

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 64398 / May 4, 2011**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3193 / May 4, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14369**

**In the Matter of**

**MARK ZAINO,**

**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 Mark Zaino (“Zaino” 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.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 approximately March 2001 until December 2006, Zaino was employed by UBS Financial Services Inc. ("UBS"), a broker-dealer and an investment adviser registered with the Commission. During the relevant time period, Zaino worked on UBS's Municipal Reinvestment and External Derivatives Desk in New York City, first as a Senior Analyst, then as an Associate Vice President and an Assistant Vice President, and finally as a Director. Zaino marketed municipal reinvestment products such as forward purchase and repurchase agreements. Zaino also acted as a bidding agent for municipal investment products on behalf of various issuers of municipal securities. Zaino held Series 7 (General Securities Representative) and Series 63 (Uniform Securities Agent) securities licenses. Zaino, age 36, is a resident of Connecticut.

2. On May 17, 2010, in United States v. Mark Zaino, Criminal No. 10-CR-00434-TPG, Zaino pled guilty to two counts of conspiracy in violation of 15 U.S.C. § 1 and 18 U.S.C. § 371, respectively, and to one count of wire fraud in violation of 18 U.S.C. § 1343 before the United States District Court for the Southern District of New York. Zaino is currently scheduled to be sentenced in December 2011.

3. The criminal information to which Zaino pled guilty charged, among other things, that Zaino engaged in fraudulent misconduct in connection with the competitive bidding process for the selection of the firms to provide instruments in which municipal issuers, in accordance with federal tax laws and regulations, temporarily invested the proceeds of tax-exempt municipal bonds. More specifically, the information charged that, from at least as early as October 2001 until March 2006, Zaino conspired to allocate and rig bids for investment agreements or other municipal finance contracts, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. The information further charged that, from at least as early as August 2001 until at least March 2006, Zaino, in violation of 18 U.S.C. § 371, conspired to defraud the United States and an agency thereof, the Internal Revenue Service of the United States Department of Treasury ("IRS"), by impeding, impairing, obstructing, and defeating the lawful government functions of the IRS in the ascertainment, computation, assessment, and collection of revenue due and owing from municipal issuers and in the exercise of its responsibilities to monitor compliance with Treasury regulations related to tax-exempt municipal securities. In addition, the information charged that Zaino having devised a scheme and artifice to defraud municipal issuers and obtain money and property from municipal issuers by means of false and fraudulent pretenses, representations and promises, namely a scheme to deprive municipalities of money by facilitating the payment of kickbacks through the execution of swap transactions and by submitting intentionally losing bids, and that he, for purposes of executing such scheme and attempting to do so, transmitted and caused to be transmitted by means of wire, radio, or television communication in interstate commerce, writings, signs, signals, pictures or sounds, in violation of 18 U.S.C. § 1343.

#### IV.

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

By the Commission.

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, Mark Zaino, 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  
Securities and Exchange Commission  
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