

## U.S. SECURITIES AND EXCHANGE COMMISSION

**Securities Exchange Act of 1934**  
**Release No. 51404 / March 21, 2005**

**Administrative Proceedings**  
**File No. 3-11863**

### **ADMINISTRATIVE PROCEEDING FILED AGAINST CHARLES ZANDFORD BASED ON FEDERAL COURT DETERMINATION THAT HE COMMITTED SECURITIES FRAUD AND THE ENTRY OF PERMANENT INJUNCTIVE AND OTHER RELIEF.**

The Securities and Exchange Commission ("Commission") announced that on March 21, 2005, it issued an Order Instituting Administrative Proceedings (the "Order") against Charles Zandford pursuant to Section 15(b) of the Securities Exchange Act of 1934 based on a permanent injunction entered in the civil action entitled Securities and Exchange Commission v. Charles Zandford, Civil Action Number AMD 95-CV-2826, in the United States District Court for the District of Maryland. As the result of the Commission's prior civil action, the Court ordered Zandford to pay disgorgement in the amount of \$343,000 and Zandford was permanently enjoined from future violations of Section 17(a) of the Securities Act, Section 10(b) of the Securities Exchange Act, and Rule 10b-5 thereunder.

The Order asserts that the Complaint filed in the Commission's civil action alleged that, between November 1987 and August 1990, while employed as a stockbroker at the Bethesda, Maryland office of a broker-dealer registered with the Commission, Zandford engaged in a scheme to defraud his largest brokerage customer and misappropriated approximately \$343,000 from this customer by liquidating, without the customer's knowledge or consent, the customer's securities, and causing checks to issue from the customer's account to Zandford's own accounts, which monies Zandford used for his own personal expenses.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide Zandford an opportunity to respond to these allegations, and to determine what sanctions, if any, are appropriate and in the public interest. As directed by the Commission, an administrative law judge shall issue an initial decision in this matter no later than 210 days from the date of service of the Order Instituting Proceedings.