

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
June 10, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13512

In the Matter of

**Keevin H. Leonard and Robert
F. Malin,**

Respondents.

**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 Keevin H. Leonard (“Leonard”) and Robert F. Malin (“Malin”) (collectively, “Respondents”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENTS

1. From February 2002 through March 2003, Leonard was a manager of the proprietary desk at A.B. Watley, Inc. (“Watley”), a day trading firm registered with the Commission as a broker-dealer, and a general securities principal of Watley. During all relevant times, Leonard had Series 7 and 24 licenses.

2. Malin was Vice Chairman of Watley Group, the parent company of Watley, from approximately January 1999 through 2004, and President of Watley, a day trading firm registered

with the Commission as a broker-dealer, from approximately September 2002 through April 2004. During all relevant times, Malin had Series 7 and 63 licenses.

B. RESPONDENTS' CRIMINAL CASES

1. On April 22, 2009, Respondents were found guilty of one count of conspiracy to commit securities fraud, a felony, in the United States District Court in the Eastern District of New York. U.S. v. Mahaffy, No. 05-CR-613 (JG) (E.D.N.Y. April 22, 2009).

2. The conspiracy count of the criminal indictment of which Respondents were found guilty alleges, *inter alia*, that, while associated with Watley, Respondents participated in a scheme to use confidential information improperly obtained from broker-dealers' "squawk boxes" to trade ahead of the broker-dealers' institutional orders.

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 Respondents an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondents 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 Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against each of them 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 Respondents 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.

Elizabeth M. Murphy
Secretary