

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 68826 / February 5, 2013

INVESTMENT ADVISERS ACT OF 1940
Release No. 3544 / February 5, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15197

In the Matter of

Kenneth Ira Starr, Esq.,
C.P.A.,

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 Kenneth Ira Starr (“Starr” 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 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. Until the appointment of a receiver, Starr was the Chief Executive Officer of Starr Investment Advisors, LLC (“SIA”), an investment advisor registered with the Commission. Starr also owned 95% of Starr & Company, LLC, which was the sole owner of SIA. Starr, age 67, is a resident of New York, New York. From December 2007 until March 2010, Starr also was a registered representative associated with Diamond Edge Capital Partners, LLC, a broker-dealer registered with the Commission. Starr is an attorney who was disbarred from the practice of law in New York. Starr is an accountant who surrendered his license for certified public accountancy for New York.

2. On November 16, 2012, a final judgment was entered by consent against Starr, permanently enjoining him from future violations of Sections 206(1) and 206(2) of the Advisers Act in the civil action entitled *Securities and Exchange Commission v. Kenneth Ira Starr, et al.*, 10 Civ. 4270 (S.D.N.Y.) (SHS), in the United States District Court for the Southern District of New York.

3. The Commission’s complaint alleged that Starr misappropriated at least \$8.7 million in investor funds from August 2009 through April 2010.

4. On or about September 10, 2010, Starr pled guilty to one count each of wire fraud (18 U.S.C. § 1343), money laundering (18 U.S.C. § 1956), and fraud by an investment advisor (15 U.S.C. § 80b-6) in the action styled *United States v. Kenneth Starr*, 10 Cr. 520 (S.D.N.Y.). On March 3, 2011, the United States District Court for the Southern District of New York entered a judgment against Starr sentencing him to ninety months in prison. He also was fined \$300 in criminal monetary penalties, ordered to pay more than \$30 million in restitution, and ordered to forfeit more than \$29 million.

5. The counts of the criminal indictment to which Starr pled guilty alleged, inter alia, that Starr defrauded investors and obtained money and property by means of materially false and misleading statements.

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 and Section 203(f) of the Advisers Act that Respondent be, and hereby is barred from association with any broker, dealer, investment adviser, 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