

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

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12640**

**In the Matter of**

**TERRENCE J. O'DONNELL,**

**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 Terrence J. O’Donnell (“Respondent” or “O’Donnell”).

**II.**

After an investigation, the Division of Enforcement alleges that:

1. O’Donnell, age 47, resides in Loxahatchee, Florida. In 1998 and 1999, O’Donnell was a trader associated with Suncoast Capital Group, Ltd. (“Suncoast”), a broker-dealer registered with the Commission pursuant to Section 15(b) of the Exchange Act.

2. On May 1, 2007, a final judgment was entered against O’Donnell, enjoining him for a period of five years from violations of 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 O’Donnell, while associated with Suncoast, participated in and aided and abetted a scheme in which a salesperson employed by Suncoast 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 from New York Life a flow of securities transactions, 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. O'Donnell, who executed most of these transactions, received significant compensation from Suncoast as a result of the New York Life transactions. The complaint further alleged that O'Donnell 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 O'Donnell had aided and abetted violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, pursuant to Section 20(e) of the Exchange Act. 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 five-year injunction, disgorgement and prejudgment interest, and a third tier civil money penalty pursuant to Exchange Act Section 21(d)(3) in the amount of \$25,000 were appropriate. The District Court found that O'Donnell's "conduct involved fraud, deceit, manipulation, and deliberate disregard of regulatory requirements." The District Court further found that O'Donnell's conduct "spanned the period from January 1998 to April 1999, and included the most substantial trades on which excessive markups were charged to New York Life," and that "[t]his pattern of aiding and abetting the excessive-markup scheme cannot be considered an isolated occurrence." 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