

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 57055 / December 27, 2007

INVESTMENT ADVISERS ACT OF 1940
Release No. 2688 / December 27, 2007

ADMINISTRATIVE PROCEEDING
File No. 3-12914

In the Matter of

DAVID W. KNALL,

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 David W. Knall (“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. Knall is a Managing Director and Financial Adviser at Stifel, Nicolaus & Company, Inc. ("Stifel"). For 37 years, from July 1969 through March 2005, Knall was employed primarily as a Managing Director at McDonald Investments Inc. ("McDonald"). Stifel and McDonald are broker-dealers and investment advisers registered with the Commission. Knall, 63 years old, is a resident of Indianapolis, Indiana.

2. On December 12, 2007, a final judgment was entered by consent against Knall, permanently enjoining him from future violations of Section 14(e) of the Exchange Act and Rule 14e-3 thereunder, in the civil action entitled Securities and Exchange Commission v. David W. Knall, Civil Action Number 1:07-cv-1562, in the United States District Court for the Southern District of Indiana, Indianapolis Division.

3. The Commission's complaint alleged that Knall traded while in possession of material nonpublic information relating to Dick's Sporting Goods, Inc. ("Dicks") intention to acquire Galyan's Trading Company, Inc. ("Galyans") via a tender offer. Specifically, the complaint alleged that on June 12, 2004, Knall acquired information relating to Dicks' proposed acquisition of Galyans. At the time, Dicks had taken substantial steps to commence a tender offer for Galyans stock. Knall had reason to know that the information he obtained was nonpublic and had been acquired indirectly from a Dicks representative. Three trading days later, on June 16, 2004, Knall purchased 10,000 shares of Galyans stock to cover a previously established short position in his personal brokerage account. The complaint also alleged that on June 21, 2004, Dicks publicly announced its intention to acquire Galyans for \$16.75 per share in cash via a tender offer. The day after the announcement, Galyans stock closed at \$16.68, a 50.3% increase from the previous day's closing price of \$11.10. By covering his short position prior to the public announcement, Knall avoided \$55,281 in losses.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Knall'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 Knall be, and hereby is suspended from association with any broker, dealer, or investment adviser for a period of twelve months, effective immediately. Respondent shall provide to the Commission, within 20 days after the end of the twelve month suspension period described above, an affidavit that he has complied fully with the suspension.

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

Nancy M. Morris
Secretary