

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 69514 / May 6, 2013**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3602 / May 6, 2013**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15315**

**In the Matter of**

**Matthew C. Devlin,**

**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 Matthew C. Devlin (“Respondent” or “Devlin”).

**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. Devlin, age 38, is a resident of New York, New York. From at least 2000 through 2008, Devlin was a registered representative associated with Lehman Brothers, Inc. (“Lehman”), a registered broker-dealer and investment adviser.

2. On October 19, 2012, a judgment was entered by consent against Devlin, permanently enjoining him from future violations of Sections 10(b) and 14(e) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78n(e)] and Exchange Act Rules 10b-5 and 14e-3 [17 C.F.R. § 240.10b-5 and 240.14e-3] in the civil action entitled Securities and Exchange Commission v. Devlin, et al., Civil Action Number 08-CV-11001, in the United States District Court for the Southern District of New York.

3. The Commission’s Complaint alleged that from March 2004 through July 2008, Devlin, then a registered representative at Lehman in New York City, engaged in an illegal insider trading scheme in which he traded on and tipped at least four of his clients and friends with material, nonpublic information he had obtained in breach of a duty of trust and confidence. The Complaint alleged that Devlin misappropriated confidential nonpublic information about 13 upcoming corporate transactions from his wife, a partner in the New York City Office of an international public relations firm which was working on the deals. The Complaint alleged that, based on the information provided by Devlin, his clients and friends purchased the common stock and/or options of the following companies: Invision Technologies, Inc., Eon Labs, Inc., Mylan Laboratories, Inc., Abgenix, Inc., Aztar Corp., Veritas DGC, Inc., Mercantile Bankshares, Corp., Alcan, Inc., Ventana Medical Systems, Inc., Pharmion, Corp., Take-Two-Interactive Software, Inc., Rohm and Haas Co. and Anheuser-Busch Co. The Complaint alleged that at the time Devlin tipped others about these companies, each company was confidentially engaged in a significant transaction that involved a merger, tender offer, or stock repurchase. The Complaint further alleged that Devlin received cash and other benefits from his friends and business associates for providing them the inside information.

4. On December 16, 2008, Devlin pled guilty to four counts of conspiracy to commit securities fraud in violation of Title 18 United States Code, Section 371 and one count of securities fraud in violation of Title 15, United States Code, Sections 78ff and 78j(b) before the United States District Court for the Southern District of New York, in United States v. Devlin, 08 CR 01307 (WHP). On March 23, 2012, a judgment in the criminal case was entered against Devlin. He was sentenced to three years of probation and ordered to pay a fine of \$10,000 and a special assessment of \$500 and to forfeit \$23,000 of proceeds traceable to the commission of the offenses.

5. The five-count criminal information to which Devlin pled guilty alleged, *inter alia*, that from March 2004 through August 2008, Devlin misappropriated material, nonpublic information about 13 upcoming corporate transactions in breach of a duty of trust and confidence from his wife who was employed by an international communications firm that was working on the deals. Devlin provided the material, nonpublic information to his Lehman clients and friends who used it to trade and reap hundreds of thousands of dollars of unlawful profits. Devlin's tippees gave him thousands of dollars in cash and other items of value in return for his inside information. In connection with that plea, Respondent admitted that:

- (a) Respondent obtained material, nonpublic information from his wife's firm;
- (b) Respondent provided the material, nonpublic information to other individuals so they could trade securities;
- (c) The individuals to whom Respondent provided the material, nonpublic information knew Respondent had obtained the information illegally from his wife's firm;
- (d) Respondent received money and other benefits from the individuals to whom he had provided the material, nonpublic information; and
- (e) Respondent knew his conduct was illegal and wrong.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Devlin'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 Matthew C. Devlin be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent, 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