

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

**SECURITIES ACT OF 1933**

**Release No. 9390 / March 11, 2013**

**INVESTMENT ADVISERS ACT OF 1940**

**Release No. 3566 / March 11, 2013**

**ADMINISTRATIVE PROCEEDING**

**File No. 3-15238**

**In the Matter of**

**OPPENHEIMER ASSET  
MANAGEMENT INC. and  
OPPENHEIMER  
ALTERNATIVE  
INVESTMENT  
MANAGEMENT, LLC,**

**Respondents.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS  
PURSUANT TO SECTION 8A OF THE  
SECURITIES ACT OF 1933 AND SECTIONS  
203(e) AND 203(k) OF THE INVESTMENT  
ADVISERS ACT OF 1940, MAKING  
FINDINGS, AND IMPOSING REMEDIAL  
SANCTIONS AND A CEASE-AND-DESIST  
ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Oppenheimer Asset Management Inc. and Oppenheimer Alternative Investment Management, LLC (“Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have 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 them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

### III.

On the basis of this Order and Respondents' Offer, the Commission finds<sup>1</sup> that

#### SUMMARY

1. This matter concerns registered investment advisers Oppenheimer Asset Management Inc.'s ("OAM") and Oppenheimer Alternative Investment Management, LLC's ("OAIM") misrepresentations and omissions to investors and prospective investors about the asset value of a fund of private equity funds vehicle they managed, Oppenheimer Global Resource Private Equity Fund I, L.P. ("OGR"). OAM's and OAIM's written policies and procedures did not contain provisions reasonably designed to prevent violations of the Advisers Act and the rules adopted thereunder. While the policies and procedures required the compliance department to review and approve marketing materials, those procedures did not require a review of portfolio manager valuations and were not reasonably designed to ensure that valuations were determined in a manner consistent with written representations to investors.

2. From October 2009 through 2010, Respondents disseminated marketing materials to prospective investors and quarterly reports to existing investors that contained material misrepresentations and omissions concerning Respondents' valuation policies and OGR's performance. Respondents stated in the marketing materials and quarterly reports to investors that OGR's asset values were "based on the underlying managers' estimated values" when that was not the case with respect to one of the assets in OGR's investment portfolio. Beginning in October 2009, while OGR was being marketed to new investors, OGR's portfolio manager ("Portfolio Manager") changed the value of OGR's largest holding, Cartesian Investors-A, LLC ("Cartesian"), using a different valuation method than that used by Cartesian's underlying manager. The Portfolio Manager did not inform, and caused Respondents not to inform, investors either of this change or of the fact that the new valuation method resulted in a significant increase in the value of Cartesian over that provided by Cartesian's underlying manager.

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<sup>1</sup> The findings herein are made pursuant to Respondents' Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

3. Additionally, former employees overseeing OAIM's investments misrepresented and caused Respondents to misrepresent to potential investors that: (i) the increase in Cartesian's value was due to an increase in Cartesian's performance when, in fact, the increase was attributable to the Portfolio Manager's new valuation method; (ii) a third party valuation firm used by Cartesian's underlying manager wrote up the value of Cartesian when that was not true; and (iii) OGR's underlying funds were audited by independent, third party auditors when, in fact, Cartesian was unaudited. Former employees overseeing OAIM's investments and the Respondents marketed OGR using the marked-up value of the Cartesian investment from October 2009 through June 2010 and succeeded in raising approximately \$61 million in new investments in OGR during that period.

4. These misrepresentations and omissions were made possible, in part, by Respondents' failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules adopted thereunder.

5. By virtue of this conduct, Respondents willfully<sup>2</sup> violated Sections 17(a)(2) and 17(a)(3) of the Securities Act and Section 206(4) of the Advisers Act and Rules 206(4)-7 and 206(4)-8 thereunder.

### **RESPONDENTS**

6. OAM is located in New York City and is registered with the Commission as an investment adviser. OAM is a subsidiary of E.A. Viner International Co., which is a subsidiary of Oppenheimer Holdings, Inc., a publicly held company listed on the New York Stock Exchange.

7. OAIM is located in New York City and is registered with the Commission as an investment adviser. OAIM is wholly owned by OAM, and OAM is the sole member of OAIM. OAIM is the general partner of and, through employees of OAM, provides investment advisory services to several funds, including OGR and other private equity funds. Accordingly, OAM can be deemed to have served as the investment adviser to OGR.

### **BACKGROUND**

8. In 2007, Respondents formed OGR, a private equity fund of funds vehicle that began admitting limited partners in April 2008. As of September 30, 2009, OGR made commitments to four investment vehicles, including Cartesian, a vehicle managed by Cartesian Capital Group, LLC ("Cartesian Capital"). Cartesian was formed by Cartesian Capital in June 2008 for the purpose of purchasing shares of S.C. Fondul Proprietatea S.A ("Fondul"), and Fondul is Cartesian's only holding. Fondul, in turn, is a holding company set up by the

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<sup>2</sup> A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." Id. (quoting Gearhart & Otis, Inc. v. SEC, 348 F.2d 798, 803 (D.C. Cir. 1965)).

Romanian government to compensate citizens whose property was seized by the communist regime. Upon adjudication of a citizen's claim for restitution and an assessment of the value of the seized property, the Romanian government issued an equivalent value of shares of Fondul at 1 RON per share (also referred to as the "par value" of the Fondul shares).

9. From at least October 2009 through June 2010, the Portfolio Manager and his group marketed OGR to investors, primarily institutions such as pensions, foundations and endowments, as well as high net worth individuals and families. The Portfolio Manager found prospective investors through Oppenheimer's network of financial advisors and through independent consulting firms ("consultants") that provided investment advice to institutional investor clients.

10. Respondents and the Portfolio Manager distributed pitch books to consultants and investors that summarized the performance of OGR's investments as of a particular quarter. Respondents and the Portfolio Manager also responded to consultants' questionnaires and other requests for information, and their communications and documents contained representations concerning OGR's valuation policies and performance.

11. Investors in OGR received quarterly reports that contained summaries of the performance of OGR's investments as of a particular quarter. The performance summaries also contained representations concerning OGR's valuation policies and performance.

### **MISREPRESENTATIONS AND OMISSIONS**

12. By October 2009, OGR had raised approximately \$70 million in capital commitments — approximately one-third of the goal of \$200 million — and the Portfolio Manager had succeeded in securing an extension of the fund's closing date.

13. As of Thursday, October 22, 2009, Respondents' compliance department had approved an OGR pitch book that was to be used to market OGR. Pursuant to Respondents' practice, compliance assigned to the pitch book a compliance code, which is an alphanumeric code that is unique to each compliance-approved document.

14. The pitch book that was approved by compliance on October 22, 2009 stated that OGR's asset values were "based on the underlying managers' estimated values." The asset values of the underlying funds — including Cartesian — were in fact based upon the values provided by the underlying managers, as had been OGR's valuation practice since inception. However, the approval process did not contain a provision to ensure that the valuations were based on the values provided by such managers.

15. On or about October 22, 2009, the Portfolio Manager declined to value Cartesian using the methodology adopted by Cartesian Capital, the manager of Cartesian, and instead valued OGR's investment in Cartesian himself. Rather than relying on Cartesian's valuation methodology, the Portfolio Manager valued OGR's investment in Cartesian at "par value" — that is, the price at which the Romanian government issued shares to claimants. Use

of the par value of Fondul to value OGR's investment in Cartesian resulted in a material increase in the value of OGR's Cartesian investment and, because it was OGR's largest holding, in OGR's performance.

16. Immediately after Respondents' compliance department approved the OGR pitch book on October 22, the Portfolio Manager instructed members of his team to incorporate the higher par value of Fondul in any document that included performance numbers for Cartesian. Over the weekend of October 23-25, 2009, the Portfolio Manager, with the assistance of members of his team, revised OGR marketing materials (including the pitch book) to reflect his higher par value valuation. After revising these documents, no one resubmitted the pitch book to Respondents' compliance department for review, as required by Respondents' policies. Moreover, the Portfolio Manager and his team left the same compliance code that was affixed to the October 22 presentation on the revised presentation, thus creating the appearance that the revised presentation had been approved by Respondents' compliance department.

17. By no longer using Cartesian Capital's valuation, the presentation's performance table footnote, which stated that the asset values were based on the underlying managers' values, was no longer accurate.

18. The Portfolio Manager never subsequently informed compliance that he had changed the valuation of one of OGR's investments so as to deviate from the policy stated in the footnote to the performance table, which stated that the values were based on values provided by the underlying managers. Because Respondents did not verify that the asset values were in fact based on values provided by the underlying managers, the misleading footnote continued to appear in later versions of the pitch book that compliance did approve.

19. The Portfolio Manager incorporated the new valuation into performance summary tables in pitch books and quarterly reports that were used to market OGR to prospective investors from October 26, 2009 through June 2010.

20. The performance summary tables in the pitch books and quarterly reports used with prospective investors contained explanatory footnotes stating that OGR's asset values were "based on the underlying managers' estimated values" as of a particular quarter. For the October 2009 through December 2010 period during which the Portfolio Manager valued OGR's Cartesian investment using his par value rather than adopting Cartesian Capital's value, these statements about valuation policy were false and misleading.

21. The Portfolio Manager's use of par value rather than Cartesian Capital's value resulted in a material increase in both the value and internal rate of return ("IRR")<sup>3</sup> of

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<sup>3</sup> Internal Rate of Return is a metric commonly used to compare the profitability of various investments. The IRR of an investment is the discount rate at which the net present value of costs (negative cash flows) of the investment equals the net present value of the benefits (positive cash flows) of the investment. The market value of each investment at the end of each quarter is also

OGR's Cartesian investment. As Cartesian was OGR's largest holding, the change in Cartesian's IRR had a significant impact on the IRR of OGR. For example, for the quarter ended June 30, 2009, the Portfolio Manager's mark-up of the Cartesian investment changed OGR's IRR from approximately 3.8% to 38.3%.

22. During their marketing efforts, the Portfolio Manager and others in his group touted the performance of Cartesian and OGR to prospective investors, pointing to OGR's high IRR. No one told investors and prospective investors that the reported increase in OGR's performance was a result of the Portfolio Manager's change in valuation method and that, if OGR had used Cartesian Capital's value, as OGR had done in the past and as was stated in the quarterly statements and pitch books, the performance numbers would have been materially lower.

23. The former employees overseeing OAIM's investments made additional misrepresentations in connection with the marketing of OGR. They represented that: (i) the increase in Cartesian's value was due to an increase in performance when, in fact, the increase was attributable to the Portfolio Manager's new valuation method; (ii) a third party valuation firm used by Cartesian's underlying manager wrote up the value of Cartesian when that was not true; and (iii) OGR's underlying funds were audited by independent, third party auditors when, in fact, Cartesian was unaudited.

### **DEFICIENT POLICIES AND PROCEDURES**

24. Respondents' written policies and procedures were not reasonably designed to ensure that valuations provided to prospective and existing investors were presented in a manner consistent with written representations to investors and prospective investors. As a result, the Cartesian valuation stated in quarterly reports and pitch books was not in fact that of the underlying manager, as was represented in the documents.

### **VIOLATIONS**

25. As a result of the conduct described above, Respondents willfully violated Section 17(a)(2) of the Securities Act, which prohibits any person in the offer or sale of securities from obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

26. As a result of the conduct described above, Respondents willfully violated Section 17(a)(3) of the Securities Act, which prohibits any person in the offer or sale of securities from engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

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included in the IRR computation. IRR is expressed as a percentage and essentially measures the rate of growth of an investment.

27. As a result of the conduct described above, Respondents willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, which prohibits any fraudulent, deceptive, or manipulative act, practice, or course of business by an investment adviser to any investor or prospective investor in a pooled investment vehicle.

28. As a result of the conduct described above, Respondents willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which requires, among other things, that registered investment advisers adopt and implement written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and its rules.

### **UNDERTAKINGS**

Respondents have undertaken to the following:

29. **Respondent-Administered Distribution**

a) Respondents undertake to distribute, within 60 days of the date of this Order, a total of \$2,269,098 consisting of \$1,868,463 from this proceeding and \$400,635 from a related Commonwealth of Massachusetts proceeding (“Disgorgement Fund”) to OGR investors who invested in OGR during the time period October 2009 through June 2010 (“Marketed Investors”). The Disgorgement Fund represents the management fees collected by OAM from the Marketed Investors from October 2009 through September 2012, and an amount for reasonable interest. The records provided by Respondents and reviewed by Commission staff of the management fees paid by each of the investors shall be the basis of the distribution allocation.

b) Respondents undertake to administer the distribution of the Disgorgement Fund. Respondents undertake to:

- i. deposit the amount representing the Disgorgement Fund into an escrow account acceptable to the Commission staff within 20 days of the date of the Order, and shall provide the staff with evidence of such deposit in a form acceptable to the staff;
- ii. distribute on a pro rata basis to Marketed Investors the Disgorgement Fund described in paragraph 29(a) within 60 days of the date of the Order; and

c) Any amounts remaining after distribution, and any amounts Respondents are unable, due to factors beyond their control, to pay to investors, shall be paid to the United States Treasury or, in the case of amounts payable to Massachusetts investors as a result of the related action by the Commonwealth of Massachusetts, shall be paid to the Commonwealth of Massachusetts, by and through Martha Coakley, Attorney General. Payment must be made in one of the following ways:

- i. Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- ii. Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- iii. Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Oppenheimer Asset Management, Inc. and Oppenheimer Alternative Investment Management, LLC as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Bruce Karpati, Chief of the Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 3 World Financial Center, New York, NY 10281, or such other address as the Commission staff may provide.

d) Respondents agree to be responsible for all tax compliance responsibilities associated with distribution of the Disgorgement Fund and may retain any professional services necessary. The costs and expenses of any such professional services shall be borne by Respondents and shall not be paid out of the Disgorgement Fund.

e) Within 90 days after the date of the entry of the Order, Respondents shall submit to the Commission staff a final accounting and certification of the disposition of the Disgorgement Fund not unacceptable to the staff, which shall be in a format to be provided by the Commission staff. The final accounting and certification shall include: (i) the amount paid to each payee; (ii) the date of each payment; (iii) the check number or other identifier of money transferred; (iv) the date and amount of any returned payment; (v) a description of any effort to locate a prospective payee whose payment was returned; or to whom payment was not made due to factors beyond Respondents' control; (vi) any amounts to be paid to the United States Treasury pursuant to paragraph 29(c) above; and (vii) an affirmation that the amount paid to the investors represents a fair calculation of the Disgorgement Fund. Respondents shall submit proof and



supporting documentation of such payments in a form acceptable to Commission staff. Any and all supporting documentation for the accounting and certification shall be provided to the Commission staff upon request.

f) After Respondents have submitted the final accounting to the Commission staff, the staff shall submit the final accounting to the Commission for approval and shall request Commission approval to send any remaining amount to the United States Treasury.

g) The Commission staff may extend any of the procedural dates set forth in this subsection 29 for good cause shown. Deadlines for dates relating shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday the next business day shall be considered to be the last day.

30. Independent Consultant.

a) Within 90 days of the date of this Order, Respondents shall retain an independent consultant (“IC”) not unacceptable to the staff of the Commission to:

- i. Conduct a review of the adequacy of Respondents’ valuation policies and procedures pertaining to:
  1. Respondents’ valuation process and oversight, controls and compliance relating thereto;
  2. Respondents’ written communications with current or prospective investors concerning valuation;
  3. Respondents’ use of independent parties such as auditors and valuation experts; and
  4. Respondents’ oversight, control and compliance with respect to marketing materials concerning OAIM funds prepared by entities with which it has a sub-advisory relationship.
- ii. recommend any additional policies and procedures which, on the basis of its review, the IC believes are necessary to ensure that Respondents’ valuation policies and procedures described in items (a)(i)(1)-(4) above, are adequate (the “Recommendations”);
- iii. submit to Respondents and the staff of the Commission, within 30 days of the completion of its review, and in any event no later than 180 days after being retained by Respondents, a report

describing the scope and results of the IC's review ("Report"), and the Recommendations, if any, made by the IC to Respondents;

- iv. conduct a follow-up review commencing no earlier than 120 days after completion of the Report to determine if the Recommendations (either in their original form or modified pursuant to paragraph 30(b) below) were properly implemented by Respondents and are operating to ensure Respondents' compliance with applicable provisions of the federal securities laws;
- v. submit to Respondents and the staff of the Commission, within 30 days of the completion of the follow-up review, and in any event no later than 360 days after being retained by Respondents, a follow-up IC report ("Follow-up Report") describing the results of the IC's follow-up review.

b) Respondents shall adopt all Recommendations of the IC within 60 days of the Report; provided, however, that within 45 days of the completion of the review described in paragraph 30 above, Respondents shall in writing advise the IC and the staff of the Commission of any Recommendations that it considers to be unnecessary, inappropriate, or unduly burdensome. With respect to any Recommendation that Respondents considers unnecessary, inappropriate, or unduly burdensome, Respondents need not adopt that Recommendation at that time but shall propose in writing an alternative policy, procedure or system designed to achieve the same objective or purpose. As to any Recommendation on which Respondents and the IC do not agree, such parties shall attempt in good faith to reach an agreement within 30 days after Respondents serve the advice described above. In the event that Respondents and the IC are unable to agree on an alternative proposal, Respondents will abide by the determinations of the IC.

c) Within ninety (90) days of Respondents' adoption of all of the Recommendations as determined pursuant to the procedures set forth herein, Respondents shall certify in writing to the IC and the Commission staff that Respondents have adopted and implemented all of the IC's Recommendations. Unless otherwise directed by the Commission staff, all Reports, certifications, and other documents required to be provided to the Commission staff shall be sent to Panayiota K. Bougiamas, Assistant Regional Director, Asset Management Unit, New York Regional Office, Securities and Exchange Commission, 3 World Financial Center, Suite 400, New York, New York, 10281, or such other address as the Commission staff may provide.

d) Respondents shall cooperate fully with the IC and shall provide the IC with access to such of their files, books, records, and personnel as are reasonably requested by the IC for review.

e) To ensure the independence of the IC, Respondents: (1) shall not have the authority to terminate the IC or substitute another independent compliance consultant for the initial IC, without the prior written approval of the Commission staff; and (2) shall compensate the IC and persons engaged to assist the IC for services rendered pursuant to this Order at their reasonable and customary rates.

f) Respondents shall require the IC to enter into an agreement that provides that for the period of engagement and for a period of two (2) years from completion of the engagement, the IC shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Respondents, or any of their present or former affiliates, directors, officers, employees, or agents acting in their capacity. The agreement will also provide that the IC will require that any firm with which the IC is affiliated or of which the IC is a member, and any person engaged to assist the IC in the performance of the IC's duties under this Order shall not, without prior written consent of the Commission staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Respondents, or any of their present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two (2) years after the engagement.

g) Respondents shall not be in, and shall not have an attorney-client relationship with the IC and shall not seek to invoke the attorney-client privilege or any other doctrine or privilege to prevent the IC from transmitting any information, reports, or documents to the staff of the Commission.

31. Recordkeeping. Respondents shall preserve for a period of not less than six (6) years from the end of the fiscal year last used, the first two (2) years in an easily accessible place, any record of Respondents' compliance with the undertakings set forth in this Order.

32. Notice to Advisory Clients. Within ten (10) days of the entry of this Order, Respondents shall prominently post on their principal website a hyperlink to the entire Order. Respondents shall maintain the hyperlink on the website for a period of twelve (12) months from the entry of this Order. Within thirty (30) days of the entry of this Order, Respondents shall provide a copy of the Order to each of OAIM's existing advisory clients as of the entry of this Order via mail, e-mail, or such other method as may be acceptable to the Commission staff, together with a cover letter in a form not unacceptable to the Commission staff.

33. Deadlines. The Commission staff shall have the authority, in its discretion, to extend any of the procedural dates relating to the undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.

34. Certifications of Compliance by Respondents. As set forth in paragraph 30(c), Respondents shall certify, in writing, compliance with its undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondents agree to

provide such evidence. The certification and supporting material shall be sent to Panayiota K. Bougiamas, Assistant Regional Director, Asset Management Unit, New York Regional Office, Securities and Exchange Commission, 3 World Financial Center, New York, NY 10281, or such other address as the Commission staff may provide, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

35. Cooperation: Respondents shall cooperate fully with the Commission in any and all investigations, litigations or other proceedings relating to or arising from the matters described in the Order. In connection with such cooperation, Respondents shall: (i) produce, without service of a notice or subpoena, any and all non-privileged documents and other information requested by the Commission staff subject to any restrictions under the law of any foreign jurisdiction; (ii) use their best efforts to cause their officers, employees, and directors to be interviewed by the Commission staff at such time as the staff reasonably may direct; and (iii) use their best efforts to cause their officers, employees, and directors to appear and testify without service of a notice or subpoena in such investigations, depositions, hearings or trials as may be requested by the Commission staff.

36. Respondents will pay a penalty of \$132,421 to the Commonwealth of Massachusetts in a related action by the Commonwealth of Massachusetts, by and through Martha Coakley, Attorney General.

#### IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents OAM's and OAIM's Offer.

Accordingly, pursuant to Section 8A of the Securities Act and Section 203(e) and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. Respondents OAM and OAIM shall cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act and Section 206(4) of the Advisers Act and Rules 206(4)-7 and 206(4)-8 promulgated thereunder.

B. Respondents OAM and OAIM are censured.

C. Respondents shall pay a total of \$2,269,098, representing \$2,128,232 in disgorgement and \$140,866 in prejudgment interest. Payment of \$376,700 in disgorgement and \$23,935 in prejudgment interest shall be deemed satisfied by that portion of Respondents' payments made pursuant to a related action by the Commonwealth of Massachusetts, by and through Martha Coakley, Attorney General.

D. Respondents are liable, jointly and severally, for a civil money penalty in the amount of \$617,579. Respondents shall satisfy this obligation within 60 days of the entry of this Order. The penalty shall be paid to the Securities and Exchange Commission for remittance to the

United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment to the Securities and Exchange Commission must be made in one of the following ways:

- 1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- 2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- 3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Oppenheimer Asset Management, Inc. and Oppenheimer Alternative Investment Management, LLC as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Bruce Karpati, Chief of the Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 3 World Financial Center, New York, NY 10281, or such other address as the Commission staff may provide.

E. Respondents acknowledge that the Commission is not imposing a civil penalty in excess of \$617,579 based upon their cooperation in this investigation and related enforcement action. If at any time following the entry of the Order, the Division of Enforcement ("Division") obtains information indicating that Respondents knowingly provided materially false or misleading information or materials to the Commission or in a related proceeding, the Division may, at its sole discretion and without prior notice to the Respondents, petition the Commission to reopen this matter and seek an order directing that the Respondents pay an additional civil penalty. Respondents may not, by way of defense to any resulting administrative proceeding: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

F. Respondents shall comply with the undertakings enumerated in paragraphs 29-34 above.

By the Commission.

Elizabeth M. Murphy  
Secretary