

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 52962 / December 16, 2005

INVESTMENT ADVISERS ACT OF 1940
Release No. 2461 / December 16, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-12127

In the Matter of

JOHN S. PEFFER,

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 John S. Peffer (“Peffer” or “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.3 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. Peffer, age 41, is a resident of Newburyport, Massachusetts. From 1995 through at least June 2003, Peffer was employed as a registered representative at a branch office of Prudential Securities, Inc. located in Boston, Massachusetts. Peffer was registered with Prudential Securities, Inc. as a general securities representative, uniform securities agent, and uniform investment adviser. During the relevant period, Peffer was a person associated with a broker or dealer and with an investment adviser.

2. Prudential Securities, Inc. was a wholly-owned broker-dealer subsidiary of Prudential Financial, Inc. (“Prudential Financial”) prior to July 2003. Prudential Financial is a publicly-owned holding company, traded on the New York Stock Exchange, whose operating subsidiaries include insurance brokers and investment managers. During the relevant period, Prudential Securities, Inc. was registered with the Commission as both a broker-dealer and investment adviser. On July 1, 2003, Prudential Financial transferred its ownership of Prudential Securities, Inc. to the Prudential Division of Wachovia Securities, LLC, a joint venture of Prudential Financial and the Wachovia Corporation.

3. On December 8, 2005, a final judgment was entered by consent against Peffer, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Martin J. Druffner et al., Civil Action No. 03-12154-NMG, in the United States District Court for the District of Massachusetts.

4. The Commission’s Amended Complaint in the civil action alleged that beginning in at least January 2001 and continuing through at least June 2003, Peffer used deceptive trading practices to conceal his identity, and those of his customers, to evade mutual funds’ prospectus limitations on market timing. Among other things, the Amended Complaint alleged that Peffer and other registered representatives formerly employed by Prudential Securities, Inc.’s Boston office committed fraud through their use of multiple broker identification numbers and customer account numbers to hide their identities so they could market time in mutual funds that previously had taken steps to block their trading privileges.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Peffer'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 Peffer be, and hereby is, barred from association with any broker, dealer, or investment adviser, with the right to reapply for association after three years to the appropriate self-regulatory organization, or if there is none, to the Commission;

Any reapplication for association by Respondent Peffer 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 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.

By the Commission.

Jonathan G. Katz
Secretary