

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 100175 / May 20, 2024**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21355**

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<b>In the Matter of</b>	:	
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	:	
<b>Chatham Asset Management, LLC</b>	:	<b>EXTENSION ORDER</b>
<b>and Anthony Melchiorre,</b>	:	
	:	
<b>Respondents.</b>	:	

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The Division of Enforcement (“Division”) has requested an extension of time until March 28, 2025, to submit a Proposed Plan of Distribution under Rule 1101(a) of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1101(a).

On April 3, 2023, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”)<sup>1</sup> against Chatham Asset Management, LLC (“Chatham”) and Anthony Melchiorre (“Melchiorre”) (collectively, the “Respondents”).

In the Order, the Commission found that Chatham and Melchiorre traded on behalf of their fund clients in three high-yield debt securities issued by American Media Inc. (“AMI Bonds”). At times, from 2016 through 2018, Chatham and Melchiorre engaged in transactions in

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<sup>1</sup> Advisers Act Rel. No. 6270 (Apr. 3, 2023).

these AMI Bonds that resulted in one Chatham fund selling AMI Bonds and a different Chatham fund purchasing the same AMI Bonds, through various broker-dealers (the “Rebalancing Trades”). Chatham engaged in the Rebalancing Trades to address portfolio constraints such as industry or issuer fund concentration limits, to meet investor redemptions, and to allocate capital inflows and outflows. These trades were executed at prices Chatham and Melchiorre proposed. Over time, the prices at which Chatham and Melchiorre traded the securities in the Rebalancing Trades increased at a significantly higher rate than the prices of similar securities. Chatham’s and Melchiorre’s trading in the AMI Bonds accounted for the vast majority of the trading in those bonds and therefore over time had a material effect on their pricing.

According to the Order, Chatham and Melchiorre calculated the net asset values (“NAVs”) of their client funds’ holdings using pricing data that was based, in part, on the trading prices of the securities. As a result, during the relevant time period, the NAVs of Chatham’s Clients were higher than they would have been if Chatham’s Rebalancing Trades were removed from the market for the AMI Bonds, which, in turn, resulted in higher fees being charged to the clients.

Many of the Rebalancing Trades involved open-ended mutual funds regulated as registered investment companies. The Commission found that, in those cases, Chatham and Melchiorre aided and abetted and caused these investment companies to enter into prohibited affiliate transactions in violation of Sections 17(a)(1) and (2) of the Investment Company Act of 1940.

The Commission ordered the Respondents to pay \$11,000,000.00 in disgorgement, \$3,375,072.00 in prejudgment interest, and a total of \$5,000,000.00 in civil money penalties, for a collective total of \$19,375,072.00, to the Commission. The Commission also created a Fair

Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalties collected, along with the disgorgement and prejudgment interest collected, can be distributed to harmed investors (the “Fair Fund”).

The Fair Fund consists of the \$19,375,072.00 collected from the Respondents. The Fair Fund has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any accrued interest will be added to the Fair Fund.

In its request for an extension of time, the Division states that additional time is needed to complete the fund administrator solicitation and appointment process, develop the distribution methodology, and prepare the proposed plan of distribution.

Accordingly, for good cause shown, IT IS HEREBY ORDERED that the Division’s request for an extension of time until March 28, 2025, to submit a Proposed Plan of Distribution is granted.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.<sup>2</sup>

Vanessa A. Countryman  
Secretary

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<sup>2</sup> 17 C.F.R. § 200.30-4(a)(21)(i).