

**UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
May 22, 2007**

**ADMINISTRATIVE PROCEEDING  
File No. 3-12639**

**In the Matter of**

**DAVID A. ZWICK,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
15(b) OF THE SECURITIES EXCHANGE  
ACT OF 1934 AND NOTICE OF HEARING**

**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 David A. Zwick (“Respondent” or “Zwick”).

**II.**

After an investigation, the Division of Enforcement alleges that:

1. Zwick, age 41, resides in Fort Lauderdale, Florida. In 1998 and 1999, Zwick was a principal of Suncoast Capital Group, Ltd. (“Suncoast”), a broker-dealer registered with the Commission pursuant to Section 15(b) of the Exchange Act. Zwick was also Suncoast’s chief executive officer, executive vice president, chief compliance officer, and the supervisor of Suncoast’s sales representatives. Zwick held a one-third interest in a general partnership that owned 66.5 percent of Suncoast.

2. On May 1, 2007, a final judgment was entered against Zwick, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled United States Securities and Exchange Commission v. David A. Zwick, et al., Civil Action No. 03 Civ. 2742 (JGK) (HBP), in the United States District Court for the Southern District of New York.

3. The Commission’s complaint in that civil action alleged that Zwick, while associated with Suncoast, participated in a scheme under in a salesperson supervised by Zwick provided kickbacks in the form of undisclosed cash payments and improper gifts and gratuities to a bond trader employed by New York Life Insurance Company, Inc. (“New York Life”). In

exchange for these kickbacks, Suncoast received a flow of securities transactions from New York Life, often at prices that favored Suncoast at the expense of New York Life. In many of these transactions, Suncoast charged New York Life off-market prices that were not reasonably related to prevailing market prices. Zwick received significant compensation from Suncoast as a result of the New York Life transactions. The complaint further alleged that Zwick failed to disclose that Suncoast paid these kickbacks to the trader at New York Life in exchange for the flow of business and favorable prices.

4. Following a three-week trial, a jury found that Zwick had violated Section 17(a) of the Securities Act, and both directly violated and aided and abetted violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. After the jury rendered its verdict, the District Court ruled on the Commission's Motion for Injunctive Relief, Disgorgement and Civil Money Penalties. In its decision, the District Court found that a permanent injunction, disgorgement and prejudgment interest, and a third tier civil money penalty pursuant to Exchange Act Section 21(d)(2) in the amount of \$75,000 were appropriate. The District Court found that Zwick's conduct "was egregious" and "involved fraud, deceit, manipulation, and deliberate disregard of regulatory requirements." The District Court further found that Zwick's conduct "was deliberate and occurred repeatedly over the course of more than a year." United States Securities and Exchange Commission v. David A. Zwick, et al., No. 03 Civ. 2742 (JGK) (HBP), 2007 WL 831812 (S.D.N.Y. Mar. 16, 2007).

### III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act.

### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Nancy M. Morris  
Secretary