UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 53198 / January 31, 2006

Administrative Proceeding File No. 3-12166

IN THE MATTER OF KIMBERLY J. CARRELLA AND VINCENT M. CARRELLA

The Commission issued an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act"), and Notice of Hearing ("Order") against Kimberly J. Carrella of Bellport, New York and Vincent M. Carrella of Patchogue, New York.

The Division of Enforcement ("Division") alleges in the Order that on January 9, 2006, in the civil action entitled Securities and Exchange Commission v. Kimberly J. Carrella, et al., Civil Action Number 04-CV-3754, the United States District Court for the Eastern District of New York entered final judgments by default against Kimberly Carrella and Vincent Carrella, permanently enjoining them from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The Complaint in the civil action alleged that from early 2000 until September 2002, Kimberly Carrella and Vincent Carrella directed a scheme to defraud Kimberly Securities, Inc.'s customers. The Complaint further alleged that Kimberly Carrella and other Kimberly Securities brokers misrepresented, and failed to disclose, material information to investors to persuade them to open brokerage accounts at Kimberly Securities and to invest significant amounts of money. Kimberly Carrella and the other brokers then repeatedly executed unauthorized, unsuitable trades in customer accounts, and churned accounts. The Complaint alleged that this frequent trading typically depleted customers' capital investments through trading losses and commission charges. Once there were no funds remaining in the customers' accounts, or the customers closed their accounts, Kimberly Securities brokers lured new, unsuspecting customers into opening accounts at Kimberly Securities, and repeated the same conduct. The Complaint alleged that, through this scheme, defendants enriched themselves at their customers' expense. For example, from January 2000 to September 2002, Kimberly Securities charged customers approximately $4.5 million in commissions. During the same time period, customers lost in excess of $4 million through trading losses and commission charges.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide Respondents Kimberly Carrella and Vincent Carrella an opportunity to dispute the allegations, and to determine what, if any, remedial action is appropriate and in the public interest pursuant to Section 15(b) of the Exchange Act. The Order requires the Administrative Law Judge to issue an initial decision no later than 210 days from the date of service of the Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.