

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 55763 / May 15, 2007

INVESTMENT ADVISERS ACT OF 1940
Release No. 2603 / May 15, 2007

ADMINISTRATIVE PROCEEDING
File No. 3-12636

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In the Matter of	:	
GEORGE B. FASCIANO,	:	
Respondent.	:	ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION 15(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 203(f) OF THE INVESTMENT ADVISERS ACT OF 1940 MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS
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I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted 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”) against George B. Fasciano (“Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III., Paragraph 2, below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the

Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Fasciano, age 34, was a Vice President and registered representative in the Private Client Group at Southwest Securities, Inc. (“Southwest” or the “Firm”), a dually registered broker-dealer and investment adviser, until the Firm terminated his employment in April 2004. Fasciano has the following NASD licenses: General Securities Representative (Series 7), Uniform Securities Agent State Law (Series 63), and Registered Investment Adviser (Series 65).

2. On April 23, 2007, a final judgment was entered by consent against Fasciano, permanently enjoining him from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled *SEC v. Gann*, Civil Action Number 3:05-CV-0063-L/NDTX, in the United States District Court for the Northern District of Texas, Dallas Division. The Court further ordered Fasciano to pay disgorgement in the amount of \$56,000, plus prejudgment interest thereon in the amount of \$4,929.91, and a civil penalty in the amount of \$30,000.

3. The Commission’s complaint alleged that Fasciano and others (“Defendants”) engaged in a scheme to defraud hundreds of mutual funds and their shareholders by engaging in deceptive market timing practices on behalf of a single client, a hedge fund adviser based in New York (“Hedge Fund”). Knowing that the mutual fund companies in which the Defendants wished to trade monitored activity in their family of mutual funds, restricted excessive trading and had previously blocked the Hedge Fund from trading, Defendants engaged in a fraudulent scheme to disguise their market timing trading, and thereby circumvented trading restrictions imposed by the fund companies. Specifically, Defendants routinely and systematically (i) concealed their own identities and the identity of the Hedge Fund, (ii) created multiple accounts for the Hedge Fund and used several broker identification numbers to process market timing trades, (iii) divided trades into amounts designed to evade detection, and (iv) used different branch identification numbers to disguise their trading activity. Using these fraudulent tactics, Defendants placed thousands of market timing trades for the Hedge Fund that would have otherwise been rejected by the fund companies. As a result, Defendants caused harm to mutual fund companies and their shareholders by diluting the value of the mutual fund shares and increasing the transaction costs associated with the management of the mutual funds.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Fasciano's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Fasciano be, and hereby is barred from association with any broker, dealer, or investment adviser, with a right to reapply for association after two (2) years to the appropriate self-regulatory organization, or if there is none, to the Commission;

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (i) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (ii) any arbitration award related to the conduct that served as the basis for the Commission order; (iii) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (iv) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Nancy M. Morris
Secretary