

BrokerCheck Report

KENNETH IRA STARR

CRD# 5141814

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Broker Qualifications	2 - 3
Registration and Employment History	5
Disclosure Events	6



When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)

KENNETH I. STARR

CRD# 5141814

This broker is not currently registered.

Report Summary for this Broker

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

Broker Qualifications

This broker is not currently registered.

This broker has passed:

- 0 Principal/Supervisory Exams
- 1 General Industry/Product Exam
- 1 State Securities Law Exam

Registration History

This broker was previously registered with the following securities firm(s):

- B** **DIAMOND EDGE CAPITAL PARTNERS, LLC**
CRD# 132014
NEW YORK, NY
12/2007 - 03/2010

Disclosure Events

This broker has been involved in one or more disclosure events involving certain final criminal matters, regulatory actions, civil judicial proceedings, or arbitrations or civil litigations.

Are there events disclosed about this broker? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	2
Criminal	1
Civil Event	1

Broker Qualifications



Registrations

This section provides the self-regulatory organizations (SROs), states and U.S. territories the broker is currently registered and licensed with, the category of each registration, and the date on which the registration became effective. This section also provides, for each firm with which the broker is currently employed, the address of each branch where the broker works.

This broker is not currently registered.



Broker Qualifications

Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below. A passed exam or exam waiver does not permit a broker to do business without an active SRO or state registration.

This individual has passed 0 principal/supervisory exams, 1 general industry/product exam, and 1 state securities law exam.

Principal/Supervisory Exams

Exam	Category	Date
No information reported.		

General Industry/Product Exams

Exam	Category	Date
B General Securities Representative Examination	Series 7	12/17/2007

State Securities Law Exams

Exam	Category	Date
B Uniform Securities Agent State Law Examination	Series 63	01/22/2008

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at www.finra.org/brokerqualifications/registeredrep/.

Broker Qualifications



Professional Designations

This section details that the representative has reported **0** professional designation(s).

No information reported.



Registration and Employment History

Registration History

The broker previously was registered with the following securities firms:

Registration Dates	Firm Name	CRD#	Branch Location
B 12/2007 - 03/2010	DIAMOND EDGE CAPITAL PARTNERS, LLC	132014	NEW YORK, NY

Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.

Employment	Employer Name	Position	Investment Related	Employer Location
01/1980 - Present	STARR & CO. LLC	MANAGING DIRECTOR	Y	NEW YORK, NY, United States

Disclosure Events



What you should know about reported disclosure events:

1. Disclosure events in BrokerCheck reports come from different sources:

- As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, their employing firms, and regulators. When more than one source reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions are separated by a solid line with the reporting source labeled.

For your convenience, below is a matrix of the number and status of regulatory disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.

	Final	On Appeal
Regulatory Event	2	0
Criminal	1	0
Civil Event	1	0



Disclosure Event Details

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

Regulatory - Final

This type of disclosure event involves a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations.

Disclosure 1 of 2

Reporting Source:	Regulator
Regulatory Action Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	Other: N/A
Date Initiated:	02/05/2013
Docket/Case Number:	3-15197
Employing firm when activity occurred which led to the regulatory action:	STARR INVESTMENT ADVISORS, LLC; DIAMOND EDGE CAPITAL PARTNERS, LLC
Product Type:	No Product
Allegations:	<p>SEC ADMIN RELEASE 34-68826, IA RELEASE 3544, FEBRUARY 5, 2013: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMED IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE 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").</p> <p>THE COMMISSION FOUND THAT 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.</p> <p>THE COMMISSION'S COMPLAINT ALLEGED THAT STARR MISAPPROPRIATED AT LEAST \$8.7 MILLION IN INVESTOR FUNDS FROM</p>



AUGUST 2009 THROUGH APRIL 2010.

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.

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.

Current Status:	Final
Resolution:	Order
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Resolution Date:	02/05/2013
Sanctions Ordered:	Bar (Permanent)
If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?	No



(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?

(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or



(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?

Sanction 1 of 1

Sanction Type:

Bar (Permanent)

Capacities Affected:

ASSOCIATION WITH ANY BROKER, DEALER, INVESTMENT ADVISER, MUNICIPAL SECURITIES DEALER OR TRANSFER AGENT

Duration:

Indefinite

Start Date:

02/05/2013

End Date:

Regulator Statement

IN ANTICIPATION OF THE INSTITUTION OF THE PROCEEDINGS, RESPONDENT SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, RESPONDENT CONSENTED TO THE COMMISSION'S JURISDICTION OVER HIM AND THE SUBJECT MATTER OF THE PROCEEDINGS AND TO THE ENTRY OF THE 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").

THE COMMISSION DEEMED 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 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.

Disclosure 2 of 2

Reporting Source:	Regulator
Regulatory Action Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	Other: N/A
Date Initiated:	02/05/2013
Docket/Case Number:	3-15198
Employing firm when activity occurred which led to the regulatory action:	
Product Type:	No Product
Allegations:	SEC ADMIN RELEASE 34-68827, FEBRUARY 5, 2013: THE SECURITIES AND EXCHANGE COMMISSION DEEMED IT APPROPRIATE TO ISSUE AN ORDER OF FORTHWITH SUSPENSION OF KENNETH IRA STARR ("STARR") PURSUANT TO RULE 102(E)(2) OF THE COMMISSION'S RULES OF PRACTICE [17 C.F.R. § 201.102(E)(2)].

THE COMMISSION FOUND THAT ON MARCH 3, 2011, A JUDGMENT OF



CONVICTION WAS ENTERED AGAINST STARR IN UNITED STATES V. KENNETH STARR, 10 CR. 520 (S.D.N.Y.) (SHS), IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, FINDING HIM GUILTY OF 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).

AS A RESULT OF THE CONVICTION, STARR WAS SENTENCED TO NINETY MONTHS IMPRISONMENT IN A FEDERAL PENITENTIARY AND ORDERED TO PAY RESTITUTION IN THE AMOUNT OF \$30,000,000 AND A CRIMINAL PENALTY IN THE AMOUNT OF \$300.

Current Status:	Final
Resolution:	Order
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Resolution Date:	02/05/2013
Sanctions Ordered:	Suspension
If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?	No



(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?

(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or



(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?

Sanction 1 of 1

Sanction Type: Suspension

Capacities Affected: APPEARING OR PRACTICING BEFORE THE COMMISSION

Duration: INDEFINITE

Start Date: 02/05/2013

End Date:

Regulator Statement

THE COMMISSION FOUND THAT STARR HAS BEEN CONVICTED OF A FELONY WITHIN THE MEANING OF RULE 102(E)(2) OF THE COMMISSION'S RULES OF PRACTICE.

ACCORDINGLY, IT IS ORDERED, THAT KENNETH STARR IS FORTHWITH SUSPENDED FROM APPEARING OR PRACTICING BEFORE THE COMMISSION PURSUANT TO RULE 102(E)(2) OF THE COMMISSION'S RULES OF PRACTICE.



Criminal - Final Disposition

This type of disclosure event involves a conviction or guilty plea for any felony or certain misdemeanor offenses, including bribery, perjury, forgery, counterfeiting, extortion, fraud, and wrongful taking of property that is currently on appeal.

Disclosure 1 of 1

Reporting Source:	Regulator
Formal Charges were brought in:	Federal Court
Name of Court:	UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK
Location of Court:	NEW YORK, NY
Docket/Case #:	10-CR-520
Charge Date:	06/10/2010
Charge(s) 1 of 4	
Formal Charge(s)/Description:	18:1343. FRAUD BY WIRE, RADIO OR TELEVISION
No of Counts:	20
Felony or Misdemeanor:	Felony
Plea for each charge:	GUILTY TO COUNT 9
Disposition of charge:	Convicted
Charge(s) 2 of 4	
Formal Charge(s)/Description:	18:1956-4999. MONEY LAUNDERING-FRAUD, OTHER
No of Counts:	1
Felony or Misdemeanor:	Felony
Plea for each charge:	GUILTY
Disposition of charge:	Convicted
Charge(s) 3 of 4	
Formal Charge(s)/Description:	15:80B. DISCLOSURE OF INFORMATION BY COMMISSION (INVESTMENT ADVISOR FRAUD)
No of Counts:	1
Felony or Misdemeanor:	Felony



Plea for each charge:	GUILTY
Disposition of charge:	Convicted
Charge(s) 4 of 4	
Formal Charge(s)/Description:	15:78J. MANIPULATIVE AND DECEPTIVE DEVICES (SECURITIES FRAUD)
No of Counts:	1
Felony or Misdemeanor:	Felony
Plea for each charge:	NOT GUILTY
Disposition of charge:	Dismissed
Current Status:	Final
Status Date:	03/31/2011
Disposition Date:	03/03/2011
Sentence/Penalty:	STARR WAS COMMITTED TO THE CUSTODY OF THE UNITED STATES BUREAU OF PRISONS TO BE IMPRISONED FOR A TOTAL TERM OF: NINETY (90) MONTHS, CONCURRENT ON COUNTS 9, 21 & 22. UPON RELEASE FROM IMPRISONMENT, STARR SHALL BE ON SUPERVISED RELEASE FOR A THREE (3) YEARS.
Regulator Statement	ON JUNE 10, 2010, STARR WAS INDICTED ON 23 COUNTS OF FRAUD BY WIRE, RADIO OR TELEVISION (1-8), MONEY LAUNDERING-FRAUD, OTHER (10-20), DISCLOSURE OF INFORMATION BY COMMISSION (INVESTMENT ADVISOR FRAUD) (22) AND MANIPULATIVE AND DECEPTIVE DEVICES (SECURITIES FRAUD) (23). ON JUNE 10, 2010, STARR PLED GUILTY TO COUNTS 9, 21 AND 22. COUNTS 1-8, 10-20 AND 23 WERE DISMISSED.



Civil - Final

This type of disclosure event involves an injunction issued by a court in connection with investment-related activity or a finding by a court of a violation of any investment-related statute or regulation.

Disclosure 1 of 1

Reporting Source:	Regulator
Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Relief Sought:	Cease and Desist Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Injunction Monetary Penalty other than Fines Other: PROVIDE VERIFIED ACCOUNTINGS, REPATRIATING FUNDS TRANSFERRED,
Date Court Action Filed:	05/27/2010
Product Type:	Other: UNSPECIFIED SECURITIES
Type of Court:	Federal Court
Name of Court:	UNITED STATES DISTRICT COURT
Location of Court:	SOUTHERN DISTRICT OF NEW YORK
Docket/Case #:	10 CV 4270
Employing firm when activity occurred which led to the action:	STARR INVESTMENT ADVISORS LLC AND STARR & COMPANY LLC
Allegations:	SEC RELEASE 2010-89, MAY 27, 2010: SECTIONS 206(1) AND 206(2) OF THE INVESTMENT ADVISERS ACT OF 1940: THE SECURITIES AND EXCHANGE COMMISSION CHARGED MANHATTAN-BASED FINANCIAL ADVISOR KENNETH IRA STARR WITH FRAUD AND IS SEEKING AN EMERGENCY COURT ORDER TO FREEZE HIS ASSETS AFTER HE STOLE CLIENT MONEY FOR HIS PERSONAL USE, INCLUDING THE PURCHASE LAST MONTH OF A MULTI-MILLION DOLLAR APARTMENT WHERE HE AND HIS WIFE NOW RESIDE. THE SEC ALLEGED THAT STARR AND TWO ENTITIES HE CONTROLS HAVE MADE UNAUTHORIZED TRANSFERS OF MONEY IN CLIENT ACCOUNTS THAT ULTIMATELY WOUND UP IN STARR'S PERSONAL ACCOUNTS. THEY VIOLATED SECURITIES LAWS PERTAINING TO INVESTMENT ADVISERS IN ORDER TO PERPETRATE THE SCHEME. THE SEC ALLEGED THAT CERTAIN CLIENT ASSETS WERE HELD IN A SAFE IN STARR'S COMPANY OFFICES DESPITE THE FACT THAT STARR AND HIS FIRMS WERE NOT QUALIFIED CUSTODIANS. THEIR ABILITY TO STEAL



CLIENT FUNDS WAS ENHANCED BY THE FAILURE OF HIS COMPANY TO COMPLY WITH ASSET CUSTODY RULES THAT REQUIRE FIRMS TO ENGAGE AN INDEPENDENT PUBLIC ACCOUNTANT TO PERFORM YEARLY SURPRISE EXAMINATIONS OF CLIENT ASSETS IN THE FIRM'S CUSTODY. ACCORDING TO THE SEC'S COMPLAINT, FILED IN FEDERAL COURT IN MANHATTAN, STARR AND HIS COMPANIES TRANSFERRED \$7 MILLION FROM THE ACCOUNTS OF THREE CLIENTS BETWEEN APRIL 13 AND APRIL 16, 2010, WITHOUT ANY AUTHORIZATION. THE TRANSFERRED FUNDS WERE ULTIMATELY USED TO PURCHASE A \$7.6 MILLION APARTMENT ON THE UPPER EAST SIDE IN MANHATTAN ON APRIL 16. WHEN ONE OF THE CLIENTS DETECTED THE UNAUTHORIZED TRANSFER AND DEMANDED THE MONEY BE RETURNED, STARR REIMBURSED THAT CLIENT WITH MONEY SIPHONED FROM THE ACCOUNT OF ANOTHER CLIENT WITHOUT AUTHORIZATION. THE OTHER TWO INVESTORS HAVE NOT BEEN REIMBURSED. IN AUGUST 2009, STARR AND HIS ENTITIES BEGAN UNAUTHORIZED TRANSFERRING OF APPROXIMATELY \$1.7 MILLION FROM THE PERSONAL ACCOUNT OF A CLIENT AND FROM THE ACCOUNT OF A CHARITY RUN BY THIS CLIENT. IN APRIL 2010, AN ADDITIONAL TRANSFER OF \$750,000 WAS ATTEMPTED FROM AN ACCOUNT BELONGING TO THIS CLIENT. BUT THIS TIME, THE PLANS WERE FRUSTRATED BECAUSE THE BANK ALERTED THE CLIENT, WHO THEN HALTED THE TRANSFER. THE CLIENT THEN REVIEWED THE ACCOUNT TRANSACTIONS AND UNCOVERED THE UNAUTHORIZED \$1.7 MILLION TRANSFERS IN 2009. WHEN CONFRONTED ABOUT THESE TRANSACTIONS, STARR GAVE IMPROBABLE EXPLANATIONS BEFORE EVENTUALLY REIMBURSING THE CLIENT WITH MONEY THAT APPEARS TO HAVE COME FROM THE BANK ACCOUNT OF ANOTHER UNRELATED PARTY. ONE OF THE COMPANIES IS NOT A REGISTERED INVESTMENT ADVISOR; IT PROVIDED ADVISORY SERVICES TO ITS CLIENTS WHO HAD NOT ENTERED INTO AN ADVISORY AGREEMENT WITH THE OTHER COMPANY, AN ADVISORY COMPANY.

Current Status: Final

Resolution: Judgment Rendered

Resolution Date: 11/16/2012

Sanctions Ordered or Relief Granted: Disgorgement
Injunction
Monetary Penalty other than Fines

Capacities 1 of 1

Capacities Affected: ALL CAPACITIES

Duration: PERMANENT

Start Date: 11/16/2012

**End Date:****Monetary Sanction 1 of 2****Monetary Sanction:** PREJUDGMENT INTEREST**Total Amount:** \$354,197.65**Portion against individual:** 354197.65**Date Paid:****Portion Waived:** Yes**Amount Waived:** \$354,197.65**Monetary Sanction 2 of 2****Monetary Sanction:** Disgorgement**Total Amount:** \$9,300,000.00**Portion against individual:** 9300000**Date Paid:****Portion Waived:** Yes**Amount Waived:** \$9,300,000.00**Regulator Statement**

SEE ALSO: SEC LITIGATION RELEASE 21541, JUNE 1, 2010

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. STARR WAS FOUND LIABLE FOR DISGORGEMENT IN THE AMOUNT OF \$9,300,000, REPRESENTING PROFITS GAINED AND/OR LOSSES AVOIDED AS A RESULT OF THE CONDUCT ALLEGED IN THE COMPLAINT, PLUS PREJUDGMENT INTEREST THEREON IN THE AMOUNT OF \$354,197.65 FOR A TOTAL OF \$9,654,197.65. THE DISGORGEMENT PLUS PREJUDGMENT INTEREST IS DEEMED SATISFIED BY THE ENTRY OF A FORFEITURE ORDER AGAINST STARR IN THE AMOUNT OF \$30,112,782.69 IN THE CRIMINAL CASE BEFORE THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, TITLED UNITED STATES V. KENNETH STARR, ET AL., 10 CR 520 (S.D.N.Y.)

BASED ON THE SENTENCE STARR RECEIVED PURSUANT TO HI GUILTY PLEA IN UNITED STATES V. STARR, THE COURT IS NOT ORDERING STARR



TO PAY A CIVIL PENALTY.

End of Report



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