

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2635 / August 16, 2007

ADMINISTRATIVE PROCEEDING
File No. 3-12726

In the Matter of

JOSEPH A. FROHNA,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Joseph A. Frohna (“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 203(f) of the Investment Advisers Act of 1940, 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. Respondent is forty-three years old and resides in Waukesha, Wisconsin. From February 1995 to March 2004, Respondent was associated with U.S. Bancorp Asset Management, Inc. ("USBAM"), an investment adviser registered with the Commission. During the relevant time period, Respondent was employed by USBAM as, among other things, the portfolio manager of First American Investment Funds, Inc.'s Micro Cap Fund (the "Fund").

2. On August 7, 2007, a final judgment was entered by consent against Respondent, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act") and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder in the civil action entitled Securities and Exchange Commission v. Joseph A. Frohna, et al., Civil Action Number 07-C-0702, in the United States District Court for the Eastern District of Wisconsin.

3. The Commission's complaint alleged that, on April 3, 2002, Respondent received nonpublic information about a joint bio-equivalence study (the "Bio-Equivalence Study") on a drug that Genentech, Inc. was developing with XOMA, Ltd. ("XOMA"). Specifically, Respondent learned from his brother, who led the Bio-Equivalence Study, that the study was not going well. Respondent previously knew the Bio-Equivalence Study was being conducted in order to obtain Food and Drug Administration approval of a drug critical to the short term success of XOMA. Based on this information, the next day Respondent directed the Fund that he managed to aggressively sell all of its XOMA shares. The following day, April 5, 2002, XOMA and Genentech issued a press release announcing that the Bio-Equivalence Study had been unsuccessful. That day, XOMA's stock price declined 42 percent. The Fund avoided a total of \$954,776 in losses by selling all of its XOMA shares the day before this announcement.

IV.

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

Accordingly, it is hereby ORDERED that:

Respondent be, and hereby is, suspended from association with any investment adviser for a period of twelve months, effective on the second Monday following the entry of this Order. Respondent shall provide to the Commission, within 20 days after the end of the twelve

month suspension period described above, an affidavit that he has complied fully with the suspension.

By the Commission.

Nancy M. Morris
Secretary