

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 70205 / August 15, 2013

INVESTMENT ADVISERS ACT OF 1940
Release No. 3648 / August 15, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15423

In the Matter of

EDWARD T. STEIN,

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,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

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 Edward T. Stein (“Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) 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, Respondent consents to the Commission’s jurisdiction over him and the subject matter of these proceedings and to the entry of this 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, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Stein was the founder and general partner of Gemini Fund I, LP; the founder of DISP, LLC, and Prima Capital Management Corp.; and the founder and chief executive officer of Vibrant Capital Corporation. He directed the actions and operations of those entities and solicited investments in them from the public. Stein acted as an investment adviser to Gemini Fund I, LP and DISP LLC because, for compensation, he advised each entity as to the value of securities or as to the advisability of investing in, purchasing or selling securities. He owned and directed the operations of Edward T. Stein Associates, Ltd., an entity through which he sold life and health insurance and through which money invested in his other operations was often routed. During at least part of the relevant period, from 1989 to 1998, Stein was a registered representative of a registered broker-dealer. Stein, 63 years old, is currently incarcerated at the Federal Correctional Institution in Otisville, New York.

2. On September 14, 2009, a judgment was entered by consent against Stein, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8, in the civil action entitled Securities and Exchange Commission v. Stein, et al., No. 09 Civ. 3125 (RJS), in the United States District Court for the Southern District of New York.

3. The Commission's complaint alleged that, in connection with the sale of various securities, Stein misused and misappropriated investor funds, falsely stated to investors that their funds were invested, sent out false account statements indicating that investors funds were fully invested and earning returns, and otherwise engaged in a variety of conduct which operated as a fraud and deceit on investors.

4. On June 22, 2009, Stein pled guilty to four counts of securities fraud in violation of Title 15 United States Code, Sections 78j(b) and 78(ff) and one count of wire fraud in violation of Title 18 United States Code, Section 1343 before the United States District Court for the Eastern District of New York, in United States v. Stein, No. 1:09 CR 00377 (JBW). On February 9, 2010, a judgment in the criminal case was entered against Stein. He was sentenced to a prison term of nine years followed by five years of supervised release and was ordered to pay a fine of \$20,000 and make restitution in the amount of \$46,396,373.08.

5. The counts of the criminal information to which Stein pled guilty alleged, inter alia, that Stein defrauded investors and obtained money and property by means of materially false and misleading statements, and that he used wire communication in interstate commerce to send false documents to a financial institution.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Stein's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Stein be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; barred from participating in any offering of a penny stock, including: acting as a 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.

Any reapplication for association by the Respondent 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 the Respondent, 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.

By the Commission.

Elizabeth M. Murphy
Secretary