

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 53160 / January 20, 2006

INVESTMENT ADVISERS ACT OF 1940
Release No. 2474 / January 20, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12154

In the Matter of

BERTON M. HOCHFELD,

Respondent.

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,
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”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Berton M. Hochfeld (“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 finding 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 and 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. From March 1, 2002 through January 2004, Respondent Hochfeld was employed as a research analyst with First Montauk Securities Corp ("First Montauk"), a broker-dealer registered with the Commission. During the relevant period, Respondent Hochfeld was also the sole principal of Hochfeld Capital Management, LLC, an investment adviser.

2. On January 5, 2006, a final judgment was entered by consent against Respondent Hochfeld, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Berton M. Hochfeld, et al., Civil Action Number 05-CV-9921 in the United States District Court for the Southern District of New York.

3. The Commission's complaint alleged that between approximately March 2003 and December 2003, Respondent Hochfeld failed to disclose in research reports he distributed to First Montauk's clients that a hedge fund he controlled and operated maintained positions in stocks that were the subjects of his research reports, and that on numerous occasions, Respondent Hochfeld directed trades in the subject stocks immediately after the issuance of his research reports, contrary to the information or recommendations in the reports. The Commission's complaint alleged that Hochfeld's conduct constitutes scalping in violation of the anti-fraud provisions of the federal securities laws.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Hochfeld be, and hereby is barred from association with any broker, dealer, or investment adviser, with the right to reapply for association after four (4) years to the appropriate self-regulatory organization, or if there is none, to the Commission;

Any reapplication for association by Respondent Hochfeld 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 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