

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 64336 / April 25, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14354

In the Matter of

**HUNTLEIGH SECURITIES
CORPORATION and
JEFFREY S.
CHRISTANELL,**

Respondents.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTIONS 15(b) AND 21C OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

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 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Huntleigh Securities Corporation and Jeffrey S. Christanell (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds¹ that:

Summary

These proceedings arise from Jeffrey S. Christanell's ("Christanell") execution of unlawful "marking the close" trades at the request of a SEC-registered investment adviser ("Investment Adviser"). During the relevant period, Christanell was employed by Huntleigh Securities Corporation ("Huntleigh"), a broker-dealer registered with the Commission, and the Investment Adviser sent orders on behalf of his advisory clients to Huntleigh. From September through December 2009, Christanell, on behalf of, and at the direction of, the Investment Adviser, "marked the close" in certain thinly-traded securities by executing trades in the final minutes of the last trading day of the month with the intention of artificially affecting the securities' closing prices. In addition, Huntleigh failed reasonably to supervise Christanell by failing to establish procedures or to have a system to implement existing procedures reasonably designed to prevent and detect Christanell's violations of the securities laws.

As a result of the foregoing conduct, Christanell willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Huntleigh failed reasonably to supervise Christanell with a view to preventing him from violating those provisions, within the meaning of Section 15(b)(4)(E) of the Exchange Act.

Respondents

1. Jeffrey S. Christanell, age 40, resides in St. Louis, Missouri. From September 2001 through February 2010, Christanell was employed as Head of Institutional Trading at Huntleigh Securities Corporation in St. Louis, Missouri. He is currently employed as a software salesman. Christanell is registered with FINRA and holds S7, S24, and S63 securities licenses.
2. Huntleigh Securities Corporation, a Missouri corporation with its primary place of business in St. Louis, Missouri, is a broker-dealer registered with the Commission and FINRA since 1977.

Facts

A. Marking-the-Close Transactions

3. From September 2009 through December 2009, the Investment Adviser instructed Christanell to execute trades in order to inflate the prices of certain thinly-traded securities held by the Investment Adviser's clients by placing buy orders at prices well above the most recent previous trade shortly before the markets closed. This trading strategy, known as "marking the

¹ The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

close,” involves placing orders at or near the close of the market to artificially affect the closing price of a stock.

4. On September 30, 2009, the Investment Adviser instructed Christanell to buy shares of the common stock of issuer High Country Bancorp, Inc. (“HCBC”), which are quoted on OTC Link (previously, “Pink Sheets”) operated by OTC Markets Group, Inc. (“OTC Link”), to artificially increase the closing price. In an email, the Investment Adviser told Christanell to buy HCBC shares just before the market close at a price “as near to \$25 [per share] as possible without appearing manipulative.” At 3:56 p.m. Eastern time, Christanell routed for execution an order to purchase 2,000 shares of HCBC at up to \$24.50 per share. The order was partially filled as Christanell bought 1,400 HCBC shares at prices up to \$23.99 per share.

5. Christanell’s trades for the Investment Adviser were the only trades in HCBC on September 30, 2009. HCBC closed at \$23.50 per share, up \$5.50 per share or 30.5% from the closing price on September 29. Christanell’s purchases of HCBC for the Investment Adviser increased the market capitalization of HCBC by more than \$4.9 million, from \$16.1 million to \$21.0 million.

6. On October 30, 2009, the Investment Adviser again instructed Christanell to buy HCBC shares to artificially increase the closing price. At 3:46 p.m. Eastern time, Christanell routed for execution a market order to buy 600 shares of HCBC. The order was completely filled at prices up to \$19.75 per share.

7. Christanell’s trades for the Investment Adviser on October 30, 2009 rapidly moved HCBC’s price from \$14.00 per share to its close at \$19.75 per share, up \$6.49 per share or 48.9% from the prior closing price on October 29, 2009. Christanell’s trades constituted 42.9% of the market volume in HCBC on October 30, 2009. Christanell’s purchases for the Investment Adviser increased the market capitalization of HCBC by more than \$5.8 million, from \$12.5 million to \$17.7 million.

8. On November 30, 2009, the Investment Adviser again instructed Christanell to buy HCBC shares to artificially increase the closing price. At 3:57 p.m. Eastern time, Christanell routed for execution an order to buy 1,000 shares of HCBC at up to \$21.00 per share. The entire order was filled at \$17.00 per share. At 3:58 p.m., seeking a higher closing price, Christanell routed for execution a second order to buy 1,000 shares of HCBC at up to \$21.00 per share. The second order was entirely filled at \$17.49 per share.

9. On November 30, 2009, HCBC closed at \$17.49 per share, up \$2.49 per share or 16.6% from the prior closing price on November 27, 2009 (the previous trading day). Christanell’s trades for the Investment Adviser were 100% of the market volume in HCBC on November 30, 2009 and moved the market price from \$15.00 per share to \$17.49 per share. Christanell’s purchases for the Investment Adviser increased the market capitalization of HCBC by more than \$2.2 million, from \$13.4 million to \$15.6 million.

10. On December 31, 2009, the Investment Adviser again instructed Christanell to buy HCBC shares to artificially increase the closing price. In a December 23, 2009 email, the Investment Adviser informed Christanell that he “want[ed] to move up HCBC the last day of the

year.” In a December 28, 2009 email, the Investment Adviser told Christanell to “[p]lease put on your calendar to buy HCBC 30 minutes to an hour before the close of market for the year. I would like to get a closing price in the 20-25 range, but certainly above 20.” In a recorded telephone conversation on December 31, 2009, the Investment Adviser told Christanell that he needed to get HCBC above \$20.00 per share and that he would be “happy” at \$20.00 to \$25.00 per share. At 3:55 p.m. Eastern time on December 31, 2009, Christanell routed for execution an order to buy 3,000 shares of HCBC at up to \$25.00 per share. The entire order was filled at prices ranging from \$16.80 to \$19.50 per share. At 3:59 p.m. Eastern time, seeking a higher closing price, Christanell routed for execution a second order to buy 2,000 shares of HCBC at up to \$25.00 per share. The second order was partially filled, and Christanell bought 200 shares of HCBC at \$19.50 per share.

11. On December 31, 2009, HCBC closed at \$19.50 per share, up \$4.50 per share or 30.0% from the prior closing price on December 30. Christanell’s trades on December 31 moved the market price from \$16.80 per share to \$19.50 per share during intraday trading. Christanell’s trades on behalf of the Investment Adviser constituted 88.9% of the market volume in HCBC on December 31, 2009. Christanell’s December 31, 2009 purchases for the Investment Adviser increased the market capitalization of HCBC by more than \$2.4 million, from \$15.0 million to \$17.4 million.

12. The Investment Adviser also instructed Christanell to trade in order to artificially increase the closing price of two other securities on December 31, 2009. In a recorded telephone conversation, the Investment Adviser instructed Christanell to purchase common shares of Cheviot Financial Corp. (“CHEV”), which trades on the NASDAQ Capital Market, in order to get a closing price between \$8.00 and \$8.25 per share. At the time of the instruction, the Investment Adviser and Christanell knew that CHEV was trading between \$7.20 and \$7.48 per share. At 3:40 p.m. Eastern time, Christanell routed for execution an order to purchase 2,000 shares of CHEV at up to \$8.25 per share. The entire order was filled at prices up to \$8.00 per share, with the final execution at \$7.50 per share. At 3:58 p.m. Eastern time, seeking a higher closing price, Christanell routed for execution a second order to purchase 2,000 shares of CHEV at up to \$8.25 per share. The entire order was filled at prices up to \$8.00 per share, with the final execution at \$7.49 per share. At 3:59:20 p.m. Eastern time, still seeking a higher closing price, Christanell routed for execution a third order, this time to purchase 1,000 shares of CHEV at up to \$8.25 per share. The entire order was filled at prices up to \$7.98 per share, with the last trade at \$7.49 per share. At 3:59:53 p.m. Eastern time, still seeking a higher closing price, Christanell routed for execution a fourth order, this time to purchase 1,000 shares of CHEV at up to \$8.25 per share. The entire order was filled at prices up to \$7.99 per share, with the last execution at \$7.99 per share. On December 31, 2009, CHEV closed at \$7.39 per share, down \$0.07 per share or 0.9% from the closing price on December 30, 2009. Christanell’s trades for the Investment Adviser were 70.7% of the market volume in CHEV on December 31, 2009. Christanell and the Investment Adviser attempted to artificially increase CHEV’s closing price, but were unsuccessful.

13. The Investment Adviser also instructed Christanell to trade in order to artificially increase the closing price of Carver Bancorp, Inc. (“CARV”), which trades on the NASDAQ Capital Market, at the end of trading on December 31, 2009. In a recorded telephone conversation, the Investment Adviser told Christanell to “pop” the price of CARV “at the end of

the day.” The Investment Adviser cautioned Christanell to “make sure you get a print,” i.e., to ensure that the order was executed at an artificially high price and reported to the market. At 3:58 p.m. Eastern time, Christanell routed for execution an order to purchase 200 shares of CARV at up to \$9.05 per share. The entire order was filled at prices up to \$9.05 per share, with a final execution at \$9.05 per share. CARV closed at \$9.05 per share, up \$0.03 or 0.3% from the prior closing price on December 30. Christanell’s trades for the Investment Adviser were 100% of the market volume in CARV on December 31, 2009.

14. Section 10(b) of the Exchange Act makes it “unlawful for any person directly or indirectly, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national security exchange to use or employ, in connection with the purchase or sale of any security registered on a national securities exchange or any security not so registered...any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors” and Rule 10b-5 thereunder makes it “unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, (a) to employ any device, scheme, or artifice to defraud, (b) to make any untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.”

15. As a result of the conduct described above, Christanell willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Huntleigh’s Failure Reasonably to Supervise Christanell

16. Huntleigh failed to establish procedures or to have a system to implement existing policies and procedures reasonably designed to prevent and detect Christanell’s marking-the-close trading. First, Huntleigh’s procedures did not call for certain daily trading exception reports to be directed to compliance personnel. Second, Huntleigh’s Written Supervisory Procedures directed daily review of trade tickets by Huntleigh’s Compliance Director, but such daily review was suspended when Huntleigh changed clearing arrangements in 2008. Thus, once a new clearing firm was involved, Huntleigh did not revise its procedures to enable review of trade tickets. Had there been daily review of trading exception reports and, as directed by Huntleigh’s Written Supervisory Procedures, of trade tickets, Christanell’s violative trading could have been prevented and detected.

17. Section 15(b)(4)(E) of the Exchange Act requires broker-dealers reasonably to supervise persons subject to their supervision, with a view toward preventing violations of the federal securities laws. See, e.g., Dean Witter Reynolds, Inc., Exchange Act Rel. No. 46578 (Oct. 1, 2002). The Commission has emphasized that the “responsibility of broker-dealers to supervise their employees by means of effective, established procedures is a critical component in the federal investor protection scheme regulating the securities markets.” Id.

18. As a result of the conduct described above, Huntleigh failed reasonably to supervise Christanell, with a view to detecting and preventing Christanell's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, within the meaning of Section 15(b)(4)(E) of the Exchange Act.

Civil Penalties

19. Respondent Huntleigh Securities Corporation has submitted a sworn Statement of Financial Condition as of November 30, 2010 dated January 7, 2011 and other evidence and has asserted its inability to pay a civil penalty.

IV.

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

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Jeffrey S. Christanell cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;

B. Respondent Jeffrey S. Christanell be, and hereby is (i) barred from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent, (ii) barred from participating in an offering of penny stock, and (iii) 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, with the right to reapply for association after one (1) year to the appropriate self-regulatory organization, or, if there is none, to the Commission;

Any reapplication for association by Respondent Jeffrey S. Christanell 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 Respondent Christanell, 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;

C. Respondent Jeffrey S. Christanell shall pay a civil money penalty in the amount of \$15,000 to the United States Treasury. Payments shall be made in the following installments: (1) a first payment of \$5,000 within thirty (30) days of entry of this Order, (2) a second payment of \$5,000 within ninety (90) days of the first payment, and (3) a third payment of \$5,000 within

ninety (90) days of the second payment. If timely payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. § 3717, shall be due and payable immediately, without further application. 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 Jeffrey S. Christanell 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 Julie M. Riewe, Assistant Director, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549-5010;

D. Respondent Huntleigh Securities Corporation be, and hereby is, censured;

E. Respondent Huntleigh Securities Corporation shall comply with the following undertakings:

1. Huntleigh Securities Corporation will take steps to effect compliance with Section 15(b)(4)(E) of the Exchange Act by reviewing and revising, as necessary, currently adopted and implemented procedures concerning manipulative trading and, including at a minimum, by adopting and implementing procedures requiring daily review of trade execution blotters by compliance personnel and provision to and review of daily trading exception reports by compliance personnel. Within 60 days from the entry of this Order, Respondent Huntleigh Securities Corporation shall submit an affidavit to the Commission staff attesting to their compliance with these undertakings.

2. Huntleigh will certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent Huntleigh Securities Corporation agrees to provide such evidence. The certification and supporting material shall be submitted to Julie M. Riewe, Assistant Director, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

F. Based upon Respondent Huntleigh Securities Corporation's sworn representations in its Statement of Financial Condition as of November 30, 2010 dated January 7, 2011 and other documents submitted to the Commission, the Commission is not imposing a penalty against Respondent Huntleigh Securities Corporation; and

G. The Division of Enforcement ("Division") may, at any time following the entry of this Order, petition the Commission to: (1) reopen this matter to consider whether Respondent Huntleigh Securities Corporation provided accurate and complete financial information at the time such representations were made; and (2) seek an order directing payment of the maximum civil penalty allowable under the law. No other issue shall be considered in connection with this petition other than whether the financial information provided by Respondent Huntleigh

Securities Corporation was fraudulent, misleading, inaccurate, or incomplete in any material respect. Respondent Huntleigh Securities Corporation may not, by way of defense to any such petition: (1) contest the findings in this Order; (2) assert that payment of a penalty should not be ordered; (3) contest the imposition of the maximum penalty allowable under the law; or (4) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

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 and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), on the Respondents and their legal agents.

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

Adam S. Aderton, Esq.
Division of Enforcement
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-5010

Mr. Jeffrey S. Christanell
c/o James G. Martin, Esq.
Armstrong Teasdale LLP
7700 Forsyth Boulevard
Suite 1800
St. Louis, MO 63105

James G. Martin, Esq.
Armstrong Teasdale LLP
7700 Forsyth Boulevard
Suite 1800
St. Louis, MO 63105
(Counsel for Jeffrey S. Christanell)

Huntleigh Securities Corporation
c/o Christopher C. O'Connell, Esq.
O'Connell Law Firm
7800 Forsyth Boulevard, 5th Floor
St. Louis, MO 63105

Christopher C. O'Connell, Esq.
O'Connell Law Firm
7800 Forsyth Boulevard, 5th Floor
St. Louis, MO 63105
(Counsel for Huntleigh Securities Corporation)