



*United States Attorney  
Southern District of New York*

FOR IMMEDIATE RELEASE  
DECEMBER 17, 2010

CONTACT: U.S. ATTORNEY'S OFFICE  
ELLEN DAVIS,  
EDELI RIVERA,  
JESSIE ERWIN  
PUBLIC INFORMATION OFFICE  
(212) 637-2600

**FORMER HEDGE FUND MANAGER SENTENCED  
IN MANHATTAN FEDERAL COURT TO SIX YEARS  
IN PRISON FOR INSIDER TRADING**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced today that JOSEPH CONTORINIS, a former hedge fund portfolio manager, was sentenced today to six years in prison in connection with an insider trading scheme that resulted in over \$7 million in profits. CONTORINIS was sentenced in Manhattan federal court by U.S. District Judge RICHARD J. SULLIVAN, who presided over the three-week jury trial at which CONTORINIS was found guilty of conspiracy to commit securities fraud and seven counts of securities fraud.

Manhattan U.S. Attorney PREET BHARARA said: "Today's sentence of six years in prison for a hedge fund portfolio manager who traded on inside information should make plain that there will be serious consequences for those who corrupt the securities markets to line their own pockets. Together with our law enforcement partners at the FBI, we will continue to work methodically to root out insider trading and corporate corruption."

According to the documents previously filed in this case in Manhattan federal court and the evidence introduced at trial:

From 2004 through June 2006, CONTORINIS, then a portfolio manager of a hedge fund at an investment advisory firm, executed securities trades based on material, non-public information about mergers and acquisitions that CONTORINIS received from NICOS A. STEPHANOU, who was working as an investment banker in New York, New York, and London, England. CONTORINIS and STEPHANOU had a close personal friendship. CONTORINIS knew that STEPHANOU was tipping him in violation of STEPHANOU's duty of confidentiality to his employer and its clients.

For example, from late 2005 through early 2006, STEPHANOU was part of the investment banking team representing a private equity firm that was interested in acquiring Albertson's, Inc., a supermarket chain. During the course of the transaction, STEPHANOU provided real-time information to CONTORINIS about positive and negative developments on the deal, sometimes during late night and early morning telephone conversations. CONTORINIS then executed trades based on that information and made profits for his hedge fund exceeding \$7 million.

During the same period of time, STEPHANOU also tipped his friends MICHAEL KOULOIROUDIS and GEORGE PAPARRIZOS about material, non-public information relating to the mergers and acquisitions of several public companies. STEPHANOU, KOULOIROUDIS, and PAPARRIZOS previously pled guilty.

In addition to the prison term, Judge SULLIVAN sentenced CONTORINIS, 46, of New York, New York, to two years of supervised release and ordered forfeiture in the amount of at least \$12 million.

During the sentencing proceeding, Judge SULLIVAN said that insider trading "is a serious crime... This is a crime that does damage to the national economy and the damage is pretty considerable."

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation. He thanked the U.S. Securities and Exchange Commission for its assistance in this matter. He also thanked UBS for its assistance in the investigation and prosecution.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

This case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorneys ANDREW L. FISH and REED M. BRODSKY are in charge of the prosecution.

10-406

###