

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 51518 / April 11, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-11863

In the Matter of

CHARLES ZANDFORD,

Respondent.

**ORDER MAKING FINDINGS AND IMPOSING
REMEDIAL SANCTIONS PURSUANT TO
SECTION 15(b) OF THE SECURITIES
EXCHANGE ACT OF 1934**

I.

On March 21, 2005, the Securities and Exchange Commission (“Commission”) instituted public administrative proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Charles Zandford (“Respondent” or “Zandford”).

II.

Respondent has submitted an Offer of Settlement (“Offer”) that 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 over the subject matter of these proceedings, and the findings contained in Section III.1. and III.2.e., below, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 against Charles Zandford (“Order”) as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. RESPONDENT

Between November 1987 and August 1990, Zandford was employed as a

stockbroker at the Bethesda, Maryland branch office of Dominick and Dominick, Inc. (“Dominick”), a broker-dealer registered with the Commission. Respondent, now 54, currently resides in Annapolis, Maryland.

2. PROCEDURAL HISTORY OF THE COMMISSION’S CIVIL ACTION AND ENTRY OF THE INJUNCTION

a) On September 22, 1995, the Commission filed its Complaint against Zandford at Civil Action No. 95-2826 (AMD) in the United States District Court for the District of Maryland (the “Civil Action”).

b) The Commission’s Complaint alleged that, between November 1987 and August 1990, while employed as a stockbroker at Dominick, Zandford misappropriated approximately \$343,000 from William R. Wood (“Wood”) and his daughter by liquidating, without their knowledge and consent, securities in their joint account, as well as mutual fund shares they held outside of the joint account. The Complaint further alleged that Zandford used these monies for his own personal expenses. Wood, then an elderly man with physical and mental disabilities, held a joint account with his daughter, who suffers from various psychological disorders.

c) The factual allegations of the Complaint substantially – and substantively – mirrored those set forth in the Superseding Indictment filed against Zandford in a criminal proceeding filed at United States v. Zandford, Criminal Action No. WN-94-0165 (D. Md.) (the “Criminal Action”). In the Criminal Action, on July 24, 1995, Zandford was found guilty on thirteen counts of wire fraud, for which he was sentenced to a prison term, supervised release, and ordered to pay restitution. Based on the conduct described above, the Commission’s Complaint, in addition to charging Zandford with violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, also charged that Zandford had churned the Woods’ joint account and, by his excessive trading, had received approximately \$24,000 in commissions.

d) The Commission moved for Partial Summary Judgment, Permanent Injunction, Disgorgement and Pre-Judgment Interest, on all charges except for the churning claim, asserting that Zandford was collaterally estopped from challenging the facts established in the criminal case, as alleged in the Superseding Indictment. The Court granted the Commission’s Motion, holding that Zandford was precluded from relitigating the facts underlying his criminal conviction and that those facts conclusively established the violations alleged in the Commission’s Complaint. The Final Partial Judgment and Order was entered on March 2, 1999. Having obtained substantially all of the relief requested against Zandford, the Commission abandoned its churning claim. Zandford appealed the judgment in the Civil Action to the Fourth Circuit, which, on January 26, 2001, reversed the district court judgment and remanded, with instructions that the case be dismissed. *See generally* SEC v. Zandford, 238 F.3d 559 (4th Cir. 2001). The Commission appealed the Fourth Circuit decision to the United States Supreme Court, and in its opinion of June 3, 2002, the Supreme Court reversed the decision of the Court of Appeals and remanded the case. SEC v. Zandford, 535 U.S. 813 (2002). In turn,

the case was remanded by the Fourth Circuit back to the district court.

e) On remand, the Commission moved to reinstate the Final Judgment against Zandford. The district court, on February 25, 2004, once again granted the requested relief, again based on the facts as proved in the Criminal Action. Zandford was permanently enjoined from future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, and ordered to pay disgorgement in the amount of \$343,000. Zandford took an appeal, once again, to the Fourth Circuit; this time, however, on December 3, 2004, the district court decision was affirmed. March 3, 2005 was the last day for Zandford to file a Petition for Writ of Certiorari with the United State Supreme Court, and none has been filed. Thus, the Final Order in the Civil Action is, indeed, final and subject to no further appeals.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent be, and hereby is barred from association with any broker or dealer;

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.

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

Jonathan G. Katz
Secretary