

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
June 12, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-13066

In the Matter of

JAMIE L. SOLOW,

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 Jamie L. Solow (“Respondent” or “Solow”).

II.

After an investigation, the Division of Enforcement alleges that:

1. Solow, age 46, resides in Hillsboro Beach, Florida. From August 12, 2002 to December 9, 2003, Solow was a registered representative associated as an independent contractor with Archer Alexander Securities Corp. (“Archer”), which at the time was a broker-dealer that was registered with the Commission pursuant to Section 15(b) of the Exchange Act. From June 4, 2004 to July 14, 2006, Solow was associated in the same capacity with SAMCO Financial Services, Inc. (“SAMCO”), which at the time was registered with the Commission as a broker-dealer pursuant to Section 15(b) of the Exchange Act. At both firms, Solow’s business consisted almost entirely of trading inverse floating rate collateralized mortgage obligations (“inverse floaters”), a complex, risky, and volatile type of mortgage-backed security derivative. At Archer, he traded inverse floaters both for the firm’s principal account and for his retail customers. At SAMCO, he traded inverse floaters exclusively for retail customers.

2. On May 14, 2008, a final judgment was entered against Solow in the civil action entitled Securities and Exchange Commission v. Jamie L. Solow, Case No. 06-81041, Civ-Middlebrooks, in the United States District Court for the Southern District of Florida, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 (“Securities

Act”), Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, and from aiding and abetting future violations of Section 17(a)(1) of the Exchange Act and Rules 17a-3(a)(1), 17a-3(a)(2), 17a-3(a)(7), and 17a-5(a)(2) thereunder, and Section 15(c)(3) of the Exchange Act and Rule 15c3-1 thereunder. In addition, the final judgment permanently enjoined Solow from attempting to register as a broker-dealer or investment adviser or being associated with or seeking to be associated with a broker-dealer or investment adviser.

3. The Commission’s complaint, filed on November 8, 2006 and amended on September 24, 2007, alleged that Solow, while associated with Archer, engaged in a fraudulent trading scheme involving inverse floaters. Solow fraudulently evaded trading restrictions imposed on him by Archer and entered into numerous non-riskless principal transactions in which he secretly bought new issues of inverse floaters worth millions of dollars from other dealers for settlement at later dates without getting prior authorization from or informing Archer’s president, and without having an offsetting order in place to sell the securities. The value of these proprietary positions far exceeded Archer’s available net capital, thereby exposing the firm to substantial risk without its knowledge. To conceal the true nature of his trades, Solow made, or caused to be made, numerous misrepresentations and omissions to Archer, including directing his assistant to submit falsified trade tickets that made it appear as though he had purchased and sold blocks of inverse floaters on the same day, and thus on a riskless principal basis. Archer, unaware of the actual circumstances of these transactions, paid Solow millions of dollars in compensation during 2003 for inverse floater trades that he carried out pursuant to this fraudulent scheme. Furthermore, as a result of Solow’s scheme, Archer violated certain broker-dealer books and records, reporting, and net capital provisions.

4. The Commission’s complaint further alleged that Solow, while associated with Archer and SAMCO, violated the antifraud provisions by selling inverse floaters to retail customers with conservative to moderate investment objectives or low net worth for whom these securities were unsuitable investments, and making material misrepresentations and omissions when doing so. Solow defrauded his customers by grossly understating the risks of investing in inverse floaters. While at SAMCO, Solow recommended that his customers use high levels of margin to purchase inverse floaters, yet failed to adequately and truthfully apprise them of the increased risks associated with doing so. Eventually, as interest rates rose during the second half of 2005 and early 2006, the value of the inverse floaters that Solow had purchased for his customers, as well as the monthly interest and principal payments on these securities, declined dramatically. Many of Solow’s customers, including numerous elderly or retired investors, incurred heavy or total losses when they liquidated their accounts or were unable to meet margin calls.

5. On January 31, 2008, after a nine day jury trial, the jury found that Solow had violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 17(a) of the Securities Act, and had aided and abetted Archer’s violations of Section 17(a)(1) of the Exchange Act and Rules 17a-3(a)(1), 17a-3(a)(2), 17a-3(a)(7), and 17a-5(a)(2) thereunder, and Section 15(c)(3) of the Exchange Act and Rule 15c3-1 thereunder. After the jury rendered its verdict, the District Court ruled on the Commission’s Motion for Remedies. In its decision, the District Court permanently enjoined Solow from future violations of these provisions, and ordered

Solow to disgorge \$3,424,788.90 in ill-gotten gains, including prejudgment interest, from his violations, and pay a third tier civil money penalty of \$2,646,485.99 pursuant to Section 20(d)(2) of the Securities Act and Section 21(d)(3) of the Exchange Act. In addition, the District Court permanently enjoined Solow from attempting to register as a broker-dealer or investment adviser or being associated with or seeking to be associated with a broker-dealer or investment adviser. In entering the final judgment, the District Court observed that, “[d]uring the trial I saw Mr. Solow blame others for his failings, refuse to accept any responsibility for his own actions, and repeatedly testify falsely under oath. Based upon his demeanor and testimony at trial, and after watching his video presentation to investors and hearing the testimony of those individuals he enticed into risky investments through false promises, I conclude he should not be allowed to register as, or associate with a registered broker-dealer or investment adviser.” Securities and Exchange Commission v. Jamie L. Solow, Case No. 06-81041, Civ-Middlebrooks (S.D. Fla. May 14, 2008).

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), 201.221(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.

Florence E. Harmon
Acting Secretary