

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 57402 / February 29, 2008

INVESTMENT ADVISERS ACT OF 1940
Release No. 2708 / February 29, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-12972

In the Matter of

PAUL N. GERMAIN,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTIONS 15(b) AND
17A(c)(4)(C) 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 Sections 15(b) and 17A(c)(4)(C) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Paul N. Germain (“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 Sections 15(b) and 17A(c)(4)(C) 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. Between 1997 and 2005, Germain was associated with Principal Management Corporation, a transfer agent and an investment adviser registered with the Commission. At the same time, Germain was associated as a registered representative with Princor Financial Services Corporation, a broker-dealer registered with the Commission. Germain, 63 years old, is a resident of Ankeny, Iowa.

2. On March 8, 2007, Germain pled guilty to one count of theft in the first degree in violation of Iowa Code Sections 714.1(1) and 714.2(1) before the Iowa District Court for Polk County, Iowa, in State of Iowa v. Paul Germain, Case No. FE207223. On May 9, 2007, Germain was sentenced to ten years imprisonment, but the sentence was suspended, and Germain was placed on a two-year supervised probation. The Court also ordered Germain to make supplemental restitution in the amount of \$30,773. Germain had already made partial restitution.

3. The counts of the criminal information to which Germain pled guilty alleged, inter alia, that between 1997 and 2005, while serving as an officer of a transfer agent, Germain misappropriated a total of \$184,337 from nine mutual fund accounts in seventeen transactions without the account owners' authorization and spent the funds for his personal purposes.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Sections 15(b)(6) and 17A(c)(4)(C) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Germain be, and hereby is barred from association with any broker, dealer, transfer agent, 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.

Nancy M. Morris
Secretary