

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3035 / June 8, 2010**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13928**

**In the Matter of**

**PEQUOT CAPITAL  
MANAGEMENT, INC. AND  
ARTHUR J. SAMBERG,**

**Respondents.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTIONS 203(e) AND  
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 Sections 203(e) and 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Pequot Capital Management, Inc. (“Pequot” or “Respondent Pequot”) and Arthur J. Samberg (“Samberg” or “Respondent Samberg”) (collectively “Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 them and the subject matter of these proceedings, and the findings contained in Section III.3 below, which are admitted, Respondents consent to the entry of this Order Instituting Administrative Proceedings Pursuant to Sections

203(e) and 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 Respondents’ Offers, the Commission finds that:

1. Samberg, age 69, is a resident of Ossining, New York. He has been the chairman and chief executive officer of Pequot since its founding in 1998.
2. Pequot is an investment adviser incorporated in Connecticut. It was headquartered in Westport, Connecticut until May 2009, at which time its offices were moved to Wilton, Connecticut. Pequot has been registered with the Commission since 1998 as an investment adviser.
3. On June 2, 2010, a final judgment was entered by consent against Pequot and Samberg, permanently enjoining them from future violations of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder, in the civil action entitled *Securities and Exchange Commission v. Pequot Capital Management, Inc., et al.*, Civil Action Number 3:10-cv-00831-CFD, in the United States District Court for the District of Connecticut. Pequot and Samberg were also ordered to pay \$15,142,020 in disgorgement on a joint and several basis, together with prejudgment interest thereon in the amount of \$2,696,448. In addition, Pequot and Samberg were each ordered to pay a \$5 million civil money penalty.
4. The Commission’s complaint alleged that, while in possession of material, nonpublic information and prior to the public announcement by Microsoft Corporation (“Microsoft”) concerning its earnings for the quarter ended March 31, 2001, Samberg purchased numerous Microsoft options on behalf of funds he managed for Pequot and recommended that a friend purchase Microsoft securities. According to the complaint, Pequot’s and Samberg’s trading in Microsoft securities resulted in total gains of approximately \$14,769,960, and Samberg’s friend had gains of \$372,060.

### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents’ Offers.

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(e) of the Advisers Act, that Respondent Pequot is hereby censured;

Pursuant to Section 203(f) of the Advisers Act, Respondent Samberg be, and hereby is barred from association with any investment adviser, provided however, that for a period of up to 15 months from the entry of this Order, Samberg may, solely for the purposes of completing the

wind down of Pequot, making final payments and distributions to investors in the funds Pequot manages, and preserving value for those investors in the interim, (1) participate in advisory activities and (2) continue to be associated with Pequot while Pequot acts as an investment adviser.

Any reapplication for association by Respondent Samberg 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 Respondent Samberg, 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.

By the Commission.

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 Sections 203(e) and 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions, on the Respondents.

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

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