

ADMINISTRATIVE PROCEEDING

File No. 3-17276

Hedge Fund Manager and Its Chief Investment Officer Settle with SEC for Misleading Disclosures Concerning Trade Allocations

June 3, 2016 – The Securities and Exchange Commission today announced that a UK-based investment adviser and its Chief Investment Officer have agreed to pay more than \$2.5 million to settle charges that they breached their fiduciary duties by operating two private funds in a manner inconsistent with their prior disclosures about the nature and extent to which they allocated IPOs and other securities offerings between the funds.

According to the Commission's order instituting a settled administrative proceeding:

- James Caird Asset Management LLP (JCAM) and Timothy Leslie represented to the board and investors of the JCAM Global Fund (Global) – a liquid \$2 billion multi strategy fund client – that there would be little expected trading overlap with the JCAM Credit Opportunities Fund (CrOp), a \$100 million fund designed to focus on longer-term investing in less liquid and stressed and distressed investments.
- Despite creating an expectation and impression of little trading overlap because of CrOp's distinct less-liquid investment strategy, most of CrOp's positions overlapped with Global's. Leslie – who invested approximately twice as much money in, and owned a much larger percentage of CrOp than he did of Global – routinely allocated at least 1/3, and sometimes 50% to 100%, of highly profitable short-term, liquid, underwritten offerings (New Issues), including equity IPOs, to CrOp. Leslie routinely allocated short-term, New Issue trades to both funds, and CrOp earned approximately 60% of its gross profits from trading in these liquid New Issues.
- Though JCAM offered investment in its Global Fund throughout CrOp's life, and otherwise routinely communicated with Global's investors and its board of directors, JCAM and Leslie failed to completely and accurately disclose the nature and extent of the trading overlap and their allocation practices. For example, JCAM and Leslie did not inform prospective or actual Global investors, or Global's board, of their typical 1/3 allocation of new investments to CrOp and 2/3 to Global.

Without admitting or denying the findings, JCAM and Leslie consented to the entry of the order finding that they violated Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-8 thereunder. Leslie agreed to pay disgorgement and prejudgment interest of approximately \$1.9 million and a \$200,000 penalty, and JCAM agreed to pay a \$400,000 penalty.

The SEC's investigation was conducted by David Neuman, Corey Schuster, Brian Fitzpatrick, and Raj Pisupati of the Asset Management Unit and supervised by Jeffrey Finnell. The SEC acknowledges the assistance of the U.K.'s Financial Conduct Authority.

See also: [Order - James Caird Asset Management LLP and Timothy G. Leslie](#)