

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 59513 / March 5, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13397

In the Matter of

VICTOR P. MACHADO,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Victor P. Machado (“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 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, 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. Respondent Machado, 36, is a resident of New Jersey. From 1999 until August 2004, Machado was a fixed income trader at two related entities, Leumi Investment Services Inc. ("LISI"), a registered broker-dealer, and Bank Leumi USA ("BLUSA"), a Federal Deposit Insurance Corporation insured bank and LISI's parent company. While at LISI, Machado held Series 7 and 63 licenses. On August 31, 2004, Machado was terminated by LISI and BLUSA. From July 2006 through June 1, 2008, Machado was employed by a temporary employment agency.

2. On February 27, 2009, a final judgment was entered by consent against Respondent Machado, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and for aiding and abetting LISI's violations of Section 17(a) of the Exchange Act and Rule 17a-3 thereunder, in the civil action entitled, *Securities and Exchange Commission v. Victor P. Machado and Frank Lu*, Civil Action Number 09-cv-01711 (RMB), in the United States District Court for the Southern District of New York.

3. The Commission's complaint alleged that, from May 2003 through mid-August 2004, Respondent Machado and Frank Lu, a former salesperson at Oppenheimer & Co. Inc. ("OPCO"), a registered broker-dealer and investment adviser, engaged in a scheme to direct LISI's and BLUSA's securities order flow to OPCO in exchange for secret gratuities and entertainment that Lu provided to Machado. The complaint also alleged that as part of the scheme, and in violation of Machado's duties to LISI's and BLUSA's customers, Machado routinely directed a substantial flow of orders to OPCO for execution at prices that were favorable to OPCO and detrimental to LISI's and BLUSA's own customers. The complaint further alleged that as a result of Machado's and Lu's conduct, LISI's and BLUSA's customers were harmed by approximately \$1.1 million.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Machado be, and hereby is barred from association with any broker or dealer.

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