



*United States Attorney
Southern District of New York*

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**MANHATTAN U.S. ATTORNEY CHARGES
FORMER HEDGE FUND MANAGER FOR
INSIDER TRADING SCHEME THAT
MADE OVER \$7 MILLION
IN UNLAWFUL PROFITS**

PREET BHARARA, the United States Attorney for the Southern District of New York, and JOSEPH M. DEMAREST, JR., the Assistant Director-in-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), announced today the indictment of JOSEPH CONTORINIS, a former hedge fund portfolio manager, on charges of conspiracy and securities fraud relating to \$7 million in profits he allegedly made for the hedge fund through insider trading. CONTORINIS, 45, of New York, New York, is expected to be arraigned in Manhattan federal court by United States District Judge RICHARD J. SULLIVAN on November 12, 2009 at 12:30 p.m.

According to the Complaint previously filed in this case and the Indictment returned in Manhattan federal court late yesterday afternoon:

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. STEPHANOU and CONTORINIS 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 on the investment banking team representing a private equity firm that was interested in acquiring Albertson's Corporation. During the course of the transaction, STEPHANOU tipped CONTORINIS about positive and negative developments on the deal, and CONTORINIS executed trades based on that information. As a result of this illegal trading, CONTORINIS allegedly made profits exceeding \$7 million for his hedge fund.

During the conspiracy, 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.

On April 21, 2009, GEORGE PAPARRIZOS pleaded guilty to one count of conspiracy to commit securities fraud and one count of securities fraud. On August 6, 2009, PAPARRIZOS was sentenced by United States District Judge PAUL A. CROTTY to a term of six months of home confinement, a \$10,000 fine, and forfeiture of \$22,000 in unlawful proceeds.

On May 27, 2009, STEPHANOU pleaded guilty to six counts of conspiracy to commit securities fraud and one count of securities fraud before United States District Judge COLLEEN McMAHON. STEPHANOU awaits sentencing.

On October 15, 2009, a federal grand jury returned a superseding indictment against MICHAEL KOULOIROUDIS on one count of conspiracy to commit securities fraud and nine counts of securities fraud.

Each conspiracy charge carries a maximum sentence of 5 years in prison and a maximum fine of the greater of \$250,000, or twice the gross gain or gross loss from the offense. Each securities fraud count carries a maximum sentence of 20 years in prison and a maximum fine of \$5 million, or twice the gross gain or loss from the offense.

Mr. BHARARA praised the work of the FBI in the investigation of this case. He also thanked the United States Securities and Exchange Commission for its assistance.

Assistant United States Attorneys ANDREW L. FISH and REED M. BRODSKY are in charge of the prosecution.

The charges contained in the Indictments are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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