

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 63923 / February 17, 2011

INVESTMENT ADVISERS ACT OF 1940
Release No. 3161 / February 17, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14263

In the Matter of

SALVATORE ZANGARI,

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 Salvatore Zangari (“Zangari” or “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.3 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. Zangari, age 34, resides in New York, New York. For eleven years, from 1998 to 2009, he was employed as a stock loan trader at several major Wall Street brokerage firms where he was responsible for negotiating, arranging and entering into stock loan transactions on behalf of the firms. Most recently, from October 2006 to July 2009, Zangari worked as a stock loan trader at UBS Securities, LLC (“UBS”). Prior to UBS, he worked at Banc of America Securities, LLC (“Banc of America”), a registered broker-dealer and investment adviser, from May 2005 to October 2006, and before that, at Morgan Stanley & Co., Inc. (“Morgan Stanley”), which is also a registered broker-dealer and investment adviser, from August 1998 to May 2005. During the course of his employment in the securities industry, Zangari held Series 7 and 63 professional licenses.

2. On March 9, 2010, the Commission filed a complaint against Zangari in the United States District Court for the Eastern District of New York alleging that he violated the antifraud provisions of the federal securities laws, *SEC v. Salvatore Zangari*, 10-cv-1058 (CBA). The Commission’s complaint alleges, among other things, that during the course of Zangari’s employment with Morgan Stanley and Banc of America, he knowingly engaged in a scheme to defraud broker-dealers in connection with the lending and borrowing of securities.

3. On May 21, 2010, the court entered a partial final consent judgment against Zangari which, among other things, permanently enjoined him from violating Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

IV.

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

Accordingly, it is hereby ORDERED that pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Zangari be, and hereby is barred from association with any broker, dealer, or investment adviser.

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.

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

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the 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”), on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
Chief Administrative Law Judge
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