

ADMINISTRATIVE PROCEEDING  
FILE NO. 3-11343

SECURITIES & EXCHANGE COMMISSION  
MAILED FOR SERVICE

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
March 4, 2004

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FIRST CLASS

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In the Matter of	:	
	:	
BRUCE FOLLICK,	:	
SALVATORE TAVOLACCI,	:	ORDER AS TO RESPONDENTS WHO
DONALD BROOKS,	:	FAILED TO SUBMIT OFFERS OF
KARL DONOVAN,	:	SETTLEMENT
AARON SANDSTROM,	:	
and DEREK SHAPIRO	:	
	:	

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**Background**

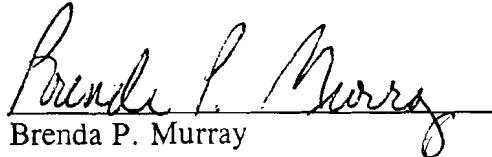
The Securities and Exchange Commission ("Commission") instituted this proceeding on November 24, 2003, pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act"). The Order Instituting Proceeding ("OIP") alleges that in 2002, a court enjoined Respondents from future violations of Section 17(a) of the Securities Act of 1933, and Sections 10(b) and 15(a) of the Exchange Act, and Rule 10b-5 thereunder. SEC v. Follick, 1:00-CV-4385 (S.D.N.Y. 2002). The OIP further alleges that between 1999 and 2002, each Respondent pled guilty to one or more counts of securities fraud and was sentenced to prison and supervised release and ordered to make restitution. United States v. Tivolacci, 1:00-CR-554 (S.D.N.Y.); United States v. Follick, 1:99-CR-169 (S.D.N.Y.).

At the request of the Division of Enforcement ("Division"), I stayed the proceeding on February 11, 2004, and ordered the Respondents to submit signed Offers of Settlement ("Offers") to the Commission within fifteen business days of the Order. I ordered the Division to submit the signed Offers and its recommendations to the Commission within twenty business days of receipt of the Offers. 17 C.F.R. § 201.161(c)(2)(i).

The Division informed me on March 3, 2004, that only Respondents Salvatore Tivolacci and Derek Shapiro submitted signed Offers to the Division within the fifteen-business-day time limit. 17 C.F.R. § 201.161(c)(2)(i). I expect that the Division will comply with Rule 161(c)(2)(i) and submit the required materials to the Commission within twenty days of when it received the signed Offers.

## **Ruling**

By operation of Rule 161(c)(2), notice to me that Respondents Bruce Follick, Donald Brooks, Karl Donovan, and Aaron Sandstrom did not submit signed Offers within the prescribed time limit causes the stay to lapse and continues the proceeding as to them. 17 C.F.R. § 201.161(c)(2)(ii). At the prehearing conference scheduled for 10:00 a.m. EST on March 31, 2004, we will agree on a procedural schedule for the hearing that will occur for any Respondent who has not submitted a signed Offer by that date.

  
Brenda P. Murray  
Chief Administrative Law Judge