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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
DIVISION OF ENFORCEMENT
100 F Street, N.E.
WASHINGTON, DC 20549

H. Michael Semler
Assistant Chief Litigation Counsel
Direct Dial: (202) 551-4429
Fax: (202) 772-9246
E-Mail: semlerm@sec.gov

June 7, 2006

Honorable E. Thomas Boyle
United States Magistrate Judge
100 Federal Plaza
Central Islip, New York 11722

Re: SEC v. Galasso and Hutter, No. CV-01-8257 (ADS)(ETB)

Dear Judge Boyle:

The Commission hereby responds to David Hutter's letter brief of February 14, 2006, objecting to the civil penalty recommended in your decision of September 9, 2005. Based on Hutter's recently disclosed financial condition and the anticipated criminal penalties, the Commission withdraws its request that Hutter pay a civil penalty.

A. Nature and Posture Of This Case

This case arises out of a fraudulent scheme to pump up the price of shares in Spectrum Brands Corp. ("Spectrum Brands") and then dump the stock on the market. Hutter defaulted in this action and on May 20, 2002, the Court entered judgment against him as to both liability and relief. That order provided that the penalty amount would be determined at a later date.

In early 2005 the Commission requested that Hutter be ordered to pay a penalty of \$240,000. When that request was made (and until very recently), Hutter had not submitted any information regarding his financial condition. On September 9, 2005, you recommended that a penalty of \$240,000 be imposed.

Hutter objected to the recommendation and by order of January 31, 2006, the Court allowed Hutter to submit a "letter brief" providing additional information. On February 14 Hutter submitted a letter and certain information regarding his finances. Hutter subsequently advised the Commission that he would provide a complete financial statement in mid-April. The Commission then obtained the Court's authorization to delay its response to Hutter's objection until Hutter's full financial disclosure could be reviewed.

Hutter submitted his full financial disclosure in early May. On May 24 you granted the Commission's request for an extension until June 8 to review this information and respond to Hutter's February 14 objection.

B. The Commission's Response

The Commission has evaluated the sworn financial statement and supporting information submitted by Hutter. This information indicates that Hutter's current and foreseeable financial condition would not allow him to pay the recommended civil penalty of \$240,000 or, indeed, any significant penalty. Additionally, Hutter's criminal sentencing appears likely to result in significant criminal penalties, including a restitution requirement. Consequently, the Commission withdraws its request that Hutter be ordered to pay a civil penalty in this case.

Respectfully submitted,


H. Michael Semler

cc: David Hutter
Norman Trabulus

Case closed.

SO ORDERED.

ARTHUR D. SPATT
United States District Judge

6/12/06