

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 56164 / July 30, 2007**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 2624 / July 30, 2007**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12716**

**IN THE MATTER OF GARY M. KORNMAN**

The Securities and Exchange Commission announced today that it issued an 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, and Notice of Hearing (Order) against Gary M. Kornman.

The Division of Enforcement alleges that from May 1992 to October 2006, Kornman owned Heritage Securities Corporation, a registered broker-dealer. Kornman individually held Series 6 and 63 securities licenses and was a registered representative of Heritage Securities Corporation. He also controlled a limited liability company that served as an investment adviser to two Kornman-controlled hedge funds. Kornman, 63 years old, is a resident of Dallas, Texas.

On April 9, 2007, Kornman pled guilty to one count of making a false statement to the SEC in connection with its investigation into his trades in MiniMed, Inc. common stock, in violation of Title 18 United States Code, Section 1001. Kornman entered his guilty plea before the United States District Court for the Northern District of Texas, in United States v. Gary M. Kornman, Crim. No. 3:05-CR-0298-P. On July 11, 2007, a judgment of conviction in the criminal case was entered against Kornman. He was sentenced to two years of supervised probation and ordered to pay \$143,465.

A hearing will be scheduled before an Administrative Law Judge to determine whether the allegations are true and to provide Kornman with an opportunity to establish any defenses to the allegations, to determine whether remedial action is appropriate and in the public interest.

The Order requires the Administrative Law Judge to issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.