UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 6211 / January 5, 2023

INVESTMENT COMPANY ACT OF 1940
Release No. 34795 / January 5, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21268

In the Matter of

RANDY ROBERTSON,

Respondent.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTIONS 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940 AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act") against Randy Robertson ("Robertson" or "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, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that

Summary

1. Randy Robertson ("Robertson"), a former managing director at BlackRock Advisors, LLC ("BlackRock") and a former co-portfolio manager for the BlackRock Multi-Sector Income Trust ("BIT"), a closed-end management investment company, failed to disclose a conflict of interest concerning the largest investment held by BIT, a lending facility in affiliates of Aviron Group, LLC ("Aviron" and the investment "Aviron Investment"). From 2015 through 2019, BIT invested in the aggregate of approximately $85 million in a secured lending facility to fund the print and advertising expenses associated with particular films Aviron distributed. Robertson played a primary role in identifying and selecting the Aviron Investment and a significant role in overseeing the Aviron Investment. Before and during the time of the Aviron Investment, Robertson requested generally that Aviron help his daughter's career, and on occasions Aviron presented her with potential opportunities in the film industry.

Respondent

2. **Randy Robertson,** age 62, and a resident of Ponte Vedra, Florida, was employed by BlackRock Advisors, LLC from 2009 until February 27, 2020. Among several other responsibilities at BlackRock, including leading BlackRock's Secured Asset Investment Team, Robertson was a managing director and a portfolio manager of BIT, a closed-end management investment company, responsible for managing a portion of the assets held in the fund.

Other Relevant Entities and Party

3. **BlackRock**, a Delaware limited liability company based in New York, New York, has been registered as an investment adviser with the Commission since 1994. Among other things, BlackRock advises BIT.

4. **BIT** is a Delaware statutory trust traded on the New York Stock Exchange (NYSE: BIT) that operates as a registered closed-end management investment company and is advised by BlackRock. BIT generally invests in fixed income securities—including asset-backed securities,

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[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

mortgage related securities, and collateralized loan obligations—to generate income. As of December 31, 2021, BIT's net asset value was $1 billion.

5. **Aviron** is a defunct Delaware limited liability company formed in July 2015 that was based in Beverly Hills, California, and founded by William Sadleir ("Sadleir"). Aviron was a holding company with several subsidiaries engaged in the business of film distribution. BIT provided funding to these entities pursuant to a lending facility beginning in 2015.

6. **William Sadleir**, age 68, and a resident of Beverly Hills, California, is the founder of Aviron. Sadleir owned Aviron and its subsidiaries until a December 19, 2019 order issued in the New York Supreme Court removed him from many of the subsidiaries. *See BlackRock Multi-Sector Income Trust v. Aviron Group, LLC et al.*, No. 657496/2019 (N.Y. Sup. Ct. 2019). In the litigation, BlackRock alleged that Sadleir had forged Robertson's signature to permit the release of BIT's liens on collateral related to the Aviron Investment. On May 22, 2020, the United States Attorney's Office for the Southern District of New York and SEC announced actions against Sadleir concerning his misappropriation of BIT's investment in Aviron. *See SEC v Sadleir*, 20 Civ. 3997 (S.D.N.Y., filed May 20, 2020); *United States v. Sadleir*, 20 Crim. 320 (S.D.N.Y. filed May 18, 2020). On January 19, 2022, Sadleir pled guilty to the criminal charges. *See Sadleir,* 20 Crim. 320 (indictment filed June 23, 2020). On June 7, 2022, Sadleir consented to a partial judgment entered by the court relating to the SEC matter.

Robertson Seeks Film Print and Advertising Investments for BlackRock

7. From 2009 to 2020, Robertson was a BlackRock managing director who led BlackRock's Securitized Asset Investment Team. In addition, among other responsibilities, he also acted as one of three co-portfolio managers for BIT. According to BIT's prospectus dated February 28, 2013, its investment objective was to obtain "high current income" through investments in "fixed income securities," including asset-backed securities, collateralized loan obligations, and mortgage related securities. For example, BIT's annual report for the period ending October 31, 2015 listed asset-backed, residential, and commercial mortgage-backed securities as making up 77.3% of the portfolio's net asset value. As co-portfolio manager of BIT, Robertson was responsible for managing a portion of BIT's investment portfolio. As part of his duties, Robertson made decisions to buy and sell investments on behalf of BIT.

8. Starting around February 2014, Robertson, who had no experience in the print and advertising business explored the possibility of a BlackRock investment opportunity regarding a potential secured lending investment relating to print and advertising expenses associated with film distribution. Robertson began discussions with a firm that sourced potential investment opportunities. During these discussions, Robertson requested that the sourcing firm help his daughter with potential opportunities in the film industry. For example, on March 26, 2014, Robertson emailed the source his daughter's resume and photos, noting that "[a]ny help is

appreciated." The sourcing firm made arrangements to have Robertson's daughter meet with people involved in casting actors in films.

9. Later in 2014, the sourcing firm introduced Robertson to Sadleir, the principal of a new film distribution company who was exploring opportunities to arrange for financing associated with the print and advertising expenses for films. Robertson and a BlackRock colleague attended a meeting with Sadleir's team in April 2014. Robertson also brought his daughter to the meeting where the subject of her acting career was discussed.

10. Robertson sent an email to Sadleir after the meeting stating that he "appreciate[d] the support you have show[n] for [my daughter] very much." Sadleir's email reply stated that his firm "irrespective[] of whether or not BlackRock moves ahead with [an investment], . . . will certainly be helpful" to Robertson's daughter. In that email, Sadleir offered to send Robertson's daughter screenplays for five films and wrote, "We have reasonable influence with the producers and their casting choices." Although Sadleir had arranged meetings and provided screenplays to Robertson's daughter, she did not get an acting role at this time.

11. While discussions between Robertson and Sadleir did not lead to any investment between BlackRock and Sadleir's business in 2014, Robertson and Sadleir re-engaged in such discussions about potential investment opportunities again in 2015 with Aviron, a film distribution business Sadleir formed in 2015. Robertson brought his daughter to a second business meeting with Sadleir in May 2015. During this and subsequent interactions, Sadleir claimed to have influence over casting decisions in movies. For example, on June 9, 2015, Sadleir emailed Robertson and his daughter attaching a copy of the screenplay of a movie. In the email, Sadleir noted that "[w]e have some casting influence. Let us know what you think of the story." On another occasion, Sadleir sent a similar email on which Robertson was copied concerning the screenplay of a different film. Sadleir suggested Robertson's daughter "should also probably take a read and see if there's a potential role in this film for her." Sadleir wrote that he "could help facilitate" an acting role for her in the film. However, no acting roles arose from these efforts.

12. Around this same time, Sadleir offered to fly Robertson's daughter to the Cannes Film Festival with some of his business colleagues. Robertson and Sadleir communicated about having his daughter work for Aviron as an intern to read scripts, review movies, and meet contacts in the industry, including producers and directors. Robertson's daughter did not pursue these potential opportunities.

Robertson's Recommendations and Involvement in the Aviron Investment

13. Robertson was primarily responsible for BIT's ultimate investment in funding, through a lending facility, print and advertising expenses Aviron incurred for films it distributed. Prior to making the Aviron Investment, which was approved by BlackRock, Robertson and others at BlackRock conducted due diligence on the potential investment.

14. On October 20, 2015, Aviron and BIT executed a note that provided Aviron with up to $38 million in funding and had a one-year term with a renewal option for an additional year. Funding for expenses associated with print and advertising was approved by BlackRock personnel on a film-by-film basis and by October 31, 2015, BIT provided an initial $12 million loan to fund the print and advertising expenses for one film.

15. In 2016, Robertson recommended a continuation, and in 2017 an expansion, of the Aviron Investment at times in which the film releases that Aviron participated in did not perform consistently and BIT's valuation of the Aviron investment sometimes fluctuated downward. For example, Robertson recommended that BIT increase its exposure to the Aviron Investment to $75 million in July 2017, making it the largest investment in the BIT portfolio. Under this new arrangement, Aviron paid BIT a lower interest rate for funds drawn from the new lending facility, which reduced BIT's income on the Aviron Investment. Aviron also contracted with an insurer to guarantee the entirety of any loaned funds made available by BIT to Aviron. By February 2018, the insurer was placed into receivership, and throughout the remainder of 2018 and into 2019, Aviron was unable to find an alternate insurer. The Aviron Investment was illiquid and, in the absence of the insurance, a BlackRock employee working under Robertson's direction on the investment acknowledged Aviron could not repay the full amount of the principal investment BIT provided it.

16. By January 2019, recognizing that the volatility and risk of the large Aviron position in the BIT portfolio was adversely impacting the fund, a member of the investment team sent an email to Robertson and his colleague who managed the investment stating: "we would entertain reducing or cutting exposure should that opportunity arise and subject to the fundamental recommendation of your team."

<u>The 2019 Loan</u>

17. In July 2018, after nearly three years of limited personal interaction with Aviron, Robertson's daughter asked Robertson to provide her with the contact information for a senior executive at Aviron so that she could independently pursue potential networking opportunities. On the same day, Robertson also emailed that executive to let him know that his "daughter . . . is going to reach out to you for some guidance. I appreciate any advice you could provide her." Shortly afterward, in August 2018, the executive and Robertson's daughter met and following that meeting the executive was able to procure a role for her in a movie (the "2018 Film") in which Aviron had distribution rights and that had previously been greenlit for potential financing by BIT. Because the film had been largely completed, Robertson's daughter briefly appeared in a scene that was being reshot.

18. On August 10, 2018, the Aviron executive who met with Robertson's daughter emailed Robertson and conveyed that he "was able to offer her a small talking role" in a film. He also shared with Robertson that he was "also setting her up on a few casting agents in L.A."

19. In March 2019, Sadleir informed BlackRock that Aviron desperately needed BIT to fund the print and advertising expenses to support the 2018 Film's U.S. distribution. Robertson directed a BlackRock employee to draft a synopsis forecasting the possibilities regarding both what would happen if BIT did and did not provide Aviron with the requested $10 million in funding. Robertson's recommendation was reflected in an email that stated without the funding, Aviron would "go to a wind down" which was described as "[c]ertainly less than optimal . . . and will be a while for us to ring [sic] out all the possible recoveries. . .." However, with the $10 million of funding, BIT could "carve off all the revenue from the [2018 Film] . . . which should give . . . [BIT] a leg up in bankruptcy but certainly at least no worse than we sit today." Robertson continued by stating, "The decision to make is straight forward," either "loan them the $10mm against the revenues on this new movie" or "call it a day and start on perfecting our interests on existing loan." Robertson did not take any steps to disclose to BIT's board that his daughter appeared in the 2018 Film, such as by contacting BlackRock's legal or compliance staff for guidance.

20. BIT's lead portfolio manager approved Robertson's recommendation to provide the funding of the requested $10 million to Aviron to pay for print and advertising expenses associated with the theatrical release of the 2018 Film. The funding was quickly paid in two tranches in March because BIT did not have $10 million immediately available to transfer to Aviron. Although the loan to Aviron for the 2018 Film was due to be repaid in May 2019, Aviron failed to repay it.

21. BlackRock terminated Robertson on February 27, 2020, after learning about his conflict involving his daughter and Aviron while preparing for a lawsuit it filed against Aviron on December 17, 2019.

Violation

22. As a result of the conduct described above, Robertson willfully[2] violated Section

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[2] "Willfully," for purposes of imposing relief under Section 203(f) of the Advisers Act and Section 9(b) of the Investment Company Act, "'means no more than that the person charged with the duty knows what he is doing.'" *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965).

206(2) of the Advisers Act, which prohibits an investment adviser, directly or indirectly, from engaging "in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client." Scienter is not required to establish a violation of Section 206(2), which may rest on a finding of simple negligence. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (citing *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 194-95 (1963)).

IV.

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

Accordingly, pursuant to Sections 203(f) and 203(k) of the Advisers Act and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent Robertson cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act.

B. Respondent Robertson is censured.

C. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of $250,000.00 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Randy Robertson as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Andrew Dean, Co-Chief, Asset Management Unit, New York Regional Office, U.S. Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order shall be deemed true, without further proof by any party, in any nondischargeability proceeding involving the Commission, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary