

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-13263

In the Matter of	:
	:
STEPHEN R. MOYNAHAN,	:
	:
Respondent.	:
	:

PROPOSED PLAN OF DISTRIBUTION

1. *Purpose and Background.* This Proposed Plan of Distribution (the “Plan”) provides for the distribution of disgorgement and civil monetary penalties collected by the United States Securities and Exchange Commission (“Commission”) from Stephen R. Moynahan (“Moynahan”) to Pennsylvania school districts defrauded by Robert J. Bradbury (“Bradbury”), the former chairman, treasurer, and chief operating officer of Dolphin & Bradbury, Incorporated (“Dolphin & Bradbury”), a registered broker-dealer based in Philadelphia. In August 2006, the Commission filed a civil injunctive action (the “Injunctive Action”) against Bradbury and others in the U.S. District Court for the Eastern District of Pennsylvania with respect to his conduct in this matter. United States Securities and Exchange Commission v. Robert J. Bradbury, Dolphin & Bradbury, Incorporated, and Margaret B. Bradbury, relief defendant, Civil Action No. 06-CV-3435 (JF) (August 3, 2006). On December 11, 2007, the U.S. Attorney for the Eastern District of Pennsylvania filed an indictment against Bradbury charging him with mail fraud and securities fraud arising out of the same conduct addressed in the Commission’s civil action (the “Criminal Matter”). On September 30, 2008, the Commission filed settled administrative and cease-and-desist proceedings against Moynahan, president and chief executive officer of Dolphin & Bradbury, for failing reasonably to supervise Bradbury. Stephen R. Moynahan, Exchange Act Release No. 58689, A.P. File No. 3-13263 (September 30, 2008) (“Order”). Moreover, various victimized school districts have filed one or more lawsuits against Bradbury and others alleging violations arising from the same or substantially similar facts as those set forth in the Injunctive Action and Order (collectively, the “Private Litigation”).

According to the Commission’s Order, Bradbury through Dolphin & Bradbury underwrote a series of risky, short-term, tax-exempt notes issued to finance a speculative golf course project known as Whitetail (the “Whitetail Notes”). Unable to find sufficient suitable investors, Bradbury through Dolphin & Bradbury repeatedly sold the Whitetail Notes almost exclusively to four Pennsylvania school districts. At no point did Bradbury or Dolphin & Bradbury ever disclose to the school districts the material risks associated with the Whitetail Notes, or obtain or review any official

statement or other disclosure document with respect to the Whitetail Notes, as mandated by Rule 15c2-12 of the Securities Exchange Act of 1934. In September 2004, the \$14.165 million principal amount of the Whitetail Notes became due, together with \$424,950 of interest. The Whitetail Notes defaulted, generating net losses of over \$10 million.

The Commission further found that as president of Dolphin & Bradbury, Moynahan was generally responsible for firm supervision, and the firm's procedures expressly assigned certain supervisory duties to him. Moynahan failed to review the firm's written supervisory procedures, failed to establish, or delegate to anyone else responsibility for establishing reasonable supervisory procedures with respect to the firm's underwriting business, failed to adequately comply with many of the provisions of the written supervisory procedures that were in place, and failed to affirmatively delegate to anyone else responsibility for supervising Bradbury. As a result of the conduct described above, Moynahan failed reasonably to supervise Bradbury with a view to detecting and preventing him from violating Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and MSRB Rule G-17, within the meaning of Section 15(b)(4)(E) of the Exchange Act. Moreover, as a result of the conduct described above, Moynahan also failed reasonably to supervise Bradbury with a view to detecting and preventing him from aiding and abetting Dolphin & Bradbury's violations of Sections 15(c)(2), 15B(c)(1), and 17(a) of the Exchange Act, and Rules 15c2-12, 17a-3, and 17a-4 thereunder. Moynahan's supervisory lapses also constituted a willful violation of MSRB Rule G-27 in that he failed to supervise the conduct of Dolphin & Bradbury's and Bradbury's municipal securities activities to ensure compliance with Section 17(a) of the Securities Act, Sections 10(b), 15(c)(2), 15B(c)(1) and 17(a) of the Exchange Act and Rules 10b-5, 15c2-12, 17a-3, and 17a-4 thereunder, and MSRB Rule G-17.

Without admitting or denying the Commission's findings, Moynahan consented to the entry of the Order by the Commission that: requires him to cease and desist from committing or causing any future violations of MSRB Rule G-27; bars him from association in a supervisory or proprietary capacity with any broker, dealer or municipal securities dealer; suspends him from associating with any broker, dealer or municipal securities dealer for a period of six months; and requires him to pay disgorgement of \$1 and a civil money penalty of \$140,000. Pursuant to the Order, a fair fund was established for these funds, totaling \$140,001 (together with any accumulated interest, the "Fair Fund").

This Plan is subject to approval by the Commission, which retains jurisdiction over the implementation of the Plan.

2. Fund Administrator. Mark R. Zehner, Regional Municipal Securities Counsel in the Philadelphia Regional Office, is proposed to act as the fund administrator for the Plan ("Fund Administrator"). As a Commission employee, the Fund Administrator shall receive no compensation, other than his regular salary as a Commission employee, for his services in administering the Fair Fund. In accordance with Rule 1105(c) of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. §§201.1100 through 201.1106 (the "Rules"), no bond is required since the Fund Administrator is a Commission employee. In carrying out his duties, the Fund Administrator may be assisted by other Commission staff acting under his supervision.

3. *Procedures for the Receipt of Additional Funds.* This Fair Fund has been deposited at the United States Treasury Bureau of Public Debt for investment in short-term U.S. Treasury securities and obligations. The Fair Fund will from time to time receive interest from these investments. In the event a court in the Injunctive Action, Criminal Matter or Private Litigation orders Bradbury or Dolphin & Bradbury to pay restitution, disgorgement, prejudgment interest and/or a civil penalty, those funds may, but are not required to be, deposited into this Fair Fund.

4. *Specification of Eligible Fair Fund Recipients.* In the event that a court in the Injunctive Action, Criminal Matter or Private Litigation orders Bradbury or Dolphin & Bradbury to pay restitution, disgorgement, prejudgment interest and/or a civil penalty for the benefit of Bradbury's victims into a court registry or to a court-appointed receiver on or before March 1, 2009, then in accordance with Rule 1102(a) the Fund Administrator shall, with the approval of the Commission, distribute the Fair Fund to said court registry or court-appointed receiver in whichever action is resolved first. If no such order is issued on or before March 1, 2009, then the Fund Administrator shall distribute the Fair Fund to those investors that have been harmed by the conduct described in the Order (individually, each "Eligible Investor," and collectively, the "Eligible Investors"). An investor will be deemed harmed only if that investor suffered a net loss of funds by virtue of Bradbury's fraudulent conduct. The staff has identified the four school districts referenced in the Order and identified in the Injunctive Action as Eligible Investors.

5. *No Claims-Made Process.* This Fair Fund is not being distributed according to a claims-made process, so the procedures for providing notice and for making and approving claims are not applicable.

6. *Qualified Settlement Fund.* The Fair Fund constitutes a Qualified Settlement Fund ("QSF") under Section 468B(g) of the Internal Revenue Code, 26 U.S.C. §468B(g), and related regulations, 26 C.F.R. §§1.468B-1 through 1.468B-5.

7. *Control of Distribution Fund.* Unless the Fair Fund is transferred in accordance with paragraph 4 above, the Commission has control of the Fair Fund and shall retain control of the assets of the Fair Fund until distribution to the Eligible Investors. The Fair Fund is currently deposited at the United States Treasury Bureau of Public Debt. The Fair Fund will be distributed by the Financial Management Service, United States Treasury. The Fund Administrator shall use the assets and earnings of the Fair Fund to provide payments to Eligible Investors, and to provide the Tax Administrator with assets to pay tax liabilities and tax compliance fees and costs, including the Tax Administrator's fees and expenses.

8. *Tax Administrator.* The Commission has appointed Damasco & Associates as the Tax Administrator ("Tax Administrator") of the Fair Fund. Order Appointing Tax Administrator in the Matter of Stephen R. Moynahan, Exchange Act Rel. No. 59279 (January 22, 2009). The Fund Administrator will ensure that all required information shall be made available to the Tax Administrator and will cooperate with the Tax Administrator in providing information necessary to accomplish the income tax compliance, ruling and advice work assigned to the Tax Administrator by the Commission. The Tax Administrator shall be compensated by the Fair Fund.

9. *Expenses of Administration.* Fees and other expenses of administering the Plan shall be paid first from the interest earned on the funds, and, if the interest is not sufficient, then from the corpus.

10. *Methodology for Determining Distribution Amounts.* If the Fair Fund is not distributed to a court registry or court-appointed receiver in the Injunctive Action, Criminal Matter or Private Litigation as described above, then the Fund Administrator will determine the amount to be distributed to each Eligible Investor in the following manner. First, the Fund Administrator will determine, with reference to the information collected by the staff of the Commission regarding Eligible Investors' losses, the net amount that each Eligible Investor lost by virtue of the fraudulent conduct (net loss defined as the amount of actual monies invested in the Whitetail Notes, exclusive of any interest, dividends, or other return on monies invested, less any monies received back by the Eligible Investor from the sale of the golf course or payments by Bradbury, Dolphin & Bradbury, or other parties). Second, the Fund Administrator will determine the percentage of each individual Eligible Investors' loss in comparison to the total loss, based upon their holdings in the Whitetail Notes at the time of default. Finally, for each Eligible Investor, the Fund Administrator will multiply this percentage by the amount of disgorgement and civil monetary penalties that have been paid by the date on which the distribution amounts are calculated, along with any accrued interest and less any taxes, fees or other expenses of administering the Plan (the "Distribution Fund"). This amount will represent each Eligible Investor's distribution amount.

11. *Procedures for Locating and Notifying Eligible Investors.* The staff of the Commission has identified the Eligible Investors. Within thirty (30) days of the approval of this Plan or March 31, 2009, whichever is later, the Fund Administrator will send each Eligible Investor a notice by United States Postal Service regarding the Commission's approval of the Plan, a statement characterizing the distribution, a description of the tax information reporting and other related tax matters, and the procedure for distribution. The Fund Administrator will request from each Eligible Investor information sufficient to accomplish the distribution in accordance with applicable tax requirements and in consultation with the Tax Administrator.

If an Eligible Investor fails to respond within thirty (30) days from the mailing of the notice, the Fund Administrator shall then make no fewer than two (2) attempts to contact the Eligible Investor telephonically. The second attempt shall in no event take place more than forty-five (45) days from the mailing of the notice.

If an Eligible Investor fails to respond to the Fund Administrator's contact attempts as described in this paragraph, its allocated distribution amount shall be considered an undistributed asset, and may be redistributed by the Fund Administrator to the other Eligible Investors on a pro-rata basis.

12. *Financial Management Service; Validation and Approval of Disbursing the Distribution Funds.* Unless the Fair Fund is transferred in accordance with paragraph 4 above, the Fair Fund distribution will be implemented by the Commission and disbursed through the Financial Management Service, United States Treasury ("FMS"), which will cut checks or electronically transfer funds to each payee as instructed by the Fund Administrator. The Fund Administrator will compile the payee information and prepare it for submission to FMS to make the disbursement. Pursuant to Rule 1101(b)(6), the staff will obtain authorization from the Commission to disburse funds.

FMS will notify the Commission, which in turn, will notify the Fund Administrator of any returned items due to non-delivery, insufficient addresses, and/or other deficiencies. The Fund Administrator is responsible for researching and reconciling all errors that result in non-delivery and shall submit a supplemental electronic file for payment of the returned items.

The Fund Administrator also is responsible for accounting for all payments. Each check cut by FMS will state on the face of the check that it is valid for one year. After one year from the date on the distribution check, FMS shall notify the Commission, which in turn, will notify the Fund Administrator, of all uncashed checks and will credit the Distribution Fund for the amount of all uncashed checks.

13. *Information Mailing to Accompany Payments.* All payments shall be preceded or accompanied by a communication that includes, as appropriate: (a) a statement characterizing the distribution; (b) a description of the tax information reporting and other related tax matters; (c) a statement that checks will be void after one year; and (d) the names of the Fund Administrator and appropriate Commission staff to contact, to be used in the event of any questions regarding the distribution. Distribution checks, on their face, or in the accompanying mailing will clearly indicate that the money is being distributed from a Fair Fund established by the SEC.

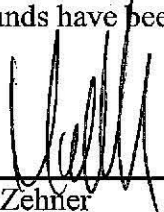
14. *Notice of Proposed Plan and Opportunity for Comment.* Notice of this Plan shall be published in the SEC Docket and on the Commission website [<http://www.sec.gov>]. The Commission staff assigned to this matter will mail a copy of the Plan to the last known address of each Eligible Investor within five (5) business days of the date of the notice. Any person or entity wishing to comment on the Plan must do so in writing by submitting comments within thirty (30) days of the date of the notice (i) by sending a letter to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549-1090; (ii) by using the Commission's Internet comment form (www.sec.gov/litigation/admin.shtml); or (iii) by sending an e-mail to rule-comments@sec.gov. Comments submitted by e-mail or via the Commission's website should include the Administrative Proceeding File Number (3-13263) in the subject line. Comments received will be available to the public. Commentators should only submit information that they wish to make publicly available.

15. *Accountings.* The Fund Administrator will submit a final accounting on the standardized accounting form provided by the Commission staff for approval of the Commission prior to termination of the Fair Fund and discharge of the Fund Administrator. Since the funds are being held at the United States Treasury Bureau of Public Debt, and a Tax Administrator has been appointed, no interim accountings will be conducted.

16. *Amendment.* The Fund Administrator will inform the Commission staff of nonmaterial changes in the Plan before implementation, but will obtain approval from the Commission prior to the implementation of any material changes in the Plan. If material changes are required, this Plan may be amended upon the motion of the Fund Administrator or upon the Commission's own motion, and must be approved by the Commission.

17. *Termination of the Fair Fund and Undistributed Amounts.* Upon distribution of the funds, and after allowing for the appropriate time for any distributions in the form of a paper check, the Fund Administrator shall make arrangements for the final payment of taxes and Tax Administrator fees and shall make a final accounting to the Commission. The Distribution Fund shall be eligible for termination after all of the following have occurred: (1) the final accounting by the Fund Administrator has been submitted and approved by the Commission, (2) all taxes and fees have been paid and (3) all remaining funds or any residual have been transferred to the United States Treasury. Staff shall seek an order from the Commission to (1) approve the final accounting; (2) approve sending the remaining residual amount to the United States Treasury after the final tax payment has been made; and (3) authorize the Secretary of the Commission, upon receipt of notice from the staff assigned to this matter that all funds have been expended, to discharge the Fund Administrator.

Submitted on December 9, 2008

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