

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 63901 / February 14, 2011**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3157 / February 14, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14253**

**In the Matter of**

**Frederick E. Bowers,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AND SECTION 203(f) OF THE  
INVESTMENT ADVISERS ACT OF 1940,  
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”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Frederick E. Bowers (“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 and III.4 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 and Section 203(f) of the Investment Advisers Act of 1940, 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. Frederick E. Bowers, age 42, is a resident of New York, New York. From 1999 through the relevant time period, Bowers was a registered representative associated with Lehman Brothers, Inc. (“Lehman”), a registered broker-dealer and investment adviser.

2. On February 9, 2011, a final judgment was entered by consent against Bowers, permanently enjoining him from future violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5] and Section 14(e) of the Exchange Act [15 U.S.C. § 78n(e)] and Exchange Act Rule 14e-3 [17 C.F.R. § 240.14e-3] in the civil action entitled Securities and Exchange Commission v. Devlin, et al., Civil Action Number 08-CV-11001, in the United States District Court for the Southern District of New York.

3. The Commission’s Complaint alleged that Bowers engaged in an illegal insider trading scheme in which he possessed and used material, nonpublic information which he knew, should have known or was reckless in not knowing was obtained in breach of a duty of trust or confidence, and tipped his client who used that material nonpublic information to purchase or sell securities. Specifically, Bowers’ business partner at Lehman tipped Bowers with inside information about acquisitions or tender offers involving Abgenix Inc. (“Abgneix”), Aztar Corporation (“Aztar”) and Mercantile Bankshares Corporation (“Mercantile”). Bowers’ business partner, then also a registered representative at Lehman, misappropriated the confidential nonpublic information about the corporate transactions from his wife, a partner in the New York City office of an international public relations firm involved in the deals. Bowers, in turn, used the material inside information to tip a client with material nonpublic information regarding three prospective deals involving Abgenix, Aztar and Mercantile. Bowers’ client traded on this inside information and kicked back cash to Bowers who shared some of it with his business partner at Lehman.

4. On August 5, 2009, Bowers pled guilty to one count of conspiracy to commit securities fraud in violation of Title 18 United States Code, Section 371 and one count of securities fraud in violation of Title 15, United States Code, Sections 78ff and 78j(b) before the United States District Court for the Southern District of New York, in United States v. Bowers, 09 CR 00496 (GBD). On September 17, 2009, a judgment in the criminal case was entered against Bowers. He was sentenced to three years of probation and ordered to pay a fine of \$15,000 and a special assessment of \$200 and to forfeit proceeds traceable to the commission of the offenses up to \$12,000.

5. The two-count criminal information to which Bowers pled guilty alleged, *inter alia*, that Bowers and his business partner agreed to tip one of Bowers' clients with material nonpublic information about the upcoming Aztar tender offer and Mercantile acquisition. The business partner had misappropriated this inside information from his wife. The client illegally traded using this information and then shared a portion of the illegal profits with Bowers and Bowers' business partner.

#### IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act that Frederick E. Bowers be, and hereby is barred from association with any broker, dealer, or investment adviser.

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

## Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions ("Order"), on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray  
Chief Administrative Law Judge  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-2557

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