

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 52453 / September 16, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-12043

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In the Matter of	:
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John C. Kawas, Jr.,	:
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	:
Respondent.	:
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ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF
THE SECURITIES EXCHANGE 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 John C. Kawas, Jr. (“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.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, 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. Kawas, 63 years old, is a resident of East Northport, New York. From July 2001 through March 2002, Kawas was the Compliance Officer at Kimberly Securities, Inc. ("Kimberly Securities"), a broker-dealer registered with the Commission.
2. On September 6, 2005, a final judgment was entered by consent against Kawas, permanently enjoining him from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Kimberly J. Carrella, et al., Civil Action Number 04-CV-3754, in the United States District Court for the Eastern District of New York.
3. The Commission's complaint alleged that, from early 2000 until September 2002, Kimberly Securities' registered representatives ("RRs") engaged in a scheme to defraud customers by repeatedly executing unauthorized, unsuitable trades in their customers' accounts, and churning those accounts. Kawas assisted the scheme by, among other things, failing to address red flags that RRs were executing unauthorized trades and churning accounts, and by obstructing customers' efforts to stop the improper trading in their accounts. Kawas was aware that the RRs were engaged in deceptive and fraudulent conduct. Kimberly Securities' trading reports that Kawas received contained information that indicated the RRs were churning customer accounts. In addition, Kawas was notified by others that the level of trading in customer accounts at Kimberly Securities constituted churning. Kawas also received numerous complaints from customers about unauthorized trading in their accounts. Kawas substantially assisted the RRs' deceptive and fraudulent conduct. Kawas failed to investigate, or otherwise respond to, customers' complaints about unauthorized trading in their accounts, and took no action to stop the unauthorized trading and churning in customer accounts. Instead of assisting customers, Kawas obstructed their efforts to stop the improper trading in their accounts.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Kawas 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.

Jonathan G. Katz
Secretary