

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 67943 / September 27, 2012

INVESTMENT ADVISERS ACT OF 1940
Release No. 3475 / September 27, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15050

In the Matter of

**MATTHEW ADAM
ROTHMAN,**

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) 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) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Matthew Adam Rothman (“Rothman” 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, Respondent consents to the Commission’s jurisdiction over him and the subject matter of these proceedings and to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) 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:

1. Rothman from 1997 through 2007 was an employee of Rubin/Chambers Dunhill Insurance Services, Inc., dba CDR Financial Products, Inc. ("CDR"), a registered investment adviser with the Commission from 2001 until February 14, 2011. CDR marketed financial products and services, including services as a bidding agent to various municipalities throughout the United States. More specifically, public entities hired CDR, among other things, to act as their agent for the purpose of conducting what was supposed to be a competitive bidding process for contracts for the investment of the proceeds from the sales of municipal bonds. Rothman worked for CDR in the firm's then principal place of business, Beverly Hills, California. From June 15, 1998 through February 22, 2001, January 17, 2002 through May 24, 2004, and September 15, 2004 through July 11, 2005, Rothman was also a registered representative associated with broker-dealers registered with the Commission. Rothman, age 45, is a resident of Los Angeles, California.

2. On March 11, 2010, Rothman pled guilty to two counts of conspiracy in violation of 15 U.S.C. § 1 and 18 U.S.C. § 371, respectively, and to one count of wire fraud in violation of 18 U.S.C. § 1343 before the United States District Court for the Southern District of New York, in United States v. Matthew Adam Rothman, Criminal No. 10-cr-200. No date has been scheduled for Rothman's sentencing.

3. The criminal information to which Rothman pled guilty charged, among other things, that Rothman engaged in fraudulent misconduct in connection with the competitive bidding process for the selection of the firms to provide instruments in which municipal issuers, in accordance with federal tax laws and regulations, temporarily invested the proceeds of tax-exempt municipal bonds. More specifically, the information charged that, from at least as early as 2001 until at least November 2006, Rothman conspired to allocate and rig bids for investment agreements or other municipal finance contracts, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. According to the information, Rothman and his co-conspirators, among other things, designated in advance of the submission of bids to CDR which provider among the co-conspirator providers would be the winning bidder for a certain investment agreement and submitted, or caused to be submitted, to CDR intentionally losing bids. Certain co-conspirator providers paid kickbacks to CDR in the form of fees that were inflated, relative to the services performed, or unearned in exchange for Rothman's assistance and certain of the CDR co-conspirators' assistance in controlling the bidding process and ensuring that certain co-conspirator providers won the bids they were allocated. The information further alleged that, from at least as early as August 2001 until at least November 2006, Rothman, in violation of 18 U.S.C. § 371, conspired to defraud the United States and an agency thereof, the Internal Revenue Service of the United States Department of Treasury ("IRS"), by impeding, impairing, obstructing, and defeating the lawful government functions of the IRS in the ascertainment, computation, assessment, and collection of revenue due and owing from municipal issuers and in the exercise of its responsibilities to monitor compliance with Treasury regulations related to tax-exempt municipal bonds. In addition, the information alleged that Rothman and other persons

known and unknown devised a scheme and artifice to defraud municipal issuers and to obtain money and property from these municipal issuers by means of false and fraudulent pretenses, representations and promises and for the purposes of executing such scheme and artifice, in violation of 18 U.S.C. § 1343, caused to be transmitted on or about June 28, 2006, via interstate wire transfer from New York, New York to West Virginia, an artificially determined payment of approximately \$1,630,681.30 to a state school building authority, pursuant to an investment agreement that Rothman helped the provider obtain by arranging for the provider to pay a kickback of \$55,000 to CDR in exchange for the investment agreement.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b) of the Exchange Act and Section 203(f) of the Advisers Act that Respondent Rothman be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

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.

By the Commission.

Elizabeth M. Murphy
Secretary