

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3320 / November 22, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14638

In the Matter of

BARRY J. MINKOW,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO 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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Barry J. Minkow (“Minkow” 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, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

1. Minkow, age 45, is a resident of Crossville, Tennessee.
2. From at least 2007 until 2011, Minkow was the founder and principal of Fraud Discovery Institute, Inc., an unregistered investment adviser.

3. On March 22, 2011, Minkow pled guilty to one count of conspiracy to commit securities fraud, in violation of 18 U.S.C. § 371 before the United States District Court for the Southern District of Florida in US v. Barry Minkow, Case No. 11-20209-CR-SEITZ.

4. The count of the criminal information to which Minkow pled guilty alleged, inter alia, that Minkow knowingly and intentionally conspired to execute a scheme and artifice to defraud in connection with Lennar Corporation (“Lennar”) common stock and obtained, by means of false and fraudulent pretenses, representations, and promises, money and property in connection with the purchase and sale of Lennar securities, that the purpose of the conspiracy was to artificially manipulate and depress Lennar’s stock price to induce Lennar to make payments of cash and common stock to Minkow’s co-conspirator, and that Minkow induced a law enforcement agency to open a criminal investigation against Lennar with a false and misleading report, and subsequently misappropriated that information by trading in Lennar securities for his own personal benefit.

5. On July 21, 2011, Minkow was sentenced to five years in prison, and ordered to pay restitution in the amount of \$583,500,000.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent Minkow be, and hereby is barred from association with any investment adviser, broker, dealer, municipal securities dealer, or transfer agent.

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