

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3496 / October 31, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15084

In the Matter of

REEMA D. SHAH,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO 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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Reema D. Shah (“Shah” 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 her and the subject matter of these proceedings and to the entry of this Order Instituting Administrative Proceedings Pursuant to 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. Shah, age 39, was a portfolio manager at J. & W. Seligman & Co., Inc., a New York, New York based investment advisor registered with the Commission that, in November 2008, was acquired by Ameriprise Financial, Inc., (“Ameriprise”), a Delaware holding company. Thereafter, Shah continued as a portfolio manager at RiverSource Investments, LLP (“RiverSource”), a registered investment advisor and a wholly-owned subsidiary of Ameriprise. Shah left Ameriprise in March 2011. She is a resident of Menlo Park, California. Shah received a bachelor’s degree from the University of Pennsylvania and a Masters of Business Administration from the Kellogg School of Management at Northwestern University.

2. On October 12, 2012, a judgment was entered by consent against Shah, permanently enjoining her from future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Reema Shah, Civil Action Number 12-CV-4030, in the United States District Court for the Southern District of New York.

3. The Commission’s complaint alleged, inter alia, that, while working as a portfolio manager at RiverSource in 2009, Shah was tipped material, nonpublic information concerning a potential transaction between Yahoo!, Inc. (“Yahoo”) and Microsoft Corporation (“Microsoft”) by Robert Kwok (“Kwok”), a Senior Director at Yahoo, in violation of Kwok’s duty to Yahoo. The complaint further alleged that Shah caused certain of the funds she managed to purchase shares of Yahoo based on that material, nonpublic information, and that she knew that the information was obtained in breach of a fiduciary duty or other duty of trust and confidence owed to the source of the information. The complaint also alleged that in April 2008 Shah tipped Kwok inside information regarding the acquisition of Moldflow Corp. (“Moldflow”) by Autodesk, Inc. (“Autodesk”) that had been misappropriated by an Autodesk insider.

4. On May 23, 2012, Shah pled guilty to one count of securities fraud and one count of conspiracy to commit securities fraud in violation of 15 U.S.C. §§ 78j(b) and 78ff and 18 U.S.C. § 371 before the United States District Court for the Southern District of New York in United States v. Reema Shah, 12-CR-404.

5. The counts of the criminal information to which Shah pled guilty alleged, inter alia, that Shah received information concerning the announcement of the potential deal between Yahoo and Microsoft from Kwok. Based on that information, Shah caused the purchase of approximately 700,000 shares of Yahoo. The criminal information also charged Shah with tipping Kwok inside information about Autodesk’s acquisition of Moldflow.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent Shah be, and hereby is: barred from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent.

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