UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2352 / February 9, 2005

INVESTMENT COMPANY ACT OF 1940
Release No. 26753 / February 9, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-11815

In the Matter of

JOSEPH PALOMBO,

Respondent.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER PURSUANT TO SECTIONS 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940 AND SECTIONS 9(b) AND 9(f) OF THE INVESTMENT COMPANY ACT OF 1940

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") and Sections 9(b) and 9(f) of the Investment Company Act of 1940 ("Investment Company Act") against Joseph Palombo ("Palombo" or "Respondent").

II.

In anticipation of the institution of these proceedings, Palombo has submitted an Offer of Settlement ("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, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 203(f) and 203(k) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940 ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

Summary

1. This is a proceeding against Joseph Palombo arising from undisclosed market timing activity in the Columbia mutual fund complex ("the Columbia Funds"). Palombo is a former trustee of numerous Columbia Funds, and also a former officer or director of several entities affiliated with the Columbia Funds: Columbia Management Advisors, Inc., a registered investment adviser to the Funds; Columbia Funds Distributor, Inc. ("Columbia Distributor"), the principal underwriter and distributor of the Funds; and Columbia Fund Services Inc. ("Columbia Services"), the transfer agent for the Funds, which was responsible for detecting and halting market timing in the funds. Despite his positions, Palombo ignored red flags reflecting timing arrangements, failed to take appropriate action to investigate or halt such arrangements and by his actions substantially contributed to Columbia Advisors' wrongful conduct.

2. From at least 1998 through October 2003, Columbia Management Advisors, Inc. and some of its predecessor entities ("Columbia Advisors"), and Columbia Distributor violated antifraud provisions of the securities laws by allowing certain customers to engage in short-term or excessive trading without disclosing this fact to fund shareholders or to fund trustees. In breach of its fiduciary duty, Columbia Advisors knew and approved of all but one of the short-term trading arrangements, and allowed the arrangements to continue and failed to prevent or allowed the practice of other short-term trading to continue despite knowing such trading could be detrimental to long-term shareholders in the funds.

3. Throughout the relevant period, the Columbia Advisors and Columbia Distributors never disclosed to the shareholders or to the independent trustees of the Columbia Funds the special arrangements they made with these short-term or excessive traders and the potential harm these arrangements posed to the relevant Columbia Funds. Many of these arrangements and the trades made pursuant to them, as well as trades that were the result of a practice of short-term and excessive trading Columbia Advisors and Columbia Distributor allowed, were directly contrary to representations made in fund prospectuses that the funds did not permit short-term or excessive trading. In some other cases, the short-term trading pursuant to the arrangements and otherwise was contrary to prospectus representations that the funds in question would allow no more than three or four exchanges or telephone exchanges per fund per year.

[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other persons or entities in this or any other proceeding.

4. By increasing assets under management, the trading arrangements increased the advisory fees earned by Columbia Advisors, and the trading arrangements increased the compensation paid to Columbia Distributor.

5. Through the above-described conduct, Columbia Advisors and Columbia Distributor engaged in fraudulent conduct and Columbia Advisors breached its fiduciary duty to act at all times in the best interests of the Columbia Funds' shareholders.

6. In his capacity as fund trustee, during the period from at least 2001 through 2003 Palombo signed registration statements for multiple Liberty and Columbia funds that incorporated the prospectus disclosures set forth above. As a fund trustee, Palombo had a fiduciary duty to protect fund shareholders, but he failed to take steps to prevent trading in fund shares that was inconsistent with the fund prospectus disclosure: He ignored red flags reflecting two of the distributor's arrangements allowing short-term trading, and an additional proposed arrangement.

7. As a result of the conduct described above and detailed below, Palombo willfully aided and abetted and caused Columbia Advisors' violation of Section 206(2) of the Advisers Act. Columbia Advisors, while acting as an investment adviser, engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon clients or prospective clients. He also willfully aided and abetted and caused Columbia Advisors' violation of Section 34(b) of the Investment Company Act.

Respondent

8. Palombo was Chief Operating Officer and a director of Columbia Advisors from November 2001 until he was suspended in February 2004; his employment officially ended in May 2004. In that capacity, he supervised the adviser's operations, but not its portfolio management function. During the same period he also was a director of Columbia Distributor, although he had no operational role or authority over distributor employees. From November 2001 to February 2004 Palombo also served as president of Columbia Services, which had responsibility for market timing surveillance for the Columbia Funds. As CEO of Columbia Services, Palombo had ultimate responsibility for detecting and preventing timing activity in the Columbia Funds. Before November 2001, Palombo was the Chief of Operations of Liberty Funds Group, an officer of two adviser entities and head of Liberty's fund transfer agent. FleetBoston Financial Corporation acquired Liberty in November 2001 and the Liberty entities became known as Columbia entities. Until November 2002, Palombo supervised compliance for all fund operations: his direct reports included the chief compliance officer of Columbia Management Group, which was the parent company of the adviser, distributor and transfer agent for the Columbia Funds. Besides his executive positions, from August 2000 on Palombo was a trustee of the Liberty Funds board of trustees, remaining in the capacity when the funds became Columbia Funds. He served as chairman of the board from 2001 to late 2003.

Other Relevant Entities

9. Columbia Advisors, an Oregon corporation, is a wholly owned subsidiary of Columbia Management Group Inc., which during the relevant period was a wholly owned subsidiary of Fleet National Bank, which was a subsidiary of FleetBoston Financial Corporation ("Fleet"). Fleet during that period was a publicly owned holding company traded on the New York Stock Exchange. Columbia Advisors has been an investment adviser registered with the Commission since 1969. In connection with its purchase of Liberty Financial Group ("Liberty") in November 2001, Fleet acquired various Liberty fund groups and investment advisers. In April 2003, most of these entities were merged with Fleet Investment Advisors Inc. into Columbia Advisors. Columbia Advisors serves as the investment adviser to approximately 140 mutual funds in the Columbia family of funds. Throughout the relevant time period, shares of Columbia Funds were continuously offered and sold to the public.

10. Columbia Distributor, a Massachusetts corporation, is a wholly-owned subsidiary of Columbia Management Group. Columbia Distributor has been a broker-dealer registered with the Commission since 1992. It acts as the principal underwriter and distributor for the Columbia Funds and certain other mutual funds. Before Fleet acquired Liberty in November 2001, the entity was known as Liberty Funds Distributor, Inc. ("Liberty Distributor").

11. Columbia Services, a Massachusetts corporation, is a subsidiary of Columbia Management Group. It has been a transfer agent registered with the Commission since 1988. Columbia Services is the transfer agent for the Columbia Funds, and has responsibility for identifying market timing activity in the funds.

Facts

Introduction: Palombo's Role In Fund Prospectus Disclosures Relating to Timing

12. Market timing includes (a) frequent buying and selling of shares of the same mutual fund or (b) buying or selling mutual fund shares in order to exploit inefficiencies in mutual fund pricing. Market timing, while not illegal *per se*, can harm other mutual fund shareholders because it can dilute the value of their shares, if the market timer is exploiting pricing inefficiencies, or disrupt the management of the mutual fund's investment portfolio, and can cause the targeted mutual fund to incur costs borne by other shareholders to accommodate frequent buying and selling of shares by the market timer.

13. During the relevant period, the Columbia Funds made certain prospectus disclosures relating to market timing. From 1998 through 2000, the prospectuses for some of the Columbia Funds contained disclosures stating that generally shareholders would be limited in the number of exchanges or telephone exchanges they could make during a given year.

14. In the Fall of 2000, certain Columbia Funds then advised by subsidiaries of Liberty began including in their respective prospectuses the following disclosure (the "Prohibition"):

> The Fund does not permit short-term or excessive trading in its shares. Excessive purchases, redemptions or exchanges of Fund shares disrupt portfolio management and increase Fund expenses. In order to promote the best interests of the Fund, the Fund reserves the right to reject any purchase order or exchange request particularly from market timers or investors who, in the advisor's opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Fund. The funds into which you would like to exchange may also reject your request.

Before its adoption, Palombo reviewed this language, which was intended to allow the funds to take action against disruptive frequent trading.

15. By the Spring of 2001, the rest of the Columbia Funds belonging to Liberty began including the Prohibition in their prospectuses. Columbia Advisors retained this disclosure language upon Fleet's acquisition of Liberty, and in early 2002, adopted the same disclosure for most of the funds that had been advised by subsidiaries of Fleet prior to the acquisition. In the Spring of 2003, Columbia Advisors amended the language in certain of the prospectuses to make clear that other funds distributed by Columbia Distributor similarly reserved the right to reject trade requests from market timers or investors with a pattern of short-term or excessive trading.

16. In his capacity as fund trustee, during the period from at least 2001 through 2003 Palombo signed registration statements for multiple Liberty and Columbia funds that incorporated the prospectus disclosure set forth above.

Columbia Distributor Agreed to Allow Short-Term or
<u>Excessive Trading In Columbia Funds</u>

17. During the period from at least 1998 until Summer 2003, Columbia Distributor managers entered into at least nine arrangements with investment advisers, hedge funds, brokers and individual investors allowing them to engage in frequent trading in particular mutual funds. All but one of these investors made multiple "round trips" per month (each round trip consisting of a purchase and subsequent sale of some or all of the purchase amount, or an exchange into the fund followed by an exchange out of the fund of some or all of the initial exchange amount), with total round trip activity pursuant to these arrangements of over $5 billion. A substantial portion of this trading was directly contrary to the prospectus language of the fund in which it occurred.

18. As a fund trustee, Palombo had a fiduciary duty to fund shareholders. He ignored red flags reflecting two of the distributor's arrangements allowing short-term trading that was inconsistent with the prospectus disclosure, which stated that short-term or excessive trading was

not permitted. Despite his fiduciary duty, Palombo allowed the trading to continue although it was inconsistent with the prospectus disclosure.

Ilytat Arrangement and Trading

19. From April 2000 through October 2002, Ilytat Partners, L.P., a San Francisco hedge fund, and its affiliates ("Ilytat") made almost 350 round trips in seven international Columbia Funds. The investment adviser to Ilytat was not registered as an investment adviser with the Commission. A substantial number of Ilytat's trades were made pursuant to an arrangement with Columbia Distributor approved by Columbia Advisors, which allowed Ilytat to engage in frequent and short-term trading in the Newport Tiger Fund, an Asian equity fund.

20. Through 2000 and early 2001, the prospectus for the Newport Tiger Fund noted that "[s]hort-term 'market timers' who engage in frequent purchases and redemptions can disrupt the Fund's investment program and create additional transaction costs that are borne by all shareholders." Starting in May 2001, the prospectus, incorporated in registration statements signed by Palombo, included the Prohibition representation set forth in paragraph 14 above.

21. Notwithstanding the wording of the prospectus, Columbia Distributor, with the approval of the Newport Tiger Fund's portfolio manager, allowed Ilytat, which it identified as a market timer, to enter into an arrangement under which Ilytat was to place $20 million in the Newport Tiger Fund, with two-thirds of that amount to remain static and one-third to be actively traded. According to internal calculations for the Newport Tiger Fund, Ilytat made purchases or exchanges totaling over $133 million in the fund in 2000 and redeemed $104 million. Further, during the first five months of 2001, Ilytat's purchases or exchanges accounted for $72 million out of the $204 million in total purchases made by all investors in the Newport Tiger Fund.

22. Ilytat was allowed to continue trading in the Newport Tiger Fund until September 2002. During the 30 months from April 2000 to September 2002 during which it actively traded in the Newport Tiger Fund, Ilytat made almost 90 round trips in amounts of up to $13 million apiece. This activity included over 30 round trips during the period from May 2001 through September 2002, when the fund's prospectus contained the Prohibition representation.

23. From September 1998 through October 2003 Ilytat also traded extensively in multiple other funds, including the Acorn International Fund, the Acorn International Select Fund, the Stein Roe International Fund, the Newport International Equity Fund and the Columbia International Equity Fund, making a total of at least 150 round trips, at least 50 of which occurred after the funds had adopted the Prohibition.

24. By June 2000, an officer of Columbia Advisors became concerned that Ilytat appeared to be making weekly trades of $7 million in and out of the Newport Tiger Fund and sent an e-mail to Palombo about the activity. Although Palombo considered that any arrangement allowing

more than two round trips per month constituted timing or frequent trading and should not be permitted, he did not inquire into the trading, or whether it was consistent with fund's prospectus disclosure.

25. During 2000 or 2001 Palombo received requests from the portfolio manager of the Newport Tiger Fund seeking information about particular trades made in the fund and on one or more occasions Palombo informed him that the trader was Ilytat. From an initial discussion with the portfolio manager, Palombo understood that there was an arrangement between the portfolio manager and Ilytat allowing frequent trading, but the portfolio manager did not believe it was harmful to the fund. During 2001, Palombo was present when the same Newport Tiger Fund portfolio manager or his superior again expressed concern about the volume of Ilytat's trading. Palombo took no action to inquire into the trading or to halt it. He did not determine whether Ilytat's trading was consistent with the fund prospectus or bring it to the attention of other fund trustees or any responsible officer at the fund.

Calugar Arrangement and Trading

26. In or around April 1999, Daniel Calugar ("Calugar") reached an arrangement with Columbia Distributor allowing him to place up to $50 million in the Columbia Young Investor Fund ("Young Investor Fund"), and the Growth Stock Fund, with permission to make one round trip per month using his entire position. In 2000, Calugar made over 200 round trips in the Young Investor Fund, placing trades of up to $2.3 million at a time, and during the four-month period from January 2000 through April 2000, he also made at least 13 round trips in the Stein Roe International Fund. During the period from January 2000 through February 2001, Calugar also made nearly 70 round trips in the Growth Stock Fund, placing trades of up to $4 million at a time. Throughout 2000 and into January 2001, he also made approximately 20 round trips in the Newport International Equity Fund, in amounts of up to $6.6 million.

27. In early 2000, Palombo requested and received a memorandum containing a summary of suspected timers that included four Calugar accounts that had made a total of 75 round trips in the previous eight months. In response to this memo, Palombo established a task force to explore options for eliminating potential timers. This task force subsequently reported back to him that a number of specific instances of timing had been identified and dealt with. Palombo failed to determine whether steps had been taken to halt Calugar's frequent trading and in fact, the trading continued for another year.

28. In May 2000, Palombo received a memorandum from an executive of Columbia Distributor describing a proposed timing arrangement with a representative at a brokerage firm. The contemplated arrangement would allow the representative to invest $10 million in each of two Columbia funds, making up to two round trips per month per fund, in exchange for a minimum long-term commitment of $15 million in a fixed-income fund and assistance in adding Liberty funds to the brokerage firm's platform. The proposed arrangement was inconsistent with

the prospectus disclosure prohibiting short-term or excessive trading. Palombo refused to personally approve the arrangement, however, he did not take any steps to question or halt implementation of the proposed arrangement by Columbia Distributor, or any other timing arrangements.

Palombo Knew That Short-Term or Excessive Trading
Harmed or Created a Risk of Harm to the Funds

29. Palombo knew that short-term or excessive trading could harm and disrupt the Columbia Funds. For example:

(a) In the Spring of 2000, Palombo received an e-mail from an executive of Columbia Advisors containing a chart prepared by the Stein Roe International Fund's liaison with Columbia Distributor that he summarized as showing: "for the last 6 weeks . . . $142,018,026 has gone into the Fund and $134,935,372 has gone out. . . .These figures exceed the total size of the Fund!" Palombo understood that this e-mail indicated there might be potential harm to the fund and in a return e-mail stated that "current 'timing' penalty procedures are not particularly effective."

(b) In July 2000, the Newport Funds' liaison with Columbia Distributor told Palombo that the Funds were dissatisfied with progress on halting timing and in September 2000, a senior executive of the adviser complained to Palombo that timers were still active in an international fund and the level of timing made it impossible for the managers to manage the fund.

(c) In January 2001, Palombo gave a presentation to Liberty's Product & Distribution Strategy Committee concerning market timing. He noted that despite efforts to detect and halt timing, market timers continued to be a problem. Palombo repeated these concerns in a July 2002 e-mail to a senior executive of the adviser noting that "we are still being plagued by market timers" who impacted the ability to manage the fund and thereby impacted its shareholders.

30. Notwithstanding the concerns raised about the impact excessive or short-term trading was having on the relevant Columbia Funds, Palombo took no prompt, effective action to halt it.

31. In November 2002, the board of trustees of funds managed by Wanger Asset Management, L.P., a subsidiary of Columbia Management Group, approved a 2% redemption fee in connection with its international funds. In December 2002, the board of trustees of funds managed by Columbia Advisors approved a similar fee in connection with its international funds. The redemption fees were designed to curb frequent trading activities in the funds. Palombo participated in developing the redemption fee policy.

Palombo Failed to Take Reasonable Steps to Prevent Timing

32. Palombo supervised compliance for all fund operations. Because of his positions at Columbia Adviser and Columbia Services, and as the only inside trustee on the board of the Liberty Funds (later the Columbia Funds), he was in the best position to take meaningful action to halt timing and timing arrangements, but he failed to do so. As the CEO of Columbia Services, Palombo had ultimate responsibility for that company's assigned task of detecting and preventing timing activity in the Columbia Funds.

33. In October 2000, Palombo sent an e-mail referring to an "approved timers" list when describing a meeting. Palombo took no steps and did not direct anyone else to take steps to determine the content of the list or the purpose for which it was used.

34. In January 2003, Palombo received an e-mail from the manager of the Newport Asia Pacific Fund complaining that it had very high and volatile cash flows making it difficult to manage and asking for help in stopping the timers.

35. In January 2003, a senior executive of Columbia Advisors sent Palombo an e-mail stating, "I found out a week ago, in casual conversation . . . that several Fleet employees who use the international funds in our own 401k arb the fund." Palombo had responsibility for addressing the problem of timing by an outside 401(k) plan. After February, 2003, Liberty International Equity Fund was no longer in the Fleet 401(k) plan. Palombo knew that this fund would no longer be part of the plan. He did not take any steps to find out about the employee trading that had occurred up to that point, nor did he direct anyone else to do so.

Palombo Allowed Columbia Distributor Sales Executives
To Block Efforts to Halt Short-Term or Excessive Trading

36. When setting up the timing surveillance system at Columbia Services during 2000, Palombo determined that he would require its employees to seek advice from Columbia Distributor sales executives before taking any action to block market timing activity. Sales executives were allowed to veto efforts to halt timing. In a February 2000 e-mail, Palombo specifically advised executives of Columbia Distributor and Columbia Advisor that when reviewing activity by an apparent timer, they could decide that "the timer may stay." On multiple occasions, Columbia Distributor executives and employees blocked efforts to halt their clients' trading activity.

Violations

37. As a result of the conduct described in Section III above, Palombo willfully aided and abetted and caused Columbia Advisors' violation of Section 206(2) of the Advisers Act. Columbia Advisors, while acting as an investment adviser, engaged in transactions, practices, or

courses of business which operated or would operate as a fraud or deceit upon clients or prospective clients. Specifically, Columbia Advisors permitted short-term and excessive trading, contrary to the prospectus disclosure for the funds traded. Columbia Advisors knew that such trading was harmful to those funds, but never disclosed the trading to its shareholders or potential shareholders. In addition, Columbia Advisors breached its fiduciary duty to shareholders in the Funds when it failed to disclose to the fund boards or shareholders the conflicts of interest created when it placed its own interest in accepting market timing money to generate fees above the interests of long-term shareholders, who were harmed by market timing; and it placed the interests of one group of shareholders above the interests of others by allowing a select group to time the funds, while taking steps to prevent others from timing. Palombo knew or should have known that his conduct in permitting undisclosed short-term and excessive trading by failing to take prompt or meaningful action to halt the trading, and allowing efforts by surveillance personnel to block such trading to be overridden, would contribute to Columbia Advisors' violation.

38. As a result of the conduct described in Section III above, Palombo willfully aided and abetted and caused Columbia Advisors' violation of Section 34(b) of the Investment Company Act due to an act or omission that he knew or should have known would contribute to such violation. Columbia Advisors filed registration statements and other documents with the Commission containing untrue statements of a material fact or omitting to state facts necessary in order to prevent statements made, in the light of the circumstances under which they were made, from being materially misleading. From 2001 on, Columbia's prospectuses included the statement that "The Fund does not permit short-term or excessive trading in its shares," when in fact, Columbia Advisors allowed substantial short-term trading in certain funds. Palombo signed registration statements incorporating these prospectuses although he knew or should have known that the disclosure was inconsistent with the existence of arrangements permitting short-term or excessive trading in the funds, rendering the prospectuses materially misleading.

Undertakings

39. Respondent undertakes to cooperate fully with the Commission in any and all investigations, litigations or other proceedings brought by the Commission relating to or arising from the matters described in the Order, and agrees:

(a) To produce promptly, without service of a notice or subpoena, any and all documents and other information requested by the Commission's staff;

(b) To be interviewed at such times as the Commission's staff reasonably may direct;

(c) To appear and testify truthfully and completely in such investigations, depositions, hearings or trials as the Commission's staff reasonably may direct;

(d) That in connection with any (i) testimony of Respondent to be conducted by testimony session, deposition, hearing or trial, or (ii) requests for documents or other information, that any notice or subpoena for such may be addressed to Respondent's counsel, and be served by mail or facsimile; and Respondent agrees that any notice or subpoena for Respondent's appearance and testimony in an action pending in a United States District Court may be served, and may require testimony, beyond the territorial limits imposed by the Federal Rules of Civil Procedure.

40. Respondent shall provide to the Commission, within thirty days after the end of the suspension period described in Sections IV(C) and (D) below, an affidavit that he has complied fully with the sanctions set forth in those sections; and within thirty days after the end of the suspension period described in Section IV(E) below, an affidavit that he has complied fully with the sanction set forth in that section.

In determining whether to accept the Offer, the Commission has considered these undertakings.

IV.

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

Accordingly, it is hereby ORDERED, that:

A. Pursuant to Section 203(k) of the Advisers Act and Section 9(f) of the Investment Company Act, Respondent shall cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act and Section 34(b) of the Investment Company Act.

B. Pursuant to Section 9(b) of the Investment Company Act, Respondent be, and hereby is, prohibited from serving as an officer, director or trustee of any registered investment company.

C. Pursuant to Section 9(b) of the Investment Company Act, Respondent be, and hereby is, prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter for a period of six months, effective on the date of entry of this Order.

D. Pursuant to Section 203(f) of the Advisers Act, Respondent be, and hereby is, suspended from association with any investment adviser for a period of six months, effective on the date of entry of this Order.

E. Pursuant to Section 203(f) of the Advisers Act, Respondent shall not serve as an officer or director of any investment adviser for a period of twelve months, effective on the day following expiration of the six-month suspension set forth in paragraph D of this Section IV.

F. Respondent shall, within 30 days of the entry of this order, pay a civil money penalty of $100,000. Such payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Palombo as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to David P. Bergers, Associate Director, Division of Enforcement, Securities and Exchange Commission, 73 Tremont Street, 6th floor, Boston, Massachusetts 02108.

By the Commission.

Jonathan G. Katz
Secretary