

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 63478 / December 9, 2010**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3122 / December 9, 2010**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14158**

**In the Matter of**

**STEVEN L. RATTNER,**

**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO SECTION 15(b)(6) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**  
**AND SECTION 203(f) OF THE**  
**INVESTMENT ADVISERS ACT OF 1940,**  
**MAKING FINDINGS, AND IMPOSING**  
**REMEDIAL SANCTIONS**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Steven L. Rattner (“Rattner” 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, and the findings contained in Section III.C. below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

A. Rattner, age 58, resides in New York, New York. Rattner served as managing principal of Quadrangle Group LLC ("Quadrangle") from 2000 until March 2009. Rattner also served as managing principal of Quadrangle Securities LLC, which was a registered broker-dealer from 2000 through 2006, and Quadrangle Equity Management LLC, which was a registered investment adviser in 2006.

B. On November 18, 2010, the Commission filed a complaint against Rattner in the United States District Court for the Southern District of New York alleging that Rattner violated Section 17(a)(2) of the Securities Act of 1933 by entering into an undisclosed "pay-to-play" arrangement in order to secure an investment from the New York Common Retirement Fund ("Retirement Fund") for Quadrangle. *Securities and Exchange Commission v. Steven L. Rattner*, Civil Action No. 10-CV-8699. The Commission's complaint alleges, *inter alia*, that Rattner secured a \$150 million investment from the Retirement Fund for a Quadrangle private equity fund only after arranging for a Quadrangle affiliate to distribute the DVD of a low-budget film that David Loglisci, then the New York State Deputy Controller, and his brothers produced and after agreeing to pay more than \$1 million in purported "finder" fees to Henry Morris, the top political advisor and chief fundraiser for then-New York State Comptroller Alan Hevesi, even though Quadrangle had already succeeded in presenting its investment proposal directly to Loglisci. The complaint alleges further that Rattner failed to disclose the DVD deal or the true nature of the payment to Morris to the Retirement Fund's Investment Advisory Committee, which is required by state law to monitor and give advice regarding the Retirement Fund's investments, or to anyone else that was not involved in the "pay-to-play" arrangement.

C. On November 23, 2010, the court entered a final consent judgment against Rattner which, *inter alia*, permanently enjoined him from violating Section 17(a)(2) of the Securities Act of 1933.

### IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Rattner be, and hereby is barred from association with any broker, dealer or investment adviser with the right to reapply after two years to the appropriate self-regulatory organization, or if there is none, to the Commission.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy  
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions ("Order"), on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray  
Chief Administrative Law Judge  
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