

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 Rule 102(e) of the Commission's Rules of Practice, 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. Klarman was admitted to practice law in the State of New York in 1991. He was admitted to practice law in the State of California in 1997, and in 2003 was suspended from practice for failing to pay bar dues. Klarman was formerly Vice President, General Counsel, and Secretary of U.S. Wireless Corporation ("USW"), a company whose common stock was registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 ("Exchange Act") and which filed periodic reports with the Commission.

2. On June 23, 2005, a final judgment was entered against Klarman pursuant to his written consent, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5, 13b2-1, and 13b2-2 thereunder, and aiding and abetting violations of Sections 13(a) and 13(b)(2)(A) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder, in the civil action entitled Securities and Exchange Commission v. Oliver Hilsenrath and David S. Klarman, Civil Action Number C-03-3252-WHA, in the United States District Court for the Northern District of California. The judgment also provided that Klarman is prohibited for 10 years from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act. The judgment further provided that Klarman is liable for disgorgement plus prejudgment interest of \$3,862,929, and that the amount of any civil penalties will be determined at a later hearing.

3. The Commission's complaint alleges, among other things, as follows: From August 1997 to January 2000, Klarman and another USW officer, Oliver Hilsenrath ("Hilsenrath"), had USW transfer common stock worth approximately \$3.2 million and cash totaling approximately \$428,000 to several offshore entities that they secretly owned and controlled. The transfers were part of a scheme by Hilsenrath and Klarman to extract assets from USW without providing any consideration in return. Under the direction of Hilsenrath and Klarman, the cash and stock transfers were originally recorded in USW's books and financial statements as compensation for services or as the sale of stock for valid consideration. In early 2001, USW's Board of Directors received information challenging the validity of the transfers. Once the unauthorized and illegal character of the transfers was recognized, USW restated its financial results for fiscal 2000 to increase its annual net loss from \$11.4 million to \$17.7

million, or by 35%. In essence, USW treated the improper cash and stock transfers as the embezzlement of company assets by Hilsenrath and Klarman.

IV.

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

Accordingly, it is hereby ORDERED, effective immediately, that:

Klarman is suspended from appearing or practicing before the Commission as an attorney.

By the Commission.

Jonathan G. Katz
Secretary