

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**  
**December 31, 2008**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13322**

**In the Matter of**

**JOSEPH LOVAGLIO,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
15(b) OF THE SECURITIES EXCHANGE  
ACT OF 1934 AND SECTION 203(f) OF THE  
INVESTMENT ADVISERS ACT OF 1940,  
AND NOTICE OF HEARING**

**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”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”), against Joseph Lovaglio (“Respondent” or “Lovaglio”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**RESPONDENT**

A. From at least August 2005 through November 2007, Respondent, age 26, was the managing director of Rabinovich & Associates, LP (the “Fund” or “the Firm”), an unregistered broker-dealer and investment company, and head of its sales operation. The Fund’s general partner and portfolio manager, with whom Lovaglio also was associated, was Alex Rabinovich, an unregistered investment adviser. From March 2005 until October 2005, Lovaglio was a registered representative associated with a broker-dealer registered with the Commission.

**ENTRY OF THE INJUNCTION**

B. On December 5, 2008, a final judgment was entered against Lovaglio, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933,

Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, in the civil action entitled Securities and Exchange Commission v. Rabinovich & Associates, L.P., et al., Civil Action Number 07 Civ. 10547 (GEL), in the United States District Court for the Southern District of New York.

C. The final judgment was based upon findings of fact and conclusions of law made by the court in granting the Commission's motion for summary judgment against Lovaglio. Among other things, the court found that, from at least August 2005 through November 2007, Lovaglio and Alex Rabinovich operated the Fund, an unregistered investment company and broker-dealer, out of a storefront boiler room in Brooklyn; that during that period, Lovaglio and others raised approximately \$2,250,000 through the sale of limited partnership interests in the Fund from more than 150 investors by making fraudulent statements about the Fund's investment performance and other material facts; that Lovaglio repeatedly misrepresented to investors and prospects, both personally and through the salesmen that he supervised and the firm's website and account statements for which he was responsible, that the Fund was highly profitable, when in fact it had done nothing but lose money throughout its existence and that the firm was located on Wall Street and was a member of the New York Stock Exchange, the National Association of Securities Dealers ("NASD"), and the Securities Investor Protection Corporation, when it was not, and failed to disclose that Rabinovich had been barred by the NASD from working for a member broker or dealer and that he himself was facing similar sanctions;<sup>1</sup> and that Lovaglio had illegally offered and sold unregistered securities and illegally operated as an unregistered broker-dealer.

### III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

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<sup>1</sup> In September 2007, the Financial Industry Regulatory Authority, Inc. ("FINRA") instituted proceedings seeking to bar Lovaglio from associating with any FINRA member based on his failure to provide FINRA with requested information and documents in connection with a customer allegation of fraud in a matter unrelated to the present proceedings. On January 7, 2008, FINRA barred Lovaglio from associating with any member firm.

#### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

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

Florence E. Harmon  
Acting Secretary