

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Securities Act of 1933
Release No. 9029 / April 17, 2009

Administrative Proceeding
File No. 3-13446

In the Matter of

**AMERICAN SKANDIA,
INVESTMENT SERVICES, INC.,**

Respondent.

**ORDER UNDER RULE 602(e) OF THE
SECURITIES ACT OF 1933 GRANTING A
WAIVER OF THE RULE 602(c)(3)
DISQUALIFICATION PROVISION.**

I.

American Skandia Investment Services, Inc. (“ASISI”) has submitted a letter, dated February 3, 2009, requesting a waiver of the Rule 602(c)(3) disqualification from the exemption from registration under Regulation E arising from ASISI’s settlement of an administrative proceeding commenced by the Commission.

II.

On April 17, 2009, the Commission entered an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”). The Order finds that ASISI willfully violated Section 206(2) of Investment Advisers Act of 1940 (“Advisers Act”). Specifically, the Order finds that from at least January 2000 through in or around September 2003, ASISI accommodated widespread market timing in the portfolios (hereinafter referred to as “sub-accounts”) of the American Skandia Trust (“AST”) that serve as funding vehicles for variable annuities issued by American Skandia Life Assurance Corporation (“ASLAC”). At all relevant times, ASISI was registered with the Commission as an investment adviser under Section 203 of the Advisers Act and was investment adviser to AST. The Order finds that during this period, ASISI negligently failed to investigate credible complaints from the investment advisers hired to sub-advise certain sub-accounts to the effect that market timing was having a detrimental effect on the performance of the sub-accounts and negligently failed to inform the AST Board of Trustees of such complaints. In addition, the Order finds that the AST Board of Trustees lacked adequate information to give informed consideration to whether sub-accounts had

adequate policies and procedures in place with respect to market timing and as to whether performance in certain AST sub-accounts was adversely affected by market timing. Further, the Order censures ASISI and requires ASISI to pay disgorgement in the amount of \$34 million and a civil monetary penalty of \$34 million to the Commission. Finally, ASISI neither admits nor denies the findings in the Order, except for findings pertaining to jurisdiction.

III.

The Regulation E exemption is unavailable for the securities of small business investment company issuers or business development company issuers if, among other things, any investment adviser or underwriter for the securities to be offered is “subject to an order of the Commission entered pursuant to . . . section 203(e) of the Investment Advisers Act of 1940.” *See* 17 C.F.R. 230.602(c)(3). Rule 602(e) of the Securities Act of 1933 (“Securities Act”) provides, however, that the disqualification “shall not apply . . . if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the exemption be denied.” 17 C.F.R. § 230.602(e).

IV.

Based upon the representations set forth in ASISI’s request, the Commission has determined that pursuant to Rule 602(e) under the Securities Act a showing of good cause has been made that it is not necessary under the circumstances that the exemption be denied as a result of the Order.

Accordingly, **IT IS ORDERED**, pursuant to Rule 602(e) under the Securities Act, that a waiver from the application of the disqualification provision of Rule 602(c)(3) under the Securities Act resulting from the entry of the Order is hereby granted.

By the Commission.

Elizabeth M. Murphy
Secretary