

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 9161 / December 9, 2010**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12495**

**In the Matter of**

**JEFFERIES & CO., INC.**

**Respondent.**

**ORDER UNDER RULE 602(e) OF THE  
SECURITIES ACT OF 1933 GRANTING A  
WAIVER OF THE RULE 602(c)(3)  
DISQUALIFICATION PROVISION**

**I.**

Jefferies & Co., Inc. (“Jefferies” or “Respondent”) has submitted two letters, dated November 28, 2006 and May 24, 2007, requesting a waiver of the Rule 602(c)(3) disqualification from the exemption from registration under Regulation E arising from Respondent’s settlement of an administrative proceeding commenced by the Commission.

**II.**

On December 1, 2006, pursuant to Respondent’s Offer of Settlement, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 against Respondent. Under the Order, the Commission found that, from May 2002 to October 2004, Respondent failed reasonably to supervise Kevin Quinn, an employee subject to its supervision, within the meaning of Section 15(b)(4)(E) of the Securities Exchange Act of 1934 (“Exchange Act”), with a view to preventing Quinn’s aiding and abetting violations of Section 17(e)(1) of the Investment Company Act of 1940 (“Investment Company Act”). According to the Order, Respondent failed reasonably to supervise the provision of travel, gifts and entertainment by Quinn to select members of the equity trading desk at an investment adviser (“Fund Adviser”) to a family of mutual funds. Among other things, Respondent provided Quinn and his team with an annual travel and entertainment budget of \$1.5 million to spend on the Fund Adviser employees, and failed reasonably to implement its existing policies and procedures and failed to develop new procedures to determine whether Quinn provided Fund Adviser employees with compensation in violation of Section 17(e) of the Investment Company Act. The Order also found that Respondent violated Section 17(a)(1) of the Exchange Act and Rule 17a-3 thereunder by failing

to make and keep current books and records that accurately reflected its expenses. In the Order, the Commission ordered Respondent to pay disgorgement of \$4,214,945.65 and prejudgment interest of \$580,316.26. Additionally, the Order required that Respondent cease and desist from committing or causing any violations and any future violations of Section 17(a)(1) of the Exchange Act and Rule 17a-3 thereunder; imposed a censure; and required Respondent to comply with certain undertakings as to adoption of policies and procedures designed to prevent further violations.

### III.

The Regulation E exemption is unavailable for the securities of small business investment company issuers or business development company issuers if, as set forth in Rule 602(c)(3), an investment or underwriter for the securities to be offered is subject to an order of the Commission entered pursuant to Section 15(b) of the Exchange Act. 17 C.F.R. §230.602(c)(3). Rule 602(e) of the Securities Act of 1933 (“Securities Act”) provides, however, that the disqualification “shall not apply . . . if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the exemption be denied.” 17 C.F.R. § 230.602(e).

### IV.

Based upon the representations set forth in Respondent’s request, the Commission has determined that pursuant to Rule 602(e) under the Securities Act a showing of good cause has been made that it is not necessary under the circumstances that the exemption be denied as a result of the Order.

Accordingly, **IT IS ORDERED**, pursuant to Rule 602(e) under the Securities Act, that a waiver from the application of the disqualification provision of Rule 602(c)(3) under the Securities Act resulting from the entry of the Order is hereby granted.

By the Commission.

Elizabeth M. Murphy  
Secretary