

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

Securities Exchange Act of 1934  
Release No. 55797 / May 22, 2007

Administrative Proceeding File No. 3-12639

SEC INSTITUTES ADMINISTRATIVE PROCEEDING AGAINST DAVID A. ZWICK  
BASED ON ENTRY OF PERMANENT INJUNCTION

The Commission issued today an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Notice of Hearing (Order) against David A. Zwick (Zwick) to determine what remedial action, if any, is appropriate in the public interest. On July 27, 2006, following a three-week trial in United States Securities and Exchange Commission v. David A. Zwick, et al., 03-CV-2742 (JGK) (HBP) (S.D.N.Y.), a jury found that Zwick violated Section 17(a) of the Securities Act, and both violated and aided and abetted violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. On May 1, 2007, the United States District Court for the Southern District of New York entered a final judgment against Zwick pursuant to the jury's verdict, permanently enjoining him from violating the general antifraud provisions of the federal securities laws contained in Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Exchange Act Rule 10b-5.

The Commission's complaint in the civil action alleged that Zwick, while associated with Suncoast Capital Group, Ltd. (Suncoast) as its chief executive officer, chief compliance officer, and as a principal of the firm, participated in a scheme under which a salesperson supervised by Zwick provided kickbacks in the form of undisclosed cash payments and improper gifts and gratuities to a bond trader employed by New York Life Insurance Company, Inc. (New York Life). In exchange for these kickbacks, Suncoast received a flow of securities transactions from New York Life, often at prices that favored Suncoast at the expense of New York Life. In many of these transactions, Suncoast charged New York Life off-market prices that were not reasonably related to prevailing market prices. The complaint further alleged that Zwick failed to disclose that Suncoast paid these kickbacks to the trader at New York Life in exchange for the flow of business and favorable prices.

In the Order, the Division of Enforcement alleges that, after the jury rendered its verdict, the District Court issued a decision on the Commission's Motion for Injunctive Relief, Disgorgement and Civil Money Penalties, in which the District Court found that Zwick's conduct "was egregious," "involved fraud, deceit, manipulation, and deliberate disregard of regulatory requirements," and "was deliberate and occurred repeatedly over the course of more than a year."

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, and in connection therewith, to afford Zwick an opportunity to establish defenses to such allegations, and to determine what remedial action, if any, is appropriate in the public interest.

The Commission directed that an administrative law judge shall issue an initial decision in this matter within 210 days from the date of service of this Order.