

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ADMINISTRATIVE PROCEEDINGS RULINGS
Release No. 4145/September 9, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-16462

In the Matter of

| | | |
|----------------------------------|---|-------|
| LYNN TILTON; | : | |
| PATRIARCH PARTNERS, LLC; | : | |
| PATRIARCH PARTNERS VIII, LLC; | : | ORDER |
| PATRIARCH PARTNERS XIV, LLC; and | : | |
| PATRIARCH PARTNERS XV, LLC | : | |

The Securities and Exchange Commission instituted this proceeding with an Order Instituting Proceedings (OIP) on March 30, 2015. The OIP alleges that Respondents violated the antifraud provisions of the Investment Advisers Act of 1940 in their operation of three collateral loan obligation funds (known as the Zohar Funds) by reporting misleading values for the assets held by the funds and failing to disclose a conflict of interest arising from Lynn Tilton's undisclosed approach to categorization of assets. The proceeding was stayed by order of the U.S. Court of Appeals for the Second Circuit between September 17, 2015, and June 2016. *See Tilton v. SEC*, No. 15-2103, 2016 U.S. App. LEXIS 9970, at *37 (2d Cir. June 1, 2016); *Tilton v. SEC*, No. 15-2103, ECF Nos. 76, 125. The hearing is currently scheduled to commence on October 24, 2016.

Under consideration are Respondents' August 8, 2016, Motion to Quash the Subpoena Issued by the Division to MBIA Insurance Company; the Division of Enforcement's August 12, 2016, Opposition;¹ and Respondents' August 17, 2016, Reply. The subpoena in question called for the production of transcripts of depositions, expert reports, and sworn or verified witness statements relating to the Zohar I Bankruptcy Proceeding.²

Respondents argue that compliance with the subpoena would be unreasonable in that the documents sought are outside the scope of the OIP as concerning events that occurred after the events alleged in the OIP, relate to a different subject matter, and even comprise a different

¹ Pursuant to 17 C.F.R. § 201.232(e)(1), "any party" may file a motion to quash a subpoena issued in a Commission administrative proceeding. MBIA has not requested that the subpoena be quashed or made any other filing concerning this matter.

² *Zohar CDO 2003-1, LLC*, Nos. 15-23680, -23681, -23682 (Bankr. S.D.N.Y).

investigation from that which led to the institution of this proceeding. The Division claims that the three categories of documents it seeks – a declaration of Tilton; depositions of Tilton, a representative of MBIA, a director of Zohar I, and two experts; and expert reports – relate to valuation of Zohar assets and conflicts of interest, which are topics at issue in the administrative proceeding. It also states that it seeks production of the Tilton materials for potential use as party admissions in this proceeding. In view thereof, the subpoena will not be wholly quashed.

To the extent that any responsive documents have been sealed as confidential by the bankruptcy court, the undersigned does not have the authority to order them un-sealed. Accordingly, the subpoena will be quashed as to any such documents. Further, while designated portions of the Tilton materials potentially could be used as party admissions, deposition transcripts and reports from other persons will not be received in evidence in this proceeding.

IT IS SO ORDERED.

/S/ Carol Fox Foelak

Carol Fox Foelak

Administrative Law Judge