

U.S. SECURITIES AND EXCHANGE COMMISSION

INVESTMENT COMPANY ACT OF 1940
RELEASE NO. 27497 / September 25, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12429

**SEC'S DIVISION OF ENFORCEMENT CHARGES FORMER GENERAL
COUNSEL OF J.B. OXFORD HOLDINGS AND ITS BROKER-DEALER
SUBSIDIARIES FOR HIS INVOLVEMENT IN LATE TRADING SCHEME**

The Securities and Exchange Commission's Division of Enforcement today announced an enforcement action in the nature of a cease-and-desist proceeding against Scott G. Monson, the former general counsel of JB Oxford Holdings, Inc. (JBOH), and its wholly owned broker-dealer firms, JB Oxford & Co. and National Clearing Corporation (NCC), for his conduct in connection with an illegal late trading scheme facilitated by NCC on behalf of numerous institutional customers.

As alleged in the Order Instituting Proceedings, from June 2002 to September 2003, NCC's mutual fund department personnel facilitated over 12,000 late mutual fund trades in over 600 funds. NCC's president and others at the firm negotiated agreements providing NCC's institutional customers with the ability to confirm, cancel, or revise mutual fund trades after 4:00 p.m. Eastern time, the time at or as of which the relevant mutual funds calculated their net asset value (NAV) after that day's fund trading. These trades in the funds may have been based on subsequent market information not reflected in such price and not available to other fund shareholders required to make trading decisions before 4:00 p.m. The Order alleges that Monson drafted the agreement that NCC used to memorialize the late trading relationship with the institutional customers.

The Order further alleges that, in preparing the agreement, Monson failed to undertake any substantive analysis, such as considering the legality or propriety of late trading, and failed to review the SEC's rules and regulations or even consult NCC's compliance director to determine whether it was appropriate for NCC to accept mutual fund trades after 4:00 p.m. Eastern time for pricing at 4:00 p.m. The Order alleges that, as the firm's general counsel and the person charged with drafting the agreement, Monson was in the best position to determine whether the agreement was in compliance with SEC rules and regulations.

The Order alleges that Monson failed to take appropriate and reasonable steps to ensure that the late trading agreement was in compliance with SEC rules and regulations, and that therefore he was a cause of NCC's violations of Commission Rule 22c-1, promulgated under Section 22(c) of the Investment Company Act of 1940, based on acts or omissions that he knew or should have known would contribute to those violations.

An Administrative Law Judge will conduct a hearing to determine whether the allegations set forth in the Order are true, and in connection therewith, to afford Monson an opportunity to establish any defenses to the allegations, and whether, pursuant to Section 9(f) of the Investment Company Act, as a remedial act, Monson should be ordered to cease and desist from causing violations of, and any future violations of, Rule 22c-1 promulgated under Section 22c of the Investment Company Act.