

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Securities Exchange Act of 1934
Release No. 61823 / April 1, 2010

Administrative Proceeding
File No. 3-12936

In the Matter of

**Heartland Advisors, Inc.,
William J. Nasgovitz, Paul T.
Beste, Thomas J. Conlin, Greg D.
Winston, Kevin D. Clark,
Kenneth J. Della, and Hugh F.
Denison,**

Respondents.

**Order Approving Plan, Appointing a Fund
Administrator, and Approving
Administrator Bond**

On January 25, 2008, the Securities and Exchange Commission (“Commission”) issued a settled Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and Cease-and-Desist Orders Pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b)(4), 15(b)(6) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Investment Company Act”) against Heartland Advisors, Inc. (“Heartland Advisors”), William J. Nasgovitz (“Nasgovitz”), Paul T. Beste (“Beste”), Thomas J. Conlin (“Conlin”), Greg D. Winston (“Winston”), Kevin D. Clark (“Clark”), Kenneth J. Della (“Della”), and Hugh F. Denison (“Denison”) (referred to collectively as “Respondents”) for violations of the federal securities laws in connection with Heartland Advisors’ mispricing of certain bonds owned by certain mutual funds of Heartland Group, Inc. (“Heartland Group”) and its failure to effectively communicate to the Heartland Group’s Board of Directors, and to investors, important facts concerning Heartland Advisors’ efforts to evaluate bond issuers (Exchange Act Release No. 57206). The Order, among other things, ordered the Respondents to pay disgorgement, prejudgment interest, and civil penalties totaling \$3,907,095, and a Fair Fund was created for the distribution of these funds.

On February 3, 2010, the Commission published a “Notice of Proposed Distribution Plan and Opportunity for Comment” (“Notice”) pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1103 (Exchange Act Release No. 61481). The Notice advised interested parties that they may obtain a copy of the Distribution Plan from the Commission’s public website, <http://www.sec.gov>, or by submitting a written request to John E. Birkenheier,

Supervisory Trial Counsel, United States Securities and Exchange Commission, 175 West Jackson Boulevard, Suite 900, Chicago, Illinois 60604.

The Notice also advised all persons desiring to comment on the Distribution Plan that they may submit their comments, in writing, no later than 30 days from the date of the Notice, by sending a letter to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549-1090; by using the Commission's Internet comment form (<http://www.sec.gov/litigation.admin.shtml>); or by sending an e-mail to rule-comments@sec.gov. The Commission received no comments on the Distribution Plan and no modification has been made to the Distribution Plan since its publication.

The Distribution Plan provides for distribution of the Fair Fund to eligible shareholder accounts of certain mutual funds as of 4:30 p.m. Eastern Time on October 13, 2000, not including Respondents and certain other persons affiliated with the Respondents. The Distribution Plan describes the procedures to be used to identify the eligible shareholder accounts that will receive distributions. The Distribution Plan further describes the procedures to be used to calculate the amounts to be paid to the eligible shareholder accounts and to distribute those amounts to the eligible shareholder accounts. Eligible shareholder accounts will not be required to make a claim or submit documentation to establish their eligibility.

The Distribution Plan proposes Rust Consulting, Inc. ("Rust Consulting") as Fund Administrator, and sets forth, among other things, procedures for distributing funds from the Fair Fund to investors; procedures for the administration of the Fair Fund, including provisions for filing tax returns; and a proposed timeframe for the termination of the Distribution Plan.

Rule 1105(c) of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. §201.1105(c), requires the administrator of a plan to post a bond. Specifically, Rule 1105(c) states, "If the administrator is not a Commission employee, the administrator shall be required to obtain a bond in the manner prescribed in 11 U.S.C. §322, in an amount to be approved by the Commission." In accordance with Rule 1105(c), Rust Consulting will obtain a bond in the amount of \$3,907,095, the full amount ordered to be paid by Respondents.

The staff requests that the Commission approve the Distribution Plan, appoint Rust Consulting as the Fund Administrator, and approve the Fund Administrator's bond requirement.

Accordingly, pursuant to Rule 1104, it is hereby ORDERED that the Distribution Plan is approved.

Furthermore, pursuant to Rules 1105(a) and (c), it is hereby ORDERED that Rust Consulting is appointed as the Fund Administrator in accordance with the terms of the

Distribution Plan, and the Fund Administrator's bond requirement in the amount of \$3,907,095 is approved.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy
Secretary