

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 69472 / April 30, 2013

INVESTMENT ADVISERS ACT OF 1940
Release No. 3596 / April 30, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15308

In the Matter of

JOSEPH CONTORINIS,

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 Contorinis (“Respondent” or “Contorinis”).

II.

After an investigation, the Division of Enforcement alleges that:

1. From February 2004 through February 2008, Respondent was a Managing Director and a registered representative of Jefferies & Company, Inc. (“Jefferies”), a broker-dealer registered with the Commission. While employed at Jefferies, Respondent was a portfolio manager for, and directed trading in and on behalf of the Paragon Fund, a hedge fund created and funded by Jefferies, and was also associated with an investment adviser. Respondent, 48 years old, is currently incarcerated at FCI Schuylkill located in Minersville, Pennsylvania.

2. On February 29, 2012, a final judgment was entered against Respondent, permanently enjoining him from future violations of Section 10(b) of the Exchange Act and Rule

10b-5 thereunder in the civil action entitled Securities and Exchange Commission v. Joseph Contorinis, et al., Civil Action Number 09 Civ. 1043 (RJS), in the United States District Court for the Southern District of New York.

3. The Commission's complaint alleged that, during January 2006, Respondent engaged in insider trading in the securities of Albertsons, Inc. ("ABS"), which generated profits of approximately \$7.2 million for the Paragon Fund. Respondent allegedly conducted that trading while in possession of material nonpublic information concerning the impending acquisition of ABS by a consortium of investors, which was publicly announced on January 23, 2006.

4. On October 6, 2010, Respondent was convicted of one count of conspiracy to commit securities fraud and seven counts of securities fraud following a jury trial before the United States District Court for the Southern District of New York, in United States v. Joseph Contorinis, 09 Cr. 1083 (RJS) (the "Criminal Action"). He was sentenced to six years imprisonment, among other things.

5. Five of the counts on which Respondent was found guilty in the Criminal Action were based on the same illegal insider trading in ABS securities alleged in the Commission's complaint described in Paragraph 3 above.

6. On August 17, 2012, Contorinis' criminal conviction was affirmed by the United States Court of Appeals for the Second Circuit, although the forfeiture order entered in connection with the Criminal Action was vacated and remanded. United States v. Joseph Contorinis, 692 F.3d 136 (2nd Cir. 2012).

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 hereof 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.

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.

Elizabeth M. Murphy
Secretary