

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 62840 / September 3, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-14030

In the Matter of

CRAIG KELLERMAN,

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 Craig Kellerman (“Kellerman” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Kellerman 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, Kellerman 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 Kellerman's Offer, the Commission finds that:

1. Kellerman was a trader associated with Sterling Foster & Company, Inc. ("Sterling Foster") from June 1994 to February 1997. Sterling Foster was registered with the Commission as a broker-dealer pursuant to Section 15(b) of the Exchange Act.

2. On May 3, 2010, a final judgment was entered by consent against Kellerman, 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 Regulation M of the Exchange Act and Rules 101 and 102 thereunder, in the civil action entitled Securities and Exchange Commission v. Sterling Foster, et al., Civil Action Number 97-CV-1077, in the United States District Court for the Southern District of New York.

3. The Commission's complaint alleged, *inter alia*, that Kellerman and others defrauded investors of at least \$75 million between June 1994 and February 1997 by manipulating the prices of six companies' securities sold through boiler-room sales practices by Sterling Foster brokers at artificially inflated prices.

IV.

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

Accordingly, it is hereby ORDERED:

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

Any reapplication for association by Kellerman 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 Kellerman, 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.

For the Commission, by its Secretary, pursuant to delegated authority.

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 Sanctions (the "Order") on Craig Kellerman.

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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