

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 61503 / February 4, 2010**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13778**

**In the Matter of**

**David Harrison Baker,**

**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 David Harrison Baker (“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. Baker, age 42, is a resident of Los Angeles, California. From October 2004 to August 2005, he was associated with broker-dealer Schonfeld Securities, LLC ("Schonfeld"). During that time, Baker acted as a sales trader, providing securities trade execution for several investment advisers to hedge funds, including JLF Asset Management, LLC ("JLF").

2. On January 19, 2010, a final judgment was entered by consent against Baker, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940, in the civil action entitled Securities and Exchange Commission v. Travis, et al., Civil Action Number 09-CV-2288 (PKC), in the United States District Court for the Southern District of New York.

3. The Commission's complaint alleged that: While associated with Schonfeld, Baker entered into an agreement with employees of JLF whereby Baker agreed to pay certain personal expenses of the JLF employees, in exchange for the JLF employees directing JLF Funds' trades to Baker. Baker earned a portion of the commission that Schonfeld charged the JLF Funds for each executed trade. In 2004 and 2005, the JLF employees directed a substantial number of trades through Baker; and at the request of one of JLF's employees, Baker paid personal travel expenses for JLF employees. The JLF employees concealed the bribery scheme, and the material conflicts of interest that it created, from the investment advisor's hedge fund clients, which operated as a fraud and deceit on investors.

### IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Baker be, and hereby is barred from association with any broker or dealer.

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