

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-15641

In the Matter of

GLG PARTNERS, INC. and
GLG PARTNERS, L.P.,

Respondents.

PROPOSED PLAN OF DISTRIBUTION

1. *Purpose and Background.* This proposed plan of distribution (the “Plan”) has been developed pursuant to Rule 1101 of the Commission’s Rules on Fair Fund and Disgorgement Plans (“Rules”), 17 C.F.R. § 201.1101. As described more specifically below, the Plan provides for a distribution of funds collected from the disgorgement, prejudgment interest, and civil monetary penalties paid by GLG Partners, Inc. and GLG Partners L.P. (collectively, “Respondents”), as a result of Respondents’ charging inflated or excess management fees to investors, pursuant to a Commission order issued on December 12, 2013.¹

The Order found, among other things, that Respondents failed to design and maintain adequate internal controls related to the valuation of fund assets, on the basis of which fee revenues were calculated and recorded. As a result of GLG Partners, L.P.’s deficient valuation policies and procedures, the monthly valuation for a particular asset in its fund was overstated by approximately \$160 million during the period from November 1, 2008 through November 30, 2010. This led to inflated or excess management and administration fees remitted to Respondents totaling approximately \$7,766,667. The Order required Respondents to pay disgorgement of \$7,766,667 and prejudgment interest of \$437,679. Each Respondent also was ordered to pay a civil money penalty in the amount of \$375,000. In accordance with the Order, Respondents paid a total of \$8,954,346 in disgorgement, prejudgment interest, and civil monetary penalties to the Commission. It is anticipated that there will be one disbursement to the Eligible Clients as defined in paragraph 4 of this Plan.

¹ *Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”) against GLG Partners, Inc. and GLG Partners, L.P.*, Exchange Act Rel. No. 71050 (Dec. 12, 2013).

The Order created a Fair Fund pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, for the funds paid by the Respondents (the “Fair Fund”). The assets of the Fair Fund have been deposited at the United States Department of Treasury’s (“U.S. Treasury”) Bureau of Public Debt (“BPD”) for investment. Other than potential interest income from the BPD investment, the Commission does not anticipate that the Fair Fund will receive additional funds. All BPD fees will be paid by the Fair Fund.

Under this Plan, the present value of incorrectly collected fees will be distributed to Eligible Clients as defined in paragraph 4 below from the “Net Fair Fund,” which is the Fair Fund less any reserve for taxes, fees or other expenses of administering the Plan.

2. *Fund Administrator.* The Commission has appointed Boston Financial Data Services, Inc. as the fund plan administrator (“Fund Administrator”).² The Fund Administrator obtained a bond of \$8,954,346, an amount equal to the Fair Fund amount, pursuant to Rule 1105(c).³ The Fund Administrator will administer the Fair Fund. All reasonable administrative fees, costs and expenses, including the administrator bond premium, will be paid from the Fair Fund.

3. *Tax Administrator.* The Commission has appointed Damasco and Associates, LLP as the Tax Administrator (“Tax Administrator”) for the Fair Fund.⁴ The Fund Administrator will cooperate with the Tax Administrator in providing information necessary to accomplish the income tax compliance and any other work ordered to the Tax Administrator by the Commission. The Tax Administrator shall be compensated for all reasonable costs and expenses from the Fair Fund in accordance with its 2013-2015 Engagement Letter Agreement with the Commission, and all tax obligations will be paid out of the Fair Fund.

4. *Specification of Eligible Fair Fund Recipients.* The Fund Administrator shall distribute funds from the Net Fair Fund to those injured investors identified by Commission staff during its investigation of the underlying securities violation (individually, each an “Eligible Client,” and collectively, the “Eligible Clients”). A client is deemed harmed only if that client paid inflated or excessive management and administrative fees as a result of the conduct described in the Order. The staff identified for the Fund Administrator 988 Eligible Clients to receive distribution payments.

5. *No claims-made process.* This Fair Fund is not being distributed according to a claims-made process, so the procedures for providing notice and for making and approving claims are not applicable.

² *Order Appointing Fund Plan Administrator and Setting Administrator Bond Amount*, Exchange Act Rel. No. 72247 (May 23, 2014).

³ *SEC Rules on Fair Fund and Disgorgement Plans*, 17 C.F.R. § 201.1105(c).

⁴ *Order Appointing Tax Administrator*, Exchange Act Rel. No. 71544 (Feb. 12, 2014).

6. *Qualified Settlement Fund.* The Fair Fund constitutes a Qualified Settlement Fund (“QSF”) under Section 468B(g) of the Internal Revenue Code, 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5.

7. *Escrow Bank.* The Fund Administrator shall establish with the Escrow Bank (“Bank”) an escrow account pursuant to an escrow agreement (the “Escrow Agreement”) to be provided by the staff of the Commission, in the name of and bearing the Employer Identification Number (“EIN”) of the QSF (the “Escrow Account”). The Fund Administrator shall also establish with the Bank a separate deposit account (*e.g.* controlled distribution account, managed distribution account, linked checking and investment account) for the purpose of funding distribution payments to be distributed to Eligible Clients by the Fund Administrator pursuant to this Plan. The name of each account shall be in the following form: GLG Partners Fair Fund Distribution Fund.

During the term of the Escrow Agreement, if invested, the Escrow Account shall be invested and reinvested in short-term United States Treasury securities backed by the full faith and credit of the United States Government or an agency thereof, of a type and term necessary to meet the cash liquidity requirements for payments to Eligible Clients, tax obligations, and/or fees of the Tax Administrator and/or Fund Administrator, including investment or reinvestment in a bank account insured by the Federal Deposit Insurance Corporation (“FDIC”) up to the guaranteed FDIC limit, or in money market mutual funds registered under the Investment Company Act of 1940 that invest 100% of their assets in direct obligations of the United States government. The Fund Administrator shall provide duplicate original bank and/or investment statements on any accounts established by the Fund Administrator to the Tax Administrator on a monthly basis and shall assist the Tax Administrator in obtaining mid-cycle statements, as necessary.

All Fair Fund checks presented for payment or electronic transfer will be subject to “positive pay” controls before being honored by the Bank, and all such checks issued to Eligible Clients by the Fund Administrator shall bear a stale date of one hundred twenty (120) days. Accordingly, checks that are not negotiated within this one hundred twenty (120) day period shall be voided and the issuing financial institution shall be instructed to stop payment on those checks, and the funds will remain assets of the Fair Fund. If a check reissue has been requested before the stale date, such request will be honored and the reissued check will bear a stale date of thirty (30) days. Check reissue requests will not be honored after 120 days from the original check issuance date without consultation with and direction given to reissue by Commission staff. For any electronic payment, the exact amount necessary to make a payment shall be transferred from the Escrow Account directly to the payee bank account in accordance with written instruction provided to the Escrow Bank by the Fund Administrator.

8. *Methodology for Determining Distribution Amounts.* Commission staff determined the amount to be distributed to each Eligible Client in the following manner. First, Commission staff identified each account investor’s monthly holdings of the approximately \$160 million overvalued portion of the fund during the period from November 1, 2008 through November 30, 2010. Commission staff then proportionally allocated the \$160 million overvalued portion of the fund to the size of each account investor’s investment in the fund.

Next, Commission staff estimated \$8,333,000 monthly management and administrative fees that would have been collected by Respondents from the overvalued portion of each investor's holding. In addition, Commission staff took into account the time value of money by incorporating interest that investors lost on the incorrectly collected fees by using one year Federal Reserve Board interest rates for the months November 2008 to December 2010, resulting in estimated total net present value for management and administrative fees of \$8,406,000. Finally, Commission staff calculated each investor's share of the Net Fair Fund distribution by dividing their present values of incorrectly collected fees by the aggregate amount of present value of such fees multiplied by the total amount of the present value of all incorrectly collected fees.

In the view of the Commission staff and the Fund Administrator, this methodology constitutes a fair and reasonable allocation of the Fair Fund. Based on this methodology, it is anticipated that there will be one (1) distribution to the Eligible Clients, which will take place as outlined in paragraph 11 below.

9. *Procedures for Locating and Notifying Eligible Clients.* On the basis of information obtained by the Commission staff and based on a review and analysis of applicable records, the Fund Administrator will identify the Eligible Clients as defined in paragraph 4 above. Within thirty (30) days of the Commission's approval of this Plan, the Fund Administrator will send each Eligible Client a Plan notice by electronic mail, United States Postal Service, or other mail delivery service regarding the Commission's approval of this Plan, including as appropriate, a statement characterizing the distribution, a link to this Plan on the Commission's website and instructions for requesting a copy of this Plan, a preliminary gross distribution amount, a description of the tax information reporting and other related tax matters, the procedure for the distribution as set forth in this Plan, a unique Eligible Client Identification Number ("ECID"), and the name of the Fund Administrator to contact with questions regarding the distribution (the "Plan Notice").

The Plan Notice will provide sufficient information for the Eligible Client to access the Fair Fund distribution website at glgfairfund.com and to utilize the ECID to access their distribution fund account information. The Eligible Client may update their address information, request an electronic transfer, upload electronic transfer instructions, upload IRS Form W-8 or W-9 tax information, and provide other such information, as necessary, to insure an efficient and accurate delivery of the distribution payment.

If an Eligible Client fails to respond within forty five (45) days from the mailing of the Plan Notice, the Fund Administrator shall then make one (1) additional attempt to contact the Eligible Client, which shall in no event take place more than ninety (90) days from the initial mailing of the Plan Notice. If an Eligible Client fails to respond to the Fund Administrator's contact attempts as described in this paragraph, the Fund Administrator will issue a check payment to the Eligible Client utilizing the registration and mailing address information provided by Respondents.

The Fund Administrator will coordinate with the Tax Administrator to request information from each Eligible Client that is needed to accomplish the distribution in accordance with applicable tax requirements relating to the Fair Fund.

10. *Distribution Timing.* The Fund Administrator will use its best efforts to start the first distribution within one hundred and fifty (150) days of the Plan's approval.

11. *Payment to Eligible Claimants.* The Fund Administrator will compile the payee information and prepare a payment file in a format approved by Commission staff for submission to the Commission. Pursuant to Rule 1101(b)(6), the staff will obtain an order from the Commission to disburse the Fair Fund.

All payments will be distributed with the United States Dollar (USD or US \$) as the form of currency. For any payment that is cashed/negotiated and where subsequently full or partial payment must be returned to the Fair Fund this will also be required in the form of USD currency.

The Fund Administrator will maintain information about uncashed checks, any returned items due to non-delivery, insufficient addresses, and/or other deficiencies. The Fund Administrator is responsible for researching and reconciling errors and reissuing payments when possible. The Fund Administrator also is responsible for accounting for all payments. The amount of all uncashed checks will continue to be held in the Fair Fund account.

12. *Accountings.* Pursuant to Rule 1105(f), once the Fair Fund has been transferred from the BPD to the Bank, the Fund Administrator will file an accounting with the Commission during the first ten (10) days of each calendar quarter on a standardized form provided by the Commission staff. The Fund Administrator will file an accounting of all monies earned or received and all monies spent in connection with the administration of this Plan. Upon final distributions to Eligible Clients pursuant to the procedures described above, and the payment of all taxes, fees, and expenses, the Fund Administrator will submit a final accounting for approval by the Commission on a standardized form provided by the Commission staff prior to the discharge of the Fund Administrator and cancellation of the Fund Administrator bond.

13. *Amendments and Procedural Deadline Extensions.* The Fund Administrator shall take reasonable and appropriate steps to distribute funds from the Net Fair Fund according to this Plan. The Fund Administrator will inform Commission staff of any changes needed in this Plan. If a change is determined to be material, Commission approval is required prior to implementation by amending this Plan, which may be done upon the motion of any party, the Fund Administrator, or upon the Commission's own motion. Immaterial changes may be made by the Fund Administrator with approval of Commission staff. For good cause shown, and in consultation with the Commission staff, the Fund Administrator may extend any of the procedural deadlines set forth in this Plan.

14. *Procedures to Request Plan Notice.* A person that does not receive a Plan Notice and believes that he or she should have received a Plan Notice after becoming aware of the Plan (e.g., through other Eligible Clients or on www.sec.gov) must submit documentation to the Fund

Administrator to establish that the individual is in fact eligible to receive a Plan Notice within seventy-five (75) days after the last Plan Notices are sent to Eligible Clients by the Fund Administrator. The Fund Administrator will send the individual a Plan Notice within twenty-one (21) days of receiving the individual's documentation if the Fund Administrator determines that the individual should have received a Plan Notice.

15. *Procedures for Disputes made by Eligible Clients.* Disputes will be limited to calculations of disbursement amounts to Eligible Clients. Within thirty (30) days of the date that an Eligible Client's disbursement is made, the Fund Administrator must receive a written communication detailing the dispute along with any supporting documentation. The Fund Administrator will investigate the dispute, and such investigation will include a review of the written dispute as well as any supporting documentation. Within thirty (30) days of receipt of the written dispute, the Fund Administrator will notify the Eligible Client of its resolution of the dispute, which shall be final. This procedure will be set forth in the Plan Notice.

16. *Residual and Disposition of Undistributed Funds.* A residual within the Fair Fund refers to any amounts remaining after distribution of the Net Fair Fund to Eligible Clients has occurred. The residual may include funds reserved for future taxes and related expenses, annual bond fee premiums, administrative expenses, distributions from checks that have not been cashed, from checks that were not delivered or from funds returned to the Commission, and tax refunds for overpayment or for waiver of IRS penalties. All residual funds remaining after all expenses of administration and taxes have been satisfied will be transferred to the U.S. Treasury after the final accounting is approved by the Commission.

17. *Termination of the Fair Fund.* The Fair Fund will be eligible for termination and the Fund Administrator will be eligible for discharge after all of the following have occurred: a) a final accounting, in a standard accounting format provided by Commission staff, has been submitted by the Fund Administrator, and has been approved by the Commission; b) all taxes, final fees and expenses of the Fund Administrator and Tax Administrator, and BPD fees have been paid by the Fair Fund; and c) any amount remaining in the Fair Fund has been received by the Commission. When the Commission has approved the final accounting, the Commission staff will seek an order from the Commission to approve the termination of the Fair Fund, the discharge of the Fund Administrator, the cancellation of the bond, and the transfer of any amount remaining in the Fair Fund to the United States Treasury.

18. *Notice of Proposed Plan of Distribution and Opportunity for Comment.* The Notice of Proposed Plan of Distribution and Opportunity for Comment (the "Notice") shall be published in the SEC Docket and on the Commission's website at <http://www.sec.gov>. Any person or entity wishing to comment on this Plan must do so in writing by submitting their comments within thirty (30) days of the date of the Notice (i) to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090; (ii) by using the Commission's Internet comment form (www.sec.gov/litigation/admin.shtml); or (iii) by sending an e-mail to rule-comments@sec.gov. Comments submitted by e-mail or via the Commission's website should include "Administrative Proceeding File Number 3-15641" in the subject line. Comments received will be available to

the public. Commenters should only submit information that they wish to make publicly available.