INITIAL DECISION RELEASE NO. 503
ADMINISTRATIVE PROCEEDING
FILE NO. 3-15308

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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| In the Matter of | : | INITIAL DECISION |
| | : | August 22, 2013 |
| JOSEPH CONTORINIS | : | |

APPEARANCES: Kingdon Kase and Christopher R. Kelly for the Division of Enforcement, Securities and Exchange Commission

Roberto Finzi and Farrah R. Berse for Respondent Joseph Contorinis

BEFORE: Cameron Elliot, Administrative Law Judge

## SUMMARY

This Initial Decision grants the Motion for Summary Disposition (Motion) filed by the Division of Enforcement (Division) and bars Respondent Joseph Contorinis (Contorinis) from association with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization (NRSRO), and from participating in any offering of penny stock.

## PROCEDURAL HISTORY

On April 30, 2013, the Securities and Exchange Commission (Commission) issued an Order Instituting Administrative Proceedings (OIP), pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act) and Section 203(f) of the Investment Advisers Act of 1940 (Advisers Act). The OIP alleges that on October 6, 2010, after a two-week trial, a jury found Contorinis guilty of one count of conspiracy to commit securities fraud and seven counts of securities fraud in connection with insider trading, in violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in United States v. Contorinis, No. 09 Cr 1083 (RJS) (S.D.N.Y.).[1] OIP, p. 2. The OIP also alleges that on February 29, 2012, a final judgment was entered against Contorinis permanently enjoining him from violations of Section 10(b) of the

[1] Aff'd in part and remanded in part, 692 F.3d 136 (2d Cir. 2012) (affirming conviction, but remanding for further proceedings on criminal forfeiture amount).

Exchange Act and Rule 10b-5 thereunder, in SEC v. Stephanou, No. 09 cv 1043 (RJS) (S.D.N.Y.).[2, 3] Id. at 1-2.

I held a telephonic prehearing conference on May 31, 2013, during which the parties were granted leave to file motions for summary disposition pursuant to Rule 250 of the Commission's Rules of Practice. Contorinis filed an Answer on June 10, 2013. The Division filed its Motion on June 28, 2013, to which were attached ten exhibits (Div. Exs. A-J).[4] Contorinis filed his own Motion for Summary Disposition on June 28, 2013, which I denied on July 3, 2013.[5] Contorinis filed an Opposition to the Division's Motion (Opposition) along with the Declaration of Farrah R. Berse in Opposition to the Division's Motion (Berse Decl. II), with

[2] Appeal docketed sub nom. SEC v. Contorinis, No. 12-1723 (Dec. 18, 2012). Briefing concluded on July 16, 2013, and oral argument is scheduled for October 7, 2013.

[3] Pursuant to Commission Rule of Practice 323, I take official notice of the facts, decisions, and judgments in SEC v. Stephanou and United States v. Contorinis. 17 C.F.R. § 201.323.

[4] The exhibits are: the criminal complaint in United States v. Contorinis (Div. Ex. A); the civil complaint in SEC v. Stephanou (Div. Ex. B); Contorinis' Answer in SEC v. Stephanou (Div. Ex. C); the Indictment in United States v. Contorinis (Div. Ex. D); a collection of excerpted transcripts from the trial in United States v. Contorinis (Div. Ex. E); the jury verdict form from United States v. Contorinis (Div. Ex. F); the Division's Memorandum of Law in Support of its Motion for Summary Judgment in SEC v. Stephanou (Div. Ex. G); Contorinis' Memorandum of Law in Opposition to the Division's Motion for Summary Judgment in SEC v. Stephanou (Div. Ex. H); Contorinis' appellate brief in SEC v. Contorinis (Div. Ex. I); and the Division's brief in SEC v. Contorinis (Div. Ex. J).

[5] Filed with Contorinis' Motion for Summary Disposition was the Declaration of Farrah R. Berse (Berse Decl.) with eleven exhibits, which are: the confidential private placement memorandum for the Paragon Fund (Ex. 1); excerpted transcripts from testimony of Michael Handler, Jefferies & Company, Inc. (Jefferies) Paragon Fund's (Paragon Fund or the Fund) co-manager with Contorinis, from his testimony in United States v. Contorinis (Ex. 2); the Commission's Response to Contorinis' Counterstatement of Undisputed Facts from SEC v. Stephanou (Ex. 3); Contorinis' Responses in Opposition to Plaintiff's Rule 56.1 Statement of Undisputed Facts in SEC v. Stephanou (Ex. 4); the complaint in SEC v. Stephanou (Ex. 5); an excerpt of a chart of the Paragon Fund's trades in Albertsons, Inc. (Albertsons) stock for the period between September 16, 2004, through January 23, 2006 (Ex. 6); the criminal docket sheet from United States v. Contorinis (Ex. 7); an excerpted transcript of Contorinis' sentencing hearing in United States v. Contorinis (Ex. 8); the December 22, 2010, judgment in United States v. Contorinis (Ex. 9); the June 25, 2013, criminal fine order in United States v. Contorinis (Ex. 10); and the February 29, 2012, judgment in SEC v. Stephanou (Ex. 11). Though Contorinis' Motion for Summary Disposition was denied, I have considered the Berse Decl. and its attached exhibits, as well as the Opposition.

four exhibits attached, on July 19, 2013.[6] The Division filed a Reply to Contorinis' Opposition on August 2, 2013 (Reply), with two exhibits (Reply Exs. A-B).[7]

## SUMMARY DISPOSITION STANDARD

A motion for summary disposition may be granted if there is no genuine issue with regard to any material fact and the party making the motion is entitled to a summary disposition as a matter of law. 17 C.F.R. § 201.250(b). The facts of the pleadings of the party against whom the motion is made shall be taken as true, except as modified by stipulations or admissions made by that party, by uncontested affidavits, or by facts officially noticed pursuant to Rule 323 of the Commission's Rules of Practice. 17 C.F.R. § 201.250(a).

The Commission has repeatedly upheld use of summary disposition in cases such as this, where the respondent has been enjoined or convicted and the sole determination concerns the appropriate sanction. See Jeffrey L. Gibson, Exchange Act Release No. 57266 (Feb. 4, 2008), 92 SEC Docket 2104, 2111-12 (collecting cases), petition for review denied, 561 F.3d 548 (6th Cir. 2009). Under Commission precedent, the circumstances in which summary disposition in a follow-on proceeding involving fraud is not appropriate "will be rare." See John S. Brownson, 55 S.E.C. 1023, 1028 n.12 (2002), petition for review denied, 66 F. App'x 687 (9th Cir. 2003).

The findings and conclusions in this Initial Decision are based on the record and on facts officially noticed pursuant to Rule 323 of the Commission's Rules of Practice. See 17 C.F.R. § 201.323. The parties' filings and all documents and exhibits of record have been fully reviewed and carefully considered. Preponderance of the evidence has been applied as the standard of proof. See Steadman v. SEC, 450 U.S. 91, 101-04 (1981). All arguments and proposed findings and conclusions that are inconsistent with this Initial Decision have been considered and rejected.

## FINDINGS OF FACT

Contorinis joined the Paragon Fund, a fund created by Jefferies and funded by Jefferies and outside investors, as co-portfolio manager in 2004.[8] Berse Decl., Exs. 1, pp. 3-4, 21, 23; 4,

[6] The four exhibits attached to the Berse Decl. II are: a complete chart of the Paragon Fund's trades in Albertsons stock for the period between September 16, 2004, and January 23, 2006 (Ex. 1); an excerpted transcript of Contorinis' testimony in United States v. Contorinis (Ex. 2); an excerpted transcript of Contorinis' December 17, 2010 sentencing in United States v. Contorinis (Ex. 3); and a letter from the U.S. Attorney for the Southern District of New York to the Hon. Richard J. Sullivan, attaching a proposed consent order for criminal forfeiture in United States v. Contorinis (Ex. 4).

[7] The Reply Exhibits are A, an excerpted transcript from Contorinis' sentencing hearing in United States v. Contorinis and B, excerpted trial transcripts from United States v. Contorinis.

[8] Prior to joining the Paragon Fund, Contorinis served as Senior Vice President/Investments at UBS/PaineWebber. Berse Decl., Ex. 1, p. 21. Contorinis earned a bachelor of arts degree from North Carolina State University in 1987. Id.

p. 1. Contorinis was a registered representative of Jefferies, a registered broker-dealer, and was an investment adviser representative for Jefferies Asset Manager, LLC, the Fund's manager and a registered investment adviser. Berse Decl., Ex. 4, pp. 1, 3. Contorinis and Michael Handler were responsible for making decisions about the Fund's investments. Berse Decl., Ex. 1, p. 23.

Albertsons was a supermarket retailer headquartered in Idaho that was purchased in 2006 by a consortium of Supervalu, Inc., CVS Caremark Corp., and Cerberus Capital Management, L.P. (Cerberus). Berse Decl., Ex. 4, p. 4. Its stock traded on the New York Stock Exchange prior to the purchase. Id. Albertsons began exploring a possible sale of the company during the fall of 2005. United States v. Contorinis, 692 F.3d at 139.

Contorinis' friend, Nicos Stephanou (Stephanou), an investment banker at UBS, was assigned to a team at UBS that represented Cerberus in its negotiations to purchase Albertsons. Id.; February 3, 2012, Memorandum and Order on Summary Judgment in SEC v. Stephanou (Summary Judgment Order), p. 2. Contorinis asked Stephanou to keep him apprised of the deal. Contorinis, 692 F.3d at 139. On November 22, 2005, Stephanou learned that an acquisition of Albertsons was likely, and he passed that information along to Contorinis, who purchased Albertsons shares on behalf of the Fund. Id. On December 6, 2005, Stephanou passed along information to Contorinis that the likelihood of an Albertsons deal was in doubt. Id. at 140. Contorinis initially purchased some shares, but then closed the Fund's still-long position in Albertsons. Id. Stephanou learned on December 9, 2005, that a deal to acquire Albertsons was likely again and that it would be announced on December 19, 2005. Id. Stephanou contacted Contorinis to inform him of the news, and Contorinis entered into another long position, purchasing over $38 million in Albertsons stock the next day. Id. Shortly before December 19, 2005, Stephanou informed Contorinis that the deal was still likely, and Contorinis purchased more shares of Albertsons. Id. Shortly before an announcement on December 22, 2005, that the deal had fallen through, in connection with advance news from Stephanou, Contorinis directed sales of the Fund's long position and entered into a short position in Albertsons. Id. When the deal's death was announced publicly, the stock's price dropped significantly. Id.

In late December 2005 and early January 2006, Stephanou received information that a deal to acquire Albertsons was once again in the works. Id. He informed Contorinis of the deal's reinvigoration, and between January 11 and 12, 2006, Contorinis purchased shares of Albertsons for the Fund. Id. Prior to public announcement of a deal on January 23, 2006, Contorinis had amassed a long position in 2.3 million shares of Albertsons for the Fund. Id. Following the announcement, Contorinis sold the Fund's entire position in Albertsons. Id. at 141. Through all of these trades, the Fund made profits of approximately $7.3 million and avoided losses of approximately $5.3 million. Summary Judgment Order, pp. 1-2; Berse Decl., Ex. 10, p. 1.[9]

[9] Both the Division's and Contorinis' briefs state that the losses avoided were $6.3 million. Motion, pp. 5, 11; Opposition, p. 9. The amounts cited in the Summary Judgment Order and throughout the criminal proceeding, however, support the finding of $12.65 million total profits and losses avoided.

Following a criminal trial, on October 6, 2010, a federal jury in United States v. Contorinis found Contorinis guilty of one count of conspiracy to commit securities fraud and seven counts of securities fraud, pursuant to Exchange Act Section 10(b) and Rule 10b-5, for insider trading in connection with his sales of shares on December 22, 2005, and his purchases of shares on January 11, 2006. Div. Ex. F. Contorinis was sentenced to seventy-two months of incarceration and ordered to forfeit, jointly and severally with Stephanou, $12,650,428. December 17, 2010, Judgment in United States v. Contorinis. The criminal forfeiture amount was reduced to $427,875 by consent order following remand by the Second Circuit Court of Appeals. Berse Decl. II, Ex. 4.

On February 3, 2012, the District Court for the Southern District of New York found Contorinis civilly liable on summary judgment based upon Contorinis' criminal conviction. Summary Judgment Order, pp. 3-4. The judgment permanently enjoined Contorinis from violation of Exchange Act Section 10(b) and Rule 10b-5 and ordered disgorgement of $7,260,604 and a civil penalty of $1 million. Id., p. 4. Contorinis has appealed the civil decision. Contorinis Answer, p. 2. Contorinis continues to deny that he traded upon the basis of insider information. Id., pp. 2-3.

## CONCLUSIONS OF LAW

Sections 15(b)(6) of the Exchange Act and 203(f) of the Advisers Act authorize the Commission to bar from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or NRSRO any person who, at the time of the misconduct, was associated with a broker or dealer or investment adviser, if the person has been enjoined from any action specified in Section 15(b)(4)(C) of the Exchange Act or Section 203(e)(4) of the Advisers Act, or has been convicted of a crime involving the purchase or sale of any security or arising out of the conduct of the business of a broker or dealer or investment adviser, if it is the public interest. 15 U.S.C. §§ 78o(b)(6), (4)(B), (4)(C), 80b-3(e), (f). Under the same considerations, Section 15(b)(6) of the Exchange Act also authorizes a bar on participating in an offering of penny stock. 15 U.S.C. § 78o(b)(6)(A)(ii), (iii). Contorinis was permanently enjoined against violations of Exchange Act Section 10(b) and Rule 10b-5 thereunder and was criminally convicted of violating Exchange Act Section 10(b) and Rule 10b-5 thereunder for insider trading arising out of the conduct in association with Jefferies, a registered broker-dealer, and Jefferies Asset Management LLC, a registered investment adviser. Accordingly, there is no genuine issue of material fact and this proceeding may be resolved without a hearing. See Kornman v. SEC, 592 F.3d 173 (D.C. Cir. 2010) (summary proceedings are appropriate in follow-on cases after a criminal conviction). A sanction will be imposed on Contorinis if it is in the public interest.

Though Contorinis concedes that a jury found him guilty of one count of conspiracy to commit securities fraud and seven counts of securities fraud, and that a judge made a finding of civil liability, he denies the validity of the findings in both the criminal and civil cases. Contorinis Answer, pp. 2-3; Opposition, p. 3. He states that the civil judgment was in error, and that he is appealing it to the Second Circuit. Answer, p. 2. These findings, however, cannot be re-litigated and Contorinis cannot challenge the validity of his conviction or the findings in the civil case during this proceeding. See Joseph P. Galluzzi, 55 S.E.C. 1110, 1115-16 (2002) ("[A]

party cannot challenge his injunction or criminal conviction in a subsequent administrative proceeding."); William F. Lincoln, 53 S.E.C. 452, 455-56 (1998).

The Division requests a permanent direct and collateral bar against Contorinis from associating with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or NRSRO, and from participating in an offering of penny stock. Motion, p. 15. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), enacted on July 21, 2010, added collateral bar sanctions to Exchange Act Section 15(b) and Advisers Act Section 203(f). The Commission has held that Dodd-Frank's collateral bars "are prospective remedies whose purpose is to protect the investing public from future harm," and therefore applying the bars in a follow-on proceeding addressing pre-Dodd-Frank conduct is "not impermissibly retroactive." John W. Lawton, Advisers Act Release No. 3513 (Dec. 13, 2012), 105 SEC Docket 61722, 61737. Accordingly, a collateral bar against Contorinis, despite the fact that the acts occurred in 2005 and 2006, is an appropriate sanction if it is in the public interest.

## SANCTION

When considering whether an administrative sanction serves the public interest, the Commission considers the factors identified in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981): the egregiousness of the respondent's actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the respondent's assurances against future violations, the respondent's recognition of the wrongful nature of his or her conduct, and the likelihood that the respondent's occupation will present opportunities for future violations (Steadman factors). Gary M. Kornman, Advisers Act Release No. 2840 (Feb. 13, 2009), 95 SEC Docket 14246, 14255, pet. denied, 592 F.3d 173 (D.C. Cir. 2010). The Commission's inquiry into the appropriate sanction to protect the public interest is a flexible one, and no one factor is dispositive. Id. Deterrence should also be considered, and the sanction may not be punitive. Altman, 99 SEC Docket at 34435.

Additionally, absent extraordinary mitigating circumstances, an individual who has been criminally convicted of misconduct specified in Exchange Act Section 15(b)(4)(B) or Advisers Act Section 203(e)(2) cannot be permitted to remain in the securities industry. See John S. Brownson, 55 S.E.C. 1023, 1027 (2002); Frederick W. Wall, Exchange Act Release No. 52467 (Sept. 19, 2005), 86 SEC Docket 857, 863. Contorinis was convicted of criminal acts listed in Exchange Act Section 15(b)(4)(B(ii) and Advisers Act Section 203(e)(2)(B), the Steadman factors weigh in favor of a permanent collateral bar, and Contorinis has offered no creditably mitigating factors.

Contorinis' violations were egregious. The Commission has repeatedly stated that insider trading or any "conduct that violates the antifraud provisions of the federal securities laws is especially serious and subject to the severest of sanctions." Gunderson, 97 SEC Docket at 24049 (internal citation omitted); Marshall E. Melton, 56 S.E.C. 695, 713 (2003); see also Robert Bruce Lohmann 56 S.E.C. 573, 582-83 (203) (upholding a permanent bar, noting "[i]nsider trading constitutes clear defiance and betrayal of basic responsibilities of honesty and fairness to the investing public") (quotations omitted). Contorinis engaged in a criminal conspiracy to commit

insider trading, and personally committed multiple acts of criminal insider trading, causing the Fund to profit from or avoid losses of nearly $13 million. The egregiousness of his violations is demonstrated by the seventy-two month prison sentence that Contorinis is currently serving. Intensifying the egregiousness of Contorinis' acts is perjurious testimony he gave during his trial that resulted in a two-level enhancement to his sentence under the U.S. Sentencing Guidelines. Reply Ex. A, pp. 32-33. See, e.g., Kornman, 95 SEC Docket at 14256 ("Indeed, the importance of honesty for a securities professional is so paramount that we have barred individuals even when the conviction was based on dishonest conduct unrelated to securities transactions or securities business.").

Contorinis' argument that he did not personally profit from the trades to the same extent that the Fund did, or that his personal profits were a mere percentage of the benefit to the Fund, as evidenced by the reduction in the criminal forfeiture amount, is unpersuasive. The relevant consideration is not the personal benefit to the fraudfeasor; rather, it is the "harm to investors and the degree of harm to the marketplace," which, here, is more accurately measured by the total profits and losses avoided by the Fund through Contorinis' trades. Melton, 56 S.E.C. at 698; .

Contorinis' misconduct was recurrent. As the judge noted in SEC v. Stephanou, under a similar analysis, "while [Contorinis'] conviction arose out of trades in only one company, [he] made multiple trades over the course of several weeks." Summary Judgment Order, p. 5. Respondent nonetheless claims that his violative acts consisted only of two discrete, isolated trade moves on December 22, 2005, and January 11, 2006, and, thus, his conduct was not recurrent. To be sure, he was found not guilty of sales on December 7, 2005. Div. Ex. F. But his contention otherwise ignores the entirety of the criminal scheme. The insider trading conspiracy, one of the charges for which Contorinis was convicted, allegedly began in 2004 and continued through June 2006, and involved thirty-four alleged overt acts. Div. Ex. D, pp. 4-10. Stephanou first told Contorinis about a potential deal for Albertsons on or around November 22, 2005, and continued periodically sharing information on which Contorinis traded, until Contorinis' last trade on January 12, 2006.

Contorinis acted with a high degree of scienter. The judge in the civil proceeding found that Contorinis acted with a "high degree of intent and a willingness to repeatedly exploit misappropriated information." Summary Judgment Order, p. 7. The judge also stated, "there can be no doubt that the jury found that [Contorinis] acted knowingly in making illegal trades." Id., p. 4. As noted, Contorinis perjured himself on the witness stand. See Phillip J. Milligan, Exchange Act Release No. 61790 (March 26, 2010), 98 SEC Docket 26791, 26799 (attempts to conceal misconduct demonstrate scienter) (citing Justin F. Ficken, Exchange Act Release No. 58802 (Oct. 17, 2008), 94 SEC Docket 10887, 10892).

Contorinis has offered no assurances against future violations, he has failed to recognize the wrongful nature of his conduct, and his occupation presents opportunities for future violations. Answer, pp. 2-3. Failure to make assurances against future violations and to recognize wrongdoing elevates the threat of future violations. See, e.g., Christopher A. Lowry, 55 S.E.C. 1133, 1144 (2002). That Contorinis had no disciplinary record before engaging in insider trading is of little significance. See Philippe N. Keyes, Exchange Act Release No. 54723 (Nov. 8, 2006), 89 SEC Docket 792, 801; Milligan, 98 SEC Docket at 26798; cf. John Jantzen,

Initial Decision Release No. 472 (Nov. 6, 2012), 104 SEC Docket 60585, 60590 (considering respondent's disciplinary history as it bore on whether his misconduct was isolated or recurrent). Assuming without deciding that the age of his violations are a mitigating factor, as Contorinis urges, the mitigating effect is greatly outweighed by the other public interest factors, particularly egregiousness, scienter, and Contorinis' complete failure to recognize that he broke the law. Opposition, pp. 15-16; Melton, 56 S.E.C. at 698 (citing the age of the violation as a public interest factor).

Contorinis places considerable emphasis on comments from the presiding judge at his sentencing hearing, who said, "I don't think there is any chance that you are going to commit crimes in the future," to fortify his position that there was no likelihood of future violations. Berse Decl., Ex. 8, p. 56. Admittedly, the last Steadman factor has sometimes been characterized simply as the "likelihood of future violations." Chris G. Gunderson, Exchange Act Release No. 61234 (Dec. 23, 2009), 97 SEC Docket 24040, 24048; Steven Altman, Exchange Act Release No. 63306 (Nov. 10, 2010), 99 SEC Docket 34405, 34435, pet. denied, 687 F.3d 44 (2d Cir. 2012). However, the great weight of authority supports its more specific characterization in this proceeding as the "likelihood that the respondent's occupation will present opportunities for future violations." Tzemach David Netzer Korem, Exchange Act Release No. 70044 (Jul. 26, 2013), 106 SEC Docket --, p. 6 (emphasis added); Johnny Clifton, Exchange Act Release No. 69982 (Jul. 12, 2013), 106 SEC Docket --, p. 20; Alfred Clay Ludlum, Advisers Act Release No. 3628 (Jul. 11, 2013), 106 SEC Docket --, p. 7; Steadman, 603 F.2d at 1140 ("likelihood that the defendant's occupation will present opportunities for future violations"). Contorinis' past occupation – which he clearly hopes to continue when released from prison – presents opportunities for future violations, regardless of the sentencing judge's findings.

Taken together, the Steadman factors necessitate a permanent collateral bar against Contorinis, much like the district court's finding that a permanent injunction was appropriate according to a similar list of factors analyzed. Summary Judgment Order, p. 4. A permanent bar will appropriately deter both Contorinis and others who may consider engaging in insider trading, but is not punitive. Contorinis' suggestion that if a bar is imposed, it should be for no more than five years, is rejected. Opposition, p. 1 n.1. Such a bar would be no bar at all, because it would run essentially concurrently with his imprisonment.

## ORDER

It is ORDERED that, pursuant to Rule 250 of the Commission's Rules of Practice, the Division of Enforcement's Motion for Summary Disposition is GRANTED.

It is FURTHER ORDERED that, pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Joseph Contorinis is permanently BARRED from associating with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

It is FURTHER ORDERED that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, Joseph Contorinis is permanently BARRED from participating in an offering of penny stock, including acting as any 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.

This Initial Decision shall become effective in accordance with and subject to the provisions of Rule 360 of the Commission's Rules of Practice. See 17 C.F.R. § 201.360. Pursuant to that Rule, a party may file a petition for review of this Initial Decision within twenty-one days after service of the Initial Decision. A party may also file a motion to correct a manifest error of fact within ten days of the Initial Decision, pursuant to Rule 111 of the Commission's Rules of Practice. See 17 C.F.R. § 201.111. If a motion to correct a manifest error of fact is filed by a party, then that party shall have twenty-one days to file a petition for review from the date of the undersigned's order resolving such motion to correct manifest error of fact.

The Initial Decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a petition for review or motion to correct manifest error of fact or the Commission determines on its own initiative to review the Initial Decision as to a party. If any of these events occurs, the Initial Decision shall not become final as to that party.

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Cameron Elliot
Administrative Law Judge