

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**  
**February 8, 2007**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12563**

**In the Matter of**  
  
**JAMES CAVALIERE,**  
  
**Respondent.**

**CORRECTED**  
**ORDER INSTITUTING ADMINISTRATIVE**  
**PROCEEDINGS PURSUANT TO SECTION**  
**15(b) OF THE SECURITIES EXCHANGE**  
**ACT OF 1934 AND NOTICE OF HEARING**

**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”) against James Cavaliere (“Cavaliere” or “Respondent”).

**II.**

After an investigation, the Division of Enforcement alleges that:

1. Cavaliere, 44, from July 1999 to August 2000, was a registered representative associated with Bryn Mawr Investment Group, Inc., a broker-dealer registered with the Commission pursuant to Section 15(b) of the Exchange Act, which later was known as Valley Forge Securities, Inc. (“Valley Forge”).

2. On October 18, 2005, Cavaliere pled guilty to one count of conspiracy to commit securities fraud and wire fraud. United States v. James Cavaliere, 05 Cr. 49 (D.N.J.).

3. The sole count of the criminal information to which Cavaliere pled guilty alleged, inter alia, that Cavaliere, using various instrumentalities of interstate commerce, while employed at Valley Forge, defrauded investors by receiving undisclosed excessive cash commissions, which were not disclosed to customers. Cavaliere also paid excessive and undisclosed commissions to licensed and unlicensed brokers employed at Valley Forge’s Staten Island Office. Cavaliere also employed deceptive sales practices to mislead customers into buying certain stocks.

### III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act.

### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

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

Nancy M. Morris  
Secretary