

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 69485 / May 1, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15311

In the Matter of

**KENNETH E. MAHAFFY,
JR.,**

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
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”) against Kenneth E. Mahaffy, Jr. (“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.2 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, 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. Mahaffy was employed from approximately December 8, 1997 through February 19, 2003, at Merrill Lynch, Pierce, Fenner, & Smith, Inc. ("Merrill") as a registered representative in its Garden City, New York office. From February 19, 2003 through 2005, Mahaffy was a registered representative at Citigroup Global Markets, Inc. ("Citigroup") in its Farmingdale, New York office. Mahaffy has had a Series 7 license since March 1997. Mahaffy was a foreign exchange broker from January 1989 through January 1997. For a portion of the time in which he engaged in the conduct underlying the civil action described below, Mahaffy was associated with a broker-dealer registered with the Commission.

2. On March 21, 2013, a final judgment was entered by consent against Mahaffy, permanently enjoining him from future violations of Sections 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Amore, et al., Civil Action Number 05-CV-3885, in the United States District Court for the Eastern District of New York.

3. The Commission's complaint alleged that, while associated with a broker-dealer, in exchange for cash and other payments, Respondent participated in a scheme to provide access to "squawk boxes" to A.B. Watley, Inc., a day trading firm, to broadcast confidential information so its day traders could improperly trade ahead of the broker-dealer's institutional orders.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act that Respondent Mahaffy be, and hereby is:

barred from association with any broker or dealer with the right to apply for reentry after four (4) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

Any reapplication for association by the Respondent 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 the 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.

Elizabeth M. Murphy
Secretary