

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 71441 / January 30, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15708

In the Matter of

PATRICK VERDI,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
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”) against Patrick Verdi (“Verdi” or “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, 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. Verdi, age 72, resides in Cary, North Carolina. From August 1997 to December 2003, he was a securities lending representative associated with Schonfeld Securities, LLC (“Schonfeld”), a broker-dealer registered with the Commission.

2. On September 24, 2007, the Commission filed an amended complaint against Verdi in the United States District Court for the Eastern District of New York alleging that he violated the antifraud provisions of the federal securities laws, *SEC v. Joseph Simone, et al.*, 07-cv-3928 (JG)(RML). The Commission's complaint alleges, among other things, that between 2000 and 2004, Verdi controlled a stock loan finding company called GP Institutional Services, Inc. During this time period, Verdi knowingly engaged in a scheme to defraud broker-dealers in connection with the lending and borrowing of securities.

3. On May 17, 2012, the court entered a judgment which, among other things, permanently enjoined Verdi from violating Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

4. On April 24, 2008, Verdi pled guilty to one count of conspiracy to commit securities and wire fraud in violation of Title 18 United States Code, Section 1349 before the United States District Court for the Eastern District of New York, in *U.S. v. Patrick Verdi*, 07-CR-709-01. On October 21, 2009, a judgment in the criminal case was entered against Verdi. He was sentenced to three years of probation, 250 hour of community service and ordered to make restitution in the amount of \$1.1 million.

5. The count of the criminal indictment to which Verdi pled guilty alleged, *inter alia*, that Verdi, together with others, did knowingly and intentionally conspire to execute a scheme and artifice to defraud Schonfeld and others, and to obtain money and property from Schonfeld and others by means of materially false and fraudulent pretenses, representations and promises and in executing such scheme and artifice to defraud did so by means of wire communication in interstate and foreign commerce.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Verdi 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; and

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