

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 60719 / September 25, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-12432

In the Matter of

BISYS Fund Services, Inc.,

Respondent.

**ORDER APPROVING DISTRIBUTION
PLAN, APPOINTING A FUND
ADMINISTRATOR, AND WAIVING BOND**

On September 26, 2006, the Commission instituted settled administrative and cease-and-desist proceedings against BISYS Fund Services, Inc. (“BISYS”) for aiding and abetting antifraud and other violations in connection with a kickback scheme with 27 mutual fund advisers. See Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order pursuant to Section 203(k) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940 as to BISYS Fund Services, Inc., Admin. Proc. File No. 3-12432, Investment Advisers Release No. 2554 (September 26, 2006) (“Order”). Among other things, the Commission ordered BISYS to pay a total of \$21,402,816.66 in disgorgement, prejudgment interest, and penalty. The Order further ordered that BISYS retain an independent distribution consultant (“IDC”), not unacceptable to the staff, to develop a distribution plan for the Fair Fund. BISYS retained Alan Friedman, Vice President of CRA International, Inc., as the IDC, and submitted the Distribution Plan to the Division of Enforcement, which filed the plan with the Commission.

On May 29, 2009, the Commission published a “Notice of Proposed Plan of Distribution and Opportunity for Comment” (Exchange Act Release No. 60011) (“Notice”) in connection with this proceeding pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1103. This Notice advised interested parties that they could obtain a copy of a proposed plan of distribution (“Distribution Plan” or “Plan”) of monies placed into a Fair Fund authorized by the Commission, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, by printing a copy from the Commission’s public website or submitting a written request to Lorraine B. Echavarria in the Commission’s Los Angeles Regional Office.

The Notice also advised that all persons desiring to comment on the Distribution Plan could submit their views to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549-1090; by using the Commission’s internet comment form

(<http://www.sec.gov/litigation/admin.shtml>); or by sending an e-mail to rule-comments@sec.gov, in writing, no later than June 29, 2009. The Commission received no comments on the Distribution Plan.

As stated in the Distribution Plan, the Fair Fund will be distributed by the methodology described in the Plan to benefit the 27 mutual fund families (for the benefit of their shareholders) that had marketing arrangements that are the subject of the Order. The Distribution Plan describes the procedures that will be used to identify the entities that will receive distributions under the Distribution Plan. The Distribution Plan further describes the procedures that will be used to calculate the total amounts to be paid to the harmed entities and distribute those amounts to those harmed entities. The Distribution Plan also proposes that Rust Consulting, Inc. be appointed Fund Administrator.

Rust Consulting has not posted the bond generally required of third parties under Fair Fund Rule 1105(e). Rather, the Plan incorporates several layers of protection for the Fair Fund. Among other things, under the Plan: (1) the Fund Administrator will have no custody, and only limited control, of the Fair Fund; (2) the Fair Fund will be held by the U.S. Treasury Bureau of Public Debt until immediately before transmittal of checks or electronic transfers to eligible investors; (3) upon transfer from the U.S. Treasury, funds will be held in an escrow account, separate from the assets of the Bank, as defined in paragraph 14.c of the Plan, until presentation of a check or electronic transfer, at which time funds will be transferred to a controlled distribution account; (4) presented checks or electronic transfers will be subject to “positive pay” controls before being honored by the Bank; and (5) both the Bank and the Fund Administrator will maintain, throughout this process, insurance and/or a financial institution bond that covers errors and omissions, misfeasance and fraud.

The Division of Enforcement proposes that the Commission approve the Distribution Plan, appoint Rust Consulting as the Fund Administrator of the Distribution Plan as proposed by the Plan, and waive the bond requirement for the Fund Administrator for the good cause shown in the Plan.

Accordingly, pursuant to Fair Fund Rule 1104, it is hereby ORDERED that the Distribution Plan is approved.

It is hereby ORDERED, pursuant to Fair Fund Rules 1105(a) and (c), that Rust Consulting is appointed as the Fund Administrator in accordance with the terms of the Distribution Plan and that the bond requirement is waived for good cause shown.

By the Commission.

Elizabeth M. Murphy
Secretary