

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SECURITIES EXCHANGE ACT OF 1934
Release No. 57403/February 29, 2008

INVESTMENT ADVISERS ACT OF 1940
Release No. 2710/February 29, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-12923

In the Matter of	:	
	:	
K.W. BROWN & COMPANY,	:	
21 ST CENTURY ADVISORS, INC.,	:	ORDER MAKING FINDINGS
K.W. BROWN INVESTMENTS, INC.,	:	AND IMPOSING REMEDIAL
KENNETH BROWN, WENDY BROWN,	:	SANCTIONS BY DEFAULT AS
AND MICHAEL CIMILLUCA, JR.	:	TO MICHAEL CIMILLUCA, JR.
	:	

The Securities and Exchange Commission (Commission) issued its Order Instituting Proceedings (OIP) on January 4, 2008, pursuant to Section 15(b) of the Securities and Exchange Act of 1934 (Exchange Act) and Sections 203(e) and 203(f) of the Investment Advisers Act of 1940 (Advisers Act). The Division of Enforcement (Division) presented evidence that Respondent Michael Cimilluca, Jr. (Cimilluca), was served with the OIP on January 14, 2008. See 17 C.F.R. §201.141(a)(2)(i). Cimilluca has not filed an Answer to the OIP and the time to file an Answer has expired.

On February 4, 2008, I held a telephonic prehearing conference, at which Cimilluca failed to participate. On February 15, 2008, the Division filed a Motion for Default, to which Cimilluca has not responded and for which the time to respond has passed. Accordingly, Cimilluca is in default for failing to submit an Answer, for failing to appear at a prehearing conference, and for failing to respond to a dispositive motion. See Rules 155(a)(1)-(2) and 220(f) of the Commission's Rules of Practice. As authorized by Commission Rule of Practice 155(a), the following allegations of the OIP are deemed to be true as to Cimilluca.¹

¹ The findings in this Order are binding only on Cimilluca. The proceeding is still pending as to Respondents K.W. Brown & Company (Brown & Company), 21st Century Advisors, Inc. (21st Century), K.W. Brown Investments, Inc. (Brown Investments), Kenneth Brown (Brown), and Wendy Brown.

Cimilluca, age 37, resides in Parkland, Florida. He has been a registered representative of Brown Investments since September 2002, when he was hired to day trade the Brown Investments' proprietary account (Brown Trading Account). During the relevant time period, Cimilluca was the sole trader for the Brown Trading Account and the only person responsible for completing the sheets that informed Brown Investments' clearing firm how to allocate trades between the Brown Trading Account and the advisory trading accounts.

On April 27, 2005, the Commission filed a civil injunctive action against Cimilluca and others in the United States District Court for the Southern District of Florida (Court), alleging that Cimilluca and others violated the anti-fraud and books and records provisions of the federal securities laws. See SEC v. K.W. Brown, et. al., No. 0:05-CV-80367.

More specifically, the Commission's complaint alleged that, beginning in September 2002, Cimilluca and others profited, at the expense of clients who held advisory accounts with 21st Century and Brown & Company, by allocating favorable trades to the proprietary account Cimilluca traded. Additionally, the complaint alleged that Cimilluca and others failed to implement policies and procedures to prevent this improper trading activity even though the Commission's examination staff identified lax internal controls and numerous other violations, including breach of fiduciary and undisclosed conflicts of interest, as well as multiple books and records deficiencies.

On December 19, 2007, following a nine-day bench trial, the Court entered a permanent injunction and final judgment against Cimilluca and others, permanently enjoining them from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), 206(2), 207, and 204 of the Advisers Act and Rules 204-1(a)(2) and 204-2(a)(8) thereunder. The Court also held Cimilluca and others jointly and severally liable for disgorgement of \$4,796,147, plus prejudgment interest. Additionally, the Court imposed a third-tier civil penalty of \$250,000 on Cimilluca.

The seventy-one page judgment contained 136 paragraphs of factual findings and twenty-six pages of legal conclusions showing that Cimilluca and others violated the federal securities laws that served as the basis of the permanent injunction. The Court specifically found that, from September 2002 through at least June 2006, Cimilluca and others knowingly or recklessly, engaged in a fraud upon the advisory clients of 21st Century and Brown & Company by using the discretionary authority Brown exercised over the client accounts to allocate profitable trades to the proprietary trading account maintained by the advisers' affiliated broker-dealer, Brown Investments, while allocating unprofitable trades to the advisers' clients. This "cherry-picking" scheme netted Cimilluca and others \$4.5 million dollars in ill-gotten gains while passing more than \$9 million of losses onto the unsuspecting advisory clients.

In light of the above, the public interest requires that Cimilluca should be barred from association with any broker or dealer and any investment adviser.

IT IS ORDERED that, pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934, Michael Cimilluca, Jr., is barred from association with any broker or dealer.

IT IS FURTHER ORDERED that, pursuant to Section 203(f) of the Investment Advisers Act of 1940, Michael Cimilluca, Jr., is barred from association with any investment adviser.

Robert G. Mahony
Administrative Law Judge