



*United States Attorney
Southern District of New York*

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**FORMER HEDGE FUND MANAGER FOUND GUILTY
IN MANHATTAN FEDERAL COURT FOR INSIDER TRADING**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced today that JOSEPH CONTORINIS, 46, a former hedge fund portfolio manager, was found guilty today by a jury in Manhattan federal court of one count of securities fraud conspiracy and seven counts of securities fraud in connection with an insider trading scheme that resulted in over \$7 million in profits.

According to the documents previously filed in this case and the evidence introduced at trial before U.S. District Judge RICHARD J. SULLIVAN:

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, Inc. 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 made profits exceeding \$7 million for his hedge fund.

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

STEPHANOU, KOULOLOUDIS and PAPARRIZOS previously pled guilty.

The conspiracy charge carries a maximum sentence of five 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.

Sentencing of CONTORINIS is scheduled for February 4, 2010.

Manhattan U.S. Attorney PREET BHARARA said: "On top of this Office's recent insider trading convictions, today's guilty verdict sends yet another strong message of deterrence to anyone who is thinking about gaming the system like Joseph Contorinis did. The investing public should expect an ongoing focus on illegal insider trading by this Office, as we will continue to work hard to prosecute those who compromise the integrity of our financial markets. I especially commend the hard work of the SEC and the FBI."

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

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.

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