

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 57774/ May 5, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-13035

In the Matter of	:	ORDER INSTITUTING
	:	ADMINISTRATIVE PROCEEDINGS
Paul S. Berliner	:	PURSUANT TO SECTION 15(b) OF
	:	THE SECURITIES EXCHANGE
Respondent.	:	ACT OF 1934, MAKING FINDINGS,
	:	AND IMPOSING REMEDIAL
	:	SANCTIONS
	:	

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”) against Paul S. Berliner (“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.3 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, 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. Berliner, 32 years old, is a resident of Brooklyn, New York.
2. From July 2004 through February 2008, Berliner was a registered representative associated with Schottenfeld Group, LLC, a broker-dealer registered with the Commission.
3. On April 29, 2008, a final judgment was entered by consent against Berliner, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Sections 9(a)(4) and 10(b) of the Exchange Act, and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Paul S. Berliner, Civil Action Number 08-cv-3859, in the United States District Court for the Southern District of New York.
4. According to the complaint, on May 17, 2007, Alliance Data Systems Corp. ("ADS") announced that it entered into a definitive agreement to be acquired by The Blackstone Group ("Blackstone") at a price of \$81.75 per share. The complaint alleged that, on November 29, 2007, Berliner drafted and disseminated a false rumor that ADS's board of directors was meeting to consider a revised proposal from Blackstone to acquire ADS at a significantly lower price of \$70 per share. According to the complaint, Berliner disseminated this false rumor through instant messages to numerous individuals, including traders at brokerage firms and hedge funds. The complaint alleged that this false rumor spread rapidly across Wall Street, and various news services quickly picked up the "story." The complaint further alleged that heavy trading in ADS stock ensued, and within thirty minutes the false rumor had caused the price of ADS stock, which had been trading at approximately \$77 per share, to plummet to an intraday low of \$63.65 per share -- a 17% decline in the share price. The complaint alleged that Berliner profited from spreading this false rumor by short selling ADS stock at the same time he was disseminating the false rumor. The complaint further alleged that Berliner covered these short sales when the price of ADS stock began to decline. According to the complaint, Berliner made approximately \$25,000 in illicit trading profits before the price of ADS stock recovered later in the day.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Berliner be, and hereby is barred from association with any broker or dealer.

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: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) 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 (d) 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