

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3364 / January 25, 2012

ADMINISTRATIVE PROCEEDING
File No. 14716

In the Matter of

SAMIR BARAI,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO 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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Samir Barai (“Barai” or “Respondent”).

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, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2, and III.4 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to 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. Barai, age 38, resides in New York, New York. Barai founded Barai Capital Management ("Barai Capital"), an unregistered investment adviser, in March 2008 and was the portfolio manager of the Barai Capital Master Fund. Prior to founding Barai Capital in 2008, Barai worked as a portfolio manager at Tribeca Global Management, a hedge fund owned by Citigroup, as well as at Ziff Brothers Investments.

2. On February 8, 2011, the Commission filed a civil action against Barai in SEC v. Longoria, et al., Civil Action No. 11-CV-0753 (S.D.N.Y.). On January 23, 2012, the Court entered an order permanently enjoining Barai, by consent, from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

3. The Commission's complaint alleged that, in connection with the offer, purchase or sale of securities, Barai knew, recklessly disregarded, or should have known, that material non-public information he received from a tipper was disclosed or misappropriated in breach of a fiduciary duty, or similar relationship of trust and confidence, and Barai is liable for the trading that occurred at Barai Capital because he directly or indirectly caused Barai Capital to place trades and/or unlawfully tipped inside information to Barai Capital.

4. On May 27, 2011, Barai pled guilty to one count of securities fraud, one count of conspiracy to commit securities fraud and wire fraud, one count of wire fraud, and one count of obstruction of justice, in violation of 15 U.S.C. §§ 78j(b) and 78ff, 17 C.F.R. § 240.10b-5, and 18 U.S.C. § 2; 18 U.S.C. § 371; 18 U.S.C. §§ 2, 1343; and 18 U.S.C. §§ 2, 1512(c), respectively, before the United States District Court for the Southern District of New York, in United States v. Samir Barai, 11-CR-116 (DAB).

5. The counts of the criminal indictment to which Barai pled guilty alleged, inter alia, that Barai, and others, participated in a scheme to defraud by executing securities trades based on material nonpublic information that had been disclosed or misappropriated in violation of duties of trust and confidence, and that he unlawfully, willfully and knowingly did so, directly and indirectly, by use of the means and instrumentalities of interstate commerce, and of the mails, and of the facilities of national securities exchanges, in connection with the purchase and sale of securities.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Barai's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent Barai be, and hereby 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.

By the Commission.

Elizabeth M. Murphy
Secretary