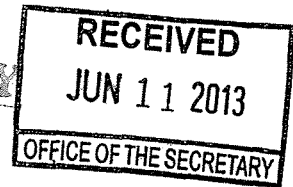


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UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING
File No. 3-15308

In the Matter of

JOSEPH CONTORINIS,

Respondent.

ANSWER

Respondent Joseph Contorinis, by his attorneys, Paul, Weiss, Rifkind, Wharton & Garrison LLP, for his Answer to the 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 (the "Order") of the Securities and Exchange Commission (the "Commission"), states as follows:

1. Denies the allegations of Paragraph 1, except admits that: (a) Jefferies & Company, Inc. ("Jefferies") was a broker-dealer registered with the Commission from February 2004 through February 2008; (b) the Paragon Fund was a hedge fund; and (c) while employed at Jefferies, Mr. Contorinis was associated with an investment adviser. Mr. Contorinis avers that he was an Executive Vice President of Jefferies; that he was a registered representative of Jefferies from March 2004 through March 2008; that while employed at Jefferies, Mr. Contorinis was a co-Portfolio Manager of the Paragon Fund and directed trading in and on behalf of the Paragon Fund along with Michael Handler; that the Paragon Fund was funded only in part by Jefferies; that Mr.

Contorinis is 49 years old; and that Mr. Contorinis is currently incarcerated at FPC Schuylkill located in Minersville, Pennsylvania.

2. Admits the allegations of Paragraph 2, in so far as they allege that a final judgment was entered on February 29, 2012 in the civil action captioned *Securities and Exchange Commission v. Joseph Contorinis*, No. 09 Civ. 1043 (RJS) (S.D.N.Y.), and refers to that judgment for its contents. Mr. Contorinis denies the allegations in the complaint in that action, including that he violated Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder. Mr. Contorinis avers that the judgment in that action was in error and that he has appealed from that judgment to the United States Court of Appeals for the Second Circuit in an appeal captioned *Securities and Exchange Commission v. Joseph Contorinis*, No. 12 Civ. 1723 (2d Cir.), which appeal remains pending.

3. Denies the allegations of Paragraph 3, except admits that the Commission filed a complaint and refers to that complaint for its contents, and denies that Mr. Contorinis engaged in any insider trading in the securities of Albertsons, Inc. ("ABS") or otherwise.

4. Admits the allegations of Paragraph 4, except avers that the jury verdict was in error and against the weight of the evidence presented at trial and that Mr. Contorinis was acquitted by the jury of two counts of securities fraud.

5. Denies the allegations of Paragraph 5, except refers to the Commission's complaint in the civil action captioned *Securities and Exchange Commission v. Joseph Contorinis*, No. 09 Civ. 1043 (RJS) (S.D.N.Y.), for its contents and to the verdict form in the criminal action captioned *United States v. Joseph*

Contorinis, No. 09 Cr. 1083 (RJS) (S.D.N.Y.), for its contents. Mr. Contorinis further denies that he engaged in insider trading in ABS securities or otherwise, and avers that the jury verdict was in error and against the weight of the evidence presented at trial.

6. Admits the allegations of Paragraph 6, except avers that the affirmance of Mr. Contorinis's conviction was in error and that the remand remains pending.

AFFIRMATIVE DEFENSES

Mr. Contorinis expressly reserves the right to amend and/or supplement this answer, defenses, and all other pleadings. Mr. Contorinis further reserves the right to assert additional defenses in the event that developments in these proceedings or otherwise indicate that they would be appropriate.

First Affirmative Defense

Any claim and/or remedial action is barred, in whole or in part, by the applicable statutes of limitation.

Second Affirmative Defense

The Commission's commencement of this proceeding was delayed, resulting in prejudice to Mr. Contorinis.

Third Affirmative Defense

The Commission's delay in commencing this proceeding so prejudiced Mr. Contorinis as to violate his right to due process of law.

Fourth Affirmative Defense

The claims and/or remedial action(s) being sought are barred, in whole or in part, by the doctrines of res judicata, estoppel, and/or waiver.

Fifth Affirmative Defense

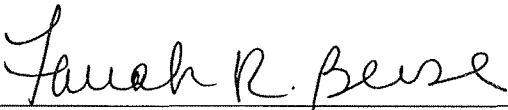
These proceedings and the remedial action(s) being sought herein are in violation of Mr. Contorinis's rights under the U.S. Constitution.

REMEDY

No remedial action by the Commission is warranted in this case. Moreover, remedial action is not in the public interest and would be in violation of Mr. Contorinis's rights under the U.S. Constitution.

Dated: New York, New York
June 10, 2013

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