and there was no reasonable justification or excuse for these failures. In addition, Sodano did not take meaningful steps in response to the significant issues pointed out to him about the Amex's surveillance and enforcement regarding equity trading and floor broker rules.

<u>Sodano's Specific Failures Related to the Amex's Regulatory Program</u>

35. The failures described above were the result of ineffective oversight by Sodano over the Amex's regulatory program.

36. During the relevant time, Sodano devised a three-person management entity, which he called the Office of the Chairman ("OOC"). The OOC was comprised of Sodano as Chief Executive Officer, the General Counsel, and the Amex's President. There existed no formal delegation within the OOC assigning its members specific responsibility for particular areas of the Amex, which created confusion at the Amex regarding who reported to whom and contributed significantly to the mismanagement of the regulatory division.

37. A principal reason the Amex's regulatory program was so deficient, and remained so, was Sodano's failure to exercise basic oversight over regulation. These failures were particularly unreasonable given the Amex's lack of steady leadership in MFR and the undertakings the Amex had agreed to in the September 2000 Order. Following the September 2000 Order, MFR had three different directors in three years. One director only worked part-time at the Amex, while another had insufficient experience in options regulation. Another director of MFR was terminated for cause after only eighteen months. These circumstances should have triggered even greater oversight over MFR by Sodano than normally might have been expected. During a time of known regulatory problems, Sodano failed to adequately review or oversee MFR's regulatory programs.

38. Evidence of Sodano's lack of oversight includes the fact that he neither requested nor received any regular reporting regarding regulation, such as statistics on the number of investigations the Amex opened, the length of time investigations were open, the types of violations occurring, compliance rates of various members, compliance regarding various rules, the number of referrals to the Enforcement Department, the number of referrals to the MFV Disciplinary Committee, and the disposition of cases. Without such information, Sodano had no measure of the effectiveness of the Amex's regulatory program. These omissions are remarkable against the backdrop of the repeated critical OCIE inspection reports he received indicating that the Amex had serious regulatory problems and was failing even to fulfill its commitments from prior reports.

39. Further evidence of Sodano's failure to adequately oversee regulation includes the lack of any centralized tracking system for monitoring the Amex's commitments to regulators. This was true, for example, regarding inspection reports generally and even for the Exchange's undertakings in the September 2000 Order. Because no one was monitoring the Amex's compliance with its regulatory commitments, many of them were ignored. Ultimate responsibility within the Amex for the regulatory commitments belonged to Sodano, who neglected these responsibilities without reasonable justification or excuse.

40. Poor management of the Amex's technology spending also contributed to its regulatory failures. Although Sodano authorized significant expenditures for technology, those sums were both inadequate and poorly managed. As a result, the Amex's trading systems, audit trails, and surveillance remained outdated throughout Sodano's tenure while millions of dollars were wasted on temporary solutions to ongoing problems.

41. Another contributing factor to the Amex's regulatory failures included Sodano's failure to ensure that Amex staff was properly trained. New personnel had limited training

available, and there was no regular, ongoing training program for regulatory personnel. In fact, Sodano did not require mandatory training for the regulatory staff until after the June 2003 OCIE Report.

42. Despite regulation being a fundamental responsibility for the head of an SRO, Sodano paid scant attention to the Amex's regulatory program. Instead, Sodano set a consistent tone that business initiatives were the Amex's top priority and that regulation was relatively unimportant. This message was felt throughout MFR and caused significant morale issues within MFR. The morale issues were brought to Sodano's attention.

43. Sodano ignored the morale problems caused by his inattention to regulation, which further exacerbated the regulatory problems. Even when Sodano was demanding that Amex employees make sacrifices through budget cuts and hiring freezes, Sodano exempted the OOC from these strictures. Not only did Sodano receive pay raises, substantial bonuses, and maintain his perquisites, but his conduct exacerbated the feeling of employees that the OOC did not view themselves as part of the same team as the rest of the Exchange. The fact that Sodano failed to heed specific warnings about significant morale issues caused by his actions and inattention to regulation further demonstrates Sodano's lack of concern for regulatory issues.

44. Throughout Sodano's tenure as CEO, there were continuous red flags that the Amex was failing to meet its regulatory responsibilities. The most significant such red flag was the September 2000 Order. Sodano also received over an extended period of time highly critical OCIE inspection reports covering many areas of the Amex's regulatory program. Many of these reports also pointed out the Amex's failure to correct deficiencies already highlighted in previous reports. These inspection reports alone should have alerted Sodano to the extensive problems in MFR. Even internally at the Amex, specific problems regarding the Amex's regulatory program were brought to Sodano's attention. Particularly in the wake of the September 2000 Order, however, Sodano, as CEO of the Amex, was obligated to take affirmative steps to ensure that the Amex substantially improved its regulation specifically regarding options order handling.

45. There existed multiple red flags that the Amex was failing specifically to comply with the September 2000 Order. From shortly after the September 2000 Order until OCIE's June 16, 2003 inspection report, the Amex received continuing negative feedback in many forms from OCIE staff regarding the Amex's compliance with the September 2000 Order. In at least one meeting and one letter to the Exchange, OCIE staff raised specific concerns about the Amex's insufficient progress in implementing the undertakings. Sodano also learned that OCIE staff shared their concerns with NASD management regarding the Amex's lack of commitment to implementing the undertakings. In addition, three OCIE inspection reports received by Sodano in 2001 and 2002 detailed additional, serious problems with the Amex's regulation, which should have triggered attention by Sodano to the Amex's regulatory program. Amex staff similarly brought to management's attention, including Sodano, that serious regulatory problems existed. Sodano, however, failed to take reasonable steps to ensure that the Amex was progressing in its compliance with the September 2000 Order.

46. Sodano used the regulatory problems for his own financial gain. In a January 2001 memo to the NASD (the parent company of the Amex), Sodano acknowledged that the Amex's regulatory function needed to be completely reinvented and upgraded with staff, technology, rule changes, and policies. Sodano identified these regulatory problems as one of the significant issues facing Amex senior management. Sodano, however, used them, not to secure assistance from the NASD to fix these problems, but rather as a justification for seeking additional employment benefits for himself and the other members of the OOC. Yet despite exploiting these issues to secure greater compensation, Sodano did little to actually address the regulatory problems he had acknowledged and had responsibility for fixing.

47. Beginning in 2002, Sodano's focus away from regulation became even more acute when he began focusing increasingly on finding a buyer for the Amex. Under his contract, Sodano stood to make millions of dollars in the event of a merger, consolidation, other reorganization, or sale of the Amex's assets.

48. The severe budget restrictions implemented by the OOC between 2001 and 2002 were an additional impediment to the Amex's regulatory program. Throughout 2001 and 2002, Sodano sent out multiple memoranda to Amex managers announcing severe budget restrictions, salary freezes, and hiring freezes. Notwithstanding the September 2000 Order and the Amex's responsibilities as an SRO, Sodano made clear that all Amex departments were subject to these budget restrictions, which included regulation. Even MFR had to demonstrate how hiring an individual would save the Amex costs or generate revenues when requesting staff replacements. On its own, meeting regulatory responsibilities was not a valid business justification.

49. More generally, from 2000-2003, critical areas within MFR were continuously understaffed. During this period, some managers in MFR continued to push for more hiring and tried to create business justifications for hiring, but they believed Sodano's mandate made trying to fill positions fruitless. As a result of the hiring restrictions, regulatory headcounts decreased in many significant departments.

50. Despite the severe cost-cutting measures across the Amex, including salary freezes, the OOC did not have its budget or perquisites reduced. To the contrary, Sodano's compensation continued to increase. Initially, he was guaranteed a minimum of $1.5 million per year plus an additional bonus after two years equal to two years annual salary. His salary and bonus were raised in 2001 and substantial additional retirement benefits were added. In 2002, at the height of Sodano's hiring freeze and budget restrictions, his contract was amended again to provide additional lucrative benefits including a second "additional benefit" equal to two years salary payable on December 31, 2004. In addition, throughout his tenure, Sodano continued to enjoy additional perquisites such as club memberships and the use of a luxury automobile and driver.

D. <u>VIOLATIONS</u>

As a result of the conduct described above, Sodano, as the Chairman and CEO of the Amex, without reasonable justification or excuse, failed to enforce compliance with the Exchange Act, the rules and regulations thereunder, and the Amex's rules. Therefore, it is necessary and appropriate in the public interest, for the protection of investors and in furtherance of the purposes of the Exchange Act, to bring this proceeding under Section 19(h)(4) of the Exchange Act against Sodano.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest, for the protection of investors and in furtherance of the purposes of the Exchange Act that public administrative proceedings be instituted to determine:

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

B. What, if any, remedial action is appropriate in the public interest against Sodano pursuant to Section 19(h)(4) of the Exchange 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 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 Sodano 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 Sodano fails to file the directed answer, or fails to appear at a hearing after being duly notified, Sodano may be deemed in default and the proceedings may be determined against him 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 Sodano 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