

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 72431 / June 19, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15703

In the Matter of
Douglas Costabile,
Respondent.

ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest to accept the Offer of Settlement submitted by Douglas Costabile (“Respondent”) pursuant to Rule 240(a) of the Rules of Practice of the Commission, 17 C.F.R. § 201.240(a), for the purpose of settlement of these proceedings initiated against Respondent on January 29, 2014, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”).

II.

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 entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Order”), as set forth below.

III.

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

1. From January 2001 to January 2006, Costabile was a registered representative associated with Joseph Stevens & Co., Inc., which, at the time of his association, was a broker-dealer registered with the Commission. Joseph Stevens & Co. ceased to be registered with the Commission as of August 2008. Costabile, age 45, is a resident of New York.

2. On August 24, 2009, before the New York Supreme Court in People v. Douglas Costabile, Case No. 2394-2009, Costabile pleaded guilty to one felony count of attempted enterprise corruption in violation of New York Penal Law § 110-460.20 and one felony count of grand larceny in the third degree in violation of New York Penal Law § 155.35. On July 20, 2012, Costabile was sentenced in that proceeding to conditional discharge and ordered to pay \$32,223 in restitution.

3. The attempted enterprise corruption count of the criminal indictment to which Costabile pleaded guilty arose out of the conduct of a broker-dealer and alleged, among other things, that between January 2001 and December 2005, Costabile participated in a scheme at Joseph Stevens & Co. to defraud investors by coordinating with traders to sell and buy stocks to and from their customers, after successfully manipulating the price of the stocks, at prices unfavorable to their customers, to generate illegally inflated profits that were shared by members of the criminal enterprise. The scheme involved the securities of numerous companies, including Cypress Bioscience, Inc. and Antigenics, Inc. The grand larceny count of the criminal indictment to which Costabile pleaded guilty alleged that between April 2003 and August 2004, Costabile stole more than three thousand dollars from an individual.

IV.

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

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

Jill M. Peterson
Assistant Secretary