

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 63902 / February 14, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14254

In the Matter of

Thomas Faulhaber,

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 Thomas Faulhaber (“Faulhaber” or “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. Faulhaber, age 46, is a resident of Saint James, New York. From October 28, 2005 through December 1, 2007, he was affiliated with Opus Trading Fund LLC, a registered broker-dealer. Faulhaber subsequently had been affiliated with Ferris Trading Fund LLC.

2. On February 9, 2011, a final judgment was entered by consent against Faulhaber, 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 Faulhaber 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. Specifically, Matthew C. Devlin, a registered representative at Lehman Brothers, Inc. ("Lehman") tipped Frederick E. Bowers, also a registered representative at Lehman, with material nonpublic information about several acquisitions including a tender offer involving the Aztar Corporation and an acquisition involving Mercantile Bankshares Corporation as alleged at paragraphs 121 and 122 of the Complaint. Devlin tipped Bowers in each of the transactions with information Devlin had misappropriated 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 Devlin's material inside information to tip Faulhaber, Bowers' client, with material nonpublic information regarding the deals. The Complaint alleged at paragraphs 121 and 122 that Faulhaber traded in advance of the public announcements and based on the material nonpublic information he received from Bowers.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act that Respondent Faulhaber 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

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, 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
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