

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 65018 / August 3, 2011

INVESTMENT ADVISERS ACT OF 1940
Release No. 3256 / August 3, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14498

In the Matter of

FRANK R. PEPERNO,

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 Frank R. Peperno (“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. Respondent, age 41, working from an Old Forge, PA office, was a registered representative associated with a broker-dealer registered with the Commission. Respondent is presently incarcerated in a Federal Correctional Institution located in Bradford, PA.

2. On April 14, 2010, Respondent pleaded guilty to, *inter alia*, one count of mail fraud in violation of Title 18 United States Code, Section 1341 before the United States District Court for the Middle District of Pennsylvania, in *United States v. Frank R. Peperno*, No. 3:03-CR-115 (Munley, J.) (filed April 7, 2010). On July 22, 2010, the Court entered judgment in the criminal case against the Respondent, who was sentenced to a prison term of 43 months followed by five years of supervised release.

3. According to the Criminal Information to which Respondent pleaded guilty, from January 2003 to September 2005, during the conduct of his employment by a broker-dealer, Respondent placed funds from at least nine customers in high-commission real estate investment trust investments by forging customer signatures or otherwise falsifying customer income, net worth figures and investment experience in account application documents that he forwarded via U.S. Mail or other interstate mail carriers to the broker-dealer with whom he was associated. According to the Criminal Information, the scheme generated Respondent at least \$54,088.66 in commissions over a 32-month period from January 2003 through September 2005. The Criminal Information also states the customers did not give Respondent permission to sign their names on the account application documents or to provide falsified information to the broker-dealer with whom he was associated.

4. According to the Criminal Information, from September 2003 to January 2006, during the conduct of his employment by a broker-dealer, Respondent also fraudulently obtained approximately \$380,000 from two customers by representing to them that he would invest their money in securities; however, rather than investing their money, Respondent converted his customers' funds to his own use.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Peperno be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the

issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by 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 restitution order the Court may issue against Respondent in *United States v. Frank R. Peperno*, No. 3:03-CR-115; (b) any disgorgement ordered against Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) 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 (e) 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