

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

**SECURITIES ACT OF 1933**  
**Release No. 9443 / August 20, 2013**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 70234 / August 20, 2013**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3652 / August 20, 2013**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 30652 / August 20, 2013**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15430**

**In the Matter of**

**BRIAN WILLIAMSON,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS  
PURSUANT TO SECTION 8A OF THE  
SECURITIES ACT OF 1933, SECTIONS 15(b)  
AND 21C OF THE SECURITIES EXCHANGE  
ACT OF 1934, SECTIONS 203(f) AND 203(k) OF  
THE INVESTMENT ADVISERS ACT OF 1940,  
AND SECTION 9(b) OF THE INVESTMENT  
COMPANY ACT OF 1940 AND NOTICE OF  
HEARING**

**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”), Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 against Brian Williamson (“Respondent” or “Williamson”).

**II.**

After an investigation, the Division of Enforcement alleges that:

## **A. Summary**

1. From September 2009 through June 2010, Brian Williamson made material false and misleading statements and omissions to investors and prospective investors concerning the valuation of Oppenheimer Global Resource Private Equity Fund I, L.P. (“OGR”), a fund of private equity funds he managed.

2. From in or about September 2009 through at least mid-October 2009, Williamson sent, or directed others to send, prospective OGR investors marketing materials that reported an OGR internal rate of return (“IRR”) for the quarter ended June 30, 2009 that, misleadingly, did not take into account OGR fees and expenses that would have greatly lowered OGR’s reported IRR.

3. From late October 2009 through June 2010, Williamson misrepresented, or caused OGR to misrepresent, to OGR investors and prospective investors that the reported performance of the fund’s investments was “based on the underlying managers’ estimated values.” In fact, during that time period, OGR’s reported value of its largest single holding – Cartesian Investors-A, LLC (“Cartesian”) – was based not on the value assigned by Cartesian’s manager but, rather, on Williamson’s own materially higher valuation, a change that materially increased OGR’s reported IRR.

4. In October and November 2009, Williamson also made, or caused others to make, a number of additional material misrepresentations and omissions to individual OGR investors and potential investors (or their consultants) that were designed to hide Williamson’s role in valuing Cartesian and to create the misleading impression that OGR’s increased IRR was due to increased performance when, in fact, it was due to Williamson’s revised valuation of Cartesian.

5. From in or about October 2009 through June 2010, Williamson, and OAM personnel he supervised, marketed OGR to potential investors by, among other things, touting OGR’s increased IRR, and OGR raised approximately \$61 million.

## **B. Respondent**

6. Brian Williamson, age 42, is a resident of Newtown, Pennsylvania. From December 2005 to December 2011, he was an employee of Oppenheimer & Co. Inc. (“OPCO”) and Oppenheimer Asset Management Inc. (“OAM”), Managing Director in Oppenheimer Alternative Investment Management, LLC (“OAIM”) and the portfolio manager of OGR and other OAIM private equity funds. From at least January 2012 to the present, Williamson has been the sole owner and Managing Director of ROC Resources, LLC (“ROC”), an investment adviser registered with the Commission that is sub-adviser to OGR. As ROC’s Managing Director, Williamson remains primarily responsible for managing OGR. Williamson also is licensed as an attorney in Pennsylvania and New Jersey and has been licensed as a certified public accountant in Pennsylvania, but that license is expired.

### **C. Other Relevant Entities**

7. OAM is located in New York City and is registered with the Commission as an investment adviser. OAM is the sponsor of OGR, and OAM employees (including Williamson) provided investment advisory services to OGR. OAM is a subsidiary of E.A. Viner International Co., a subsidiary of Oppenheimer Holdings, Inc., a publicly held company listed on the New York Stock Exchange.

8. 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 and OAIM were OGR’s investment advisers.

9. OPCO is located in New York City and is registered with the Commission as both a broker-dealer and investment adviser. OPCO is an affiliate of OAM and OAIM, and all persons who work for OAM and OAIM (including Williamson) are OPCO employees. OPCO is owned directly by E.A. Viner International Co., a subsidiary of Oppenheimer Holdings, Inc.

10. OGR is a fund of private equity funds managed by Williamson, previously through OAM and now through a sub-advisory arrangement with ROC. OGR is organized as a Delaware limited partnership, with OAIM as its general partner, and OGR investors as its limited partners. Among other holdings, OGR holds an interest in Cartesian.

11. S.C. Fondul Proprietatea S.A (“Fondul”) is a holding company established by the Romanian government to compensate its citizens whose land was seized by Romania’s former communist regime. Fondul holds stakes in public and private Romanian energy and natural resource entities, such as power, gas and oil companies. In January 2011, Fondul was listed on the Bucharest Stock Exchange.

12. Cartesian Investors-A, LLC (“Cartesian”) is a limited liability company that holds shares of Fondul for its members, who include Cartesian Capital Group Holdings, LLC (“Cartesian Capital”), Pangaea One-RDV Co-Investment Fund, L.P., and OGR. Fondul shares are Cartesian’s only holding. Under Cartesian’s “Limited Liability Company Agreement,” Cartesian Capital is Cartesian’s “Managing Member” and, as such (with certain express exceptions), manages the “business and affairs” of Cartesian, which include “making all investment decisions on behalf of [Cartesian].”

13. ROC Resources, LLC (“ROC”) is located in Princeton, New Jersey, and is registered with the Commission as an investment adviser. Williamson is the sole owner and Managing Director of ROC, which began serving in January 2012 as sub-adviser to OGR and other funds for which OAIM acts as a general partner and primary investment manager.

#### **D. Background**

14. Williamson supervised the formation of OGR in 2007, and at all relevant times was primarily responsible for managing it.

15. OGR began admitting limited partners in April 2008, and its target investment size was \$200 million. Investment in OGR was initially scheduled to close at the end of October 2009, but as of September 30, 2009, OGR had received only approximately \$71 million in commitments from investors. Williamson subsequently obtained the investors' consent for two extensions of the closing date, ultimately to June 30, 2010.

16. From at least September 2009 through June 2010, Williamson and the investment team of OAM employees that he managed – who acted at Williamson's direction at all relevant times – marketed OGR to potential investors. Williamson located potential OGR investors both through independent “consultants” (who provided investment advice to their institutional clients) and OPCO's own network of registered representatives.

17. As part of their OGR marketing strategy, Williamson and his team sent prospective investors pitch books which, among other things, summarized OGR's performance as of the end of particular quarters. Williamson was the individual at OAM with primary responsibility for the content of the OGR pitch books.

18. Williamson's team also sent existing OGR investors quarterly reports containing OGR performance summaries as of a particular quarter. Williamson signed the quarterly report letters and was the individual at OAM with primary responsibility for the content of the quarterly reports.

#### **E. Misleading Statements and Omissions Concerning OGR's Gross IRR**

19. In or about early July 2009, at Williamson's direction, Williamson's team created an OGR pitch book that included OGR performance summaries as of the first quarter of 2009 (i.e., as of March 31, 2009). The performance summary table contained a column labeled “IRR” that did not list any IRR numbers, only dashes. Williamson's team submitted the pitch book containing the first-quarter 2009 performance numbers to OAM's regulatory compliance team (“Compliance”) for approval.

20. In early September 2009, Williamson instructed his team to update the OGR pitch book to replace the March 31 performance figures with June 30, 2009 (second quarter) performance figures. The updated pitch book reported total OGR IRR of 12.4%, a figure that did not take into account any fees and expenses associated with OGR.<sup>1</sup> In other words, the 12.4% IRR figure took into account neither the fees and expenses that OGR paid to its underlying fund

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<sup>1</sup> OGR's IRR essentially is a measure of the rate of growth of its investments and was calculated as of a particular quarter.

managers nor the additional fees and expenses that OGR paid OAM. Williamson's team did not submit to Compliance the changes that the team made in September 2009 to the OGR pitch book.

21. As Williamson knew or recklessly disregarded in September 2009, OGR's IRR as of June 30, 2009 was materially lower than 12.4% if OGR's fees and expenses were taken into account. OGR's IRR was 3.8% when the fees and expenses that OGR paid its underlying funds were taken into account; and OGR's IRR was -6.3% (a negative rate of return) when the additional fees that OGR paid to OAM were taken into account. Nonetheless, the OGR pitch book that Williamson used in September and much of October 2009 misleadingly reported to prospective investors only the 12.4% IRR figure, without disclosing that that figure was gross of all fees and expenses. By contrast, Williamson's October 7, 2009 OGR quarterly report, sent to then-existing OGR investors, disclosed OGR's "net" IRR figures (3.8% and -6.3%) but did not report the 12.4% IRR figure.

22. On multiple occasions in September and October 2009 – including on at least September 11, September 29, October 12, October 19, and October 20, 2009 – Williamson either personally sent, or directed members of his team to send, the OGR pitch book containing the misleading 12.4% IRR figure to individual prospective investors or consultants.

23. In his October 19, 2009 cover email to a prospective investor (attaching the misleading pitch book), Williamson misleadingly stated:

[OGR] has performed well since being launched in June of 2008 (update attached). The fund has a 12.4% IRR as compared to the publicly traded natural resource benchmarks which are down anywhere from 30 to 80% since we launched last June.

#### **F. False OGR Pitch book and Quarterly-Report Statements Concerning Valuation**

24. The OGR pitch book and October 7, 2009 quarterly report stated that the reported values of OGR investments were "based on the underlying managers' estimated values as of June 30, 2009." The quarterly report further stated, "[i]nformation about portfolio holdings and valuations of the underlying funds is based on information received from the portfolio managers of underlying funds."

25. As of October 2009, Cartesian was OGR's largest single investment. Cartesian's manager, Cartesian Capital, reported the "fair value" of Cartesian's holdings (*i.e.*, its Fondul shares) on an annual basis and, for the year ended December 31, 2008, reported the fair value of those shares as equivalent to "cost." Cartesian Capital also managed a fund called Pangaea One, L.P. ("Pangaea"), which also held Fondul shares (among other investments). For the quarters ended June 30 and September 30, 2009, Cartesian Capital likewise reported the fair value of Pangaea's Fondul holding at "cost."

26. Until late October 2009, consistent with Cartesian Capital's reported valuations, OGR reported the value of its Cartesian investment at cost – that is, at approximately \$6 million. Thus, until late October 2009, Williamson reported Cartesian's \$6 million valuation in OGR's pitch books and quarterly reports and used that valuation to calculate and report OGR's IRR.

27. On October 15, 2009, Williamson's team submitted for the first time to Compliance an OGR pitch book containing the June 30, 2009 performance numbers, including the 12.4% IRR figure (and no "net" IRR figures). By October 22, Compliance had returned the OGR pitch book to Williamson's team with its final changes, which included a statement that "OGR valuation represents the reported value of the underlying funds less OGR fees and expenses but does not represent the actual realized performance of OGR" – *i.e.*, referencing the need to take into account fees and expenses, which would lower OGR's reported IRR to at least 3.8%, if not -6.3%.

28. Williamson subsequently modified the OGR pitch book to take into account the first level of OGR's fees and expenses (those charged by the underlying managers) in reporting OGR's IRR. However, he raised OGR's reported IRR by increasing the reported value of Cartesian. On or about October 22, 2009, Williamson increased the reported value of Cartesian from \$6 million to approximately \$9 million. The \$9 million valuation was Williamson's own – not Cartesian Capital's. Williamson based his new valuation on the price at which Fondul shares were issued by the Romanian government to claimants, also referred to as the "par" value of the Fondul shares (1 RON per share).

29. Williamson's higher Cartesian valuation raised OGR's reported June 30, 2009 IRR from 3.8% to 38% (taking into account fees and expenses paid by OGR to its underlying fund investments); and from -6.3% to 12.5% (taking into account the additional layers of fees that OGR paid to OAM).

30. On or about October 22, 2009, Williamson directed his team to amend the Compliance-reviewed OGR pitch book to remove the old 12.4% gross IRR figure – which was inconsistent with Williamson's new, higher, Cartesian valuation – and to replace it with the 38% IRR figure (which was net of the first level of OGR fees only). Williamson's team did not submit the modified pitch book to Compliance.

31. Notwithstanding Williamson's new Cartesian valuation, Williamson left in place the pitch book statement that OGR's June 30, 2009 asset values were "based on the underlying manager's estimated values." As Williamson knew or recklessly disregarded at the time, that statement was false because Cartesian's reported value was not based on Cartesian Capital's valuation but, rather, was based on Williamson's own unilateral change to a \$9 million valuation.

32. Although Williamson thus revised OGR's June 30 quarter performance numbers in the pitch book, he did not revise the June 30 quarterly report (which reflected OGR's "net" IRR figures (3.8% and -6.3%) but did not report the 12.4% IRR figure) that he had sent to then-existing OGR investors on October 7, 2009. Nor did Williamson otherwise notify already-existing investors of OGR's revised June 30 quarter performance numbers.

33. From October 26, 2009 through June 2010, prospective OGR investors received OGR pitch books containing the false statement (described in paragraph 31 above) directly from Williamson, from Williamson’s team (at Williamson’s direction), and from OPCO representatives who received the pitch books from Williamson (or his team). A number of those prospective investors ultimately invested in OGR.

34. Williamson also used his own Cartesian valuation in the quarterly reports that he sent to then-existing investors for the third quarter of 2009 (sent January 5, 2010), and for the year ended December 31, 2009 (sent May 18, 2010). As Williamson knew or recklessly disregarded, those quarterly reports contained the same materially false statement that appeared in the pitch books (described in paragraph 31 above). At least one existing OGR investor increased its OGR investment after receiving a quarterly report containing the materially false statement.

35. The following chart compares OGR’s IRR figures reported for Cartesian and for OGR as a whole – in its pitch books and quarterly reports from on or about October 22, 2009 through June 2010 – with the IRR that would have been reported had Williamson used Cartesian Capital’s cost valuation of Fondul (per the statement contained in those disclosures), rather than his own par valuation:

	<u>IRR of OGR Cartesian Investment</u>		<u>Total OGR IRR</u>	
	OGR-Reported Cartesian IRR	Cartesian IRR Using Cartesian Valuation	OGR-Reported Total IRR	OGR IRR Using Cartesian Valuation
2Q2009	67.0%	-1.0%	38.3%	3.8%
3Q2009	53.5%	1.5%	31.8%	5.7%
4Q2009	37.8%	14.6%	21.0%	9.8%

36. In May 2010, Williamson approved a modification of the false statement in the OGR pitch book, but the modified statement was at least as misleading as the prior version, if not more so. The revised statement read:

Net Asset Values are based on the underlying managers’ estimated values as of 12/31/2009. However, the Net Asset Value for Fondul Real Asset Fund<sup>2</sup> is based on the 9/30/2009 valuation, as the 12/31/2009 valuation has not yet been provided by the underlying manager.

37. Williamson knew or recklessly disregarded that the May 2010 revised statement was false and misleading because the September 30, 2009 valuation was Williamson’s – not

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<sup>2</sup> By that time, Cartesian’s name had been changed to “Fondul Real Asset Fund.”

Cartesian Capital's – and because the revised statement implied that OGR had been using Cartesian Capital's valuations all along (and that OGR would be incorporating Cartesian Capital's December 31, 2009 valuation). In fact, when the statement appeared in the pitch book, Williamson had not used the Cartesian Capital valuation in seven months. At least one prospective investor who received the May 2010 pitch book later invested in OGR.

**G. Additional False Statements Concerning OGR's Valuation**

38. In October and November 2009, Williamson made, or caused other OPCO employees to make, a number of additional materially false statements – to both OGR investors and prospective investors and consultants – related to his decision to increase the reported value of OGR's Cartesian investment.

**October 25, 2009 Email**

39. On October 25, 2009, Williamson emailed an OPCO Executive Director and registered representative ("Broker A") the updated OGR pitch book containing the 38% IRR figure and false statement described above. As Williamson knew at the time, Broker A was about to make an OGR presentation to an important consultant. In his email, Williamson made the following false and misleading statement:

Big change is the valuation of Fondul – still valued at a discount to par but marked up b/c we now have Franklin Tempalton [*sic*] working on some near term liquidity options.

40. As Williamson knew or recklessly disregarded at the time, his October 25, 2009 email was false and misleading because OGR no longer valued Fondul at a "discount" to par; rather, OGR valued Fondul at par (1 RON per share). Furthermore, contrary to Williamson's email, the "marked up" value of Fondul was due to Williamson's decision to increase Fondul's reported value from cost to par.

**October 26, 2009 RFI**

41. On or about October 26, 2009, Williamson approved a response to a request for information ("RFI") from a consultant concerning OGR, which included the revised OGR pitch book (with the 38.3% IRR figure). The RFI response misleadingly stated that "[OGR's] underlying managers are required to conduct FAS 157 compliant independent audits annually and typically conduct third party FAS 157 valuations quarterly." As Williamson knew or recklessly disregarded, the RFI response was misleading because it falsely implied that OGR's reported Cartesian valuation came from Cartesian Capital and had been "audited." In fact, the reported valuation came from Williamson and was unaudited.

### **October 26, 2009 Email**

42. On October 26, 2009, Williamson caused an OAM vice president and head of business development (“OAM VP”) to send an additional false email. The OAM VP emailed the revised June 30 pitch book (with the 38% IRR figure) to a contact attempting to introduce OGR to overseas investors (and copied Williamson on that email). The OAM VP based the text of the email on information that Williamson had provided. The email falsely and misleadingly stated:

We have updated the presentation as a result of recent increased performance of our underlying managers (particularly Cartesian Investors A/Pangea One investments).

43. As Williamson knew or recklessly disregarded at the time, the October 26, 2009 email was false because the “updated presentation” was not the result of “recent increased performance” of Cartesian or Pangea but, rather, the result of Williamson’s decision to increase Cartesian’s (and, consequently, OGR’s) reported value as of June 30, 2009.

### **October 29, 2009 Email**

44. On October 29, 2009, Williamson caused Broker A to email similar and additional false statements to a consultant who was analyzing OGR for its clients. The day before, the consultant had emailed Broker A several questions concerning OGR, including a request for “a little color on the differences in [OGR’s] IRR between 12/31/08 and 6/30/09? It appears as though you’ve marked up your position, showing a 12.5% net IRR rather than a negative 9-10% as of 12/31/09 [sic].” Broker A forwarded the consultant’s request to Williamson. The next day, October 29, Williamson emailed Broker A a response to send the consultant, which included the following false and misleading language:

#### Differences in IRR between 12/31/08 and 6/30/09

Our IRR calculations are all derived from the underlying managers and their third party valuation firms. We review the valuations with our independent auditors primarily for material changes in valuation and the methodology used to derive the valuation (i.e., is it in compliance with FAS 157 guidelines).

As of 6/30/09, OGR’s had two underlying funds that were written up by their 3<sup>rd</sup> party evaluation firms (Fondul and Tripod).

- Fondul was written up to approximately 75% of the par value of the investment due to its continued performance in 2009. This valuation is still only approximately 65-70% of the underlying assets market value.

45. At the time that Williamson emailed Broker A the information set forth in the preceding paragraph, he knew or recklessly disregarded that it was false and misleading because he knew or recklessly disregarded that: (i) OGR’s IRR calculations were not “all derived from the underlying managers’ calculations and their third party valuation firms”; rather, they were

derived in part from Williamson's own valuation of Cartesian; (ii) Williamson's Cartesian valuation was not reviewed by an auditor; (iii) Williamson increased Fondul's value not to 75% of par value but, rather, to 100% of par value; and (iv) Williamson did not increase Fondul's reported value "due to its continued performance in 2009" but, rather, due to his own unilateral decision to increase it.

46. On October 29, Broker A responded by email to the consultant's October 28 email, including in his email the false information that Williamson had given him (and Broker A copied Williamson on his email). At least one of that consultant's clients invested in OGR after October 29, 2009.

47. On November 5, 2009, Broker A emailed an OGR presentation to a second consulting firm (which advised a fund that later invested in OGR). In his cover email, relying on the same false language that Williamson had provided to him on October 29, Broker A made virtually identical false statements to the second consulting firm:

You will notice on pg. 12 of our presentation (attached) that as of 6/30/2009, the Cartesian Fund (story below) and Tripod have been written up by their 3rd party evaluation firms - contributing to the early performance of [OGR] (38.3% IRR)

- Fondul was written up to approximately 75% of the par value of the investment due to its continued performance in 2009. This valuation is still only approximately 65-70% of the underlying assets market value.

#### **November 5, 2009 RFI**

48. On or about November 5, 2009, Williamson reviewed and approved a response to another RFI concerning OGR, which included the revised OGR pitch book. The November 5 RFI response misleadingly stated:

[W]e require our underlying fund managers to utilize third party valuation firms that provide valuations of the respective portfolios in accordance with FASB 157. These valuations are then reviewed by their respective independent auditors. . . .

49. As Williamson knew or recklessly disregarded at the time, the November 5 RFI response, like the October 26 RFI response, falsely implied that OGR's reported Cartesian valuation came from Cartesian Capital and had been "audited."

#### **November 20 and 24, 2009 Emails**

50. On November 20, 2009, Williamson caused his team to send false and misleading information to a consultant for an existing OGR investor, to hide from the consultant the fact that Williamson had raised Cartesian's reported valuation (and, consequently, OGR's reported IRR). On November 17, 2009, the consultant had emailed Broker A "requesting a schedule of cash flows and valuations from all of the underlying managers." On November 19, Broker A

forwarded the email to an analyst in Williamson's team, asking, "Can you provide me this info ...". On Friday, November 20, the analyst forwarded the request to Williamson, asking him whether, in response, "to include the updated Fondul valuation." Williamson responded, "Yes. Include the updated valuation." Later that day, at Williamson's direction, the analyst emailed Broker A (and copied Williamson) two charts, which included OGR's updated IRR figures (including the 38% total IRR figure). The first chart also included the following false and misleading footnote, which Williamson drafted and/or approved and directed his analyst to send:

[OGR] received revised Q2 2009 valuation information for [Cartesian] post distribution of the quarterly report. Revised valuation information reflected above.

51. As Williamson knew or recklessly disregarded at the time, the information that the analyst sent to Broker A on November 20 was false and misleading because it did not include the "underlying managers" Cartesian valuation (as the consultant had requested) but, rather, Williamson's own valuation. As Williamson also knew or recklessly disregarded, the footnote above was false and misleading because it stated, or at least implied, that OGR had received the new June 30, 2009 Cartesian "revised" valuation from Cartesian Capital, rather than Williamson, and because, in fact, OAM had not received any "revised" valuation information for the June 30, 2009 quarter from anyone.

52. On Tuesday, November 24, the analyst on Williamson's team emailed the same charts that she had sent Broker A the previous Friday, November 20 – in a slightly revised format – directly to the consultant (and copied Broker A).

#### **H. Williamson and OAM Touted OGR's Increased Reported IRR to Prospective Investors**

53. As Williamson admitted in testimony before the Division, OGR's performance mattered to his team's efforts to market OGR, and OGR's performance was at least part of prospective OGR investors' evaluations regarding whether to invest. Indeed, from at least November 2009 through June 2010, in their continuous efforts to market OGR to prospective investors, Williamson and his team repeatedly highlighted OGR's performance and, in particular, its 38% IRR.

54. For example, from November 16-24, 2009, an analyst in Williamson's team (at Williamson's direction) sent a series of at least eighteen similar emails pitching OGR to potential investors and/or consultants. Those emails prominently stated that:

[OGR's] portfolio is currently valued at 1.3x cost and has generated a 38% IRR, all of which new investors will participate in. In comparison, the benchmark resource indices are down over 60% since inception.

55. On December 14, 2009, Williamson emailed an OGR presentation to a prospective investor, with a cover email also emphasizing OGR's 38% IRR:

Our ability to select such managers and dissect their down-side price hedging strategies sets us apart from our peers—this is illustrated by our performance. OGR's IRR 38.3% to date v. liquid benchmarks which are down over 50%.

56. Williamson also approved similar language drafted by members of his team for use in soliciting investors. For example, in December 2009 he approved marketing emails drafted by the OAM VP touting OGR:

Continued strong Fund performance of greater than 30% IRR (vs. -11% Cambridge top quartile benchmark).

57. On March 8, 2010, Williamson emailed another prospective investor, touting OGR's IRR performance:

Over the last 18 months in our various meetings you have had the opportunity to watch us construct our portfolio and see its subsequent performance. Returns continue to be strong, with new investors getting to participate in our existing gains (31% IRR) – which will essentially mitigate or eliminate any J curve.<sup>3</sup>

58. On April 19, 2010, Williamson again emailed a prospective investor, touting OGR's performance:

You have very good visibility into the make up of our portfolio and also the ability to participate in the past positive performance (Q3 Value 1.2x cost). This performance, while no guarantee, should provide you the opportunity to avoid a J curve and show positive performance in the fund upon your commitment. It may also serve to effectively eliminate the costs associated with a fund of funds.

59. Also important to prospective investors was the source of OGR's valuations of its underlying funds, as such information permitted prospective investors properly to understand and evaluate the valuation methodology used. Indeed, it was particularly important for prospective investors to understand that, beginning in late October 2009, Williamson began to use a materially higher valuation for Cartesian than Cartesian Capital's valuation. Accurate reporting of this divergence from Cartesian Capital's valuation was necessary to permit prospective investors to compare and evaluate for themselves the relative merits of the two different valuations.

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<sup>3</sup> In private equity funds, the "J curve" effect occurs when a fund experiences negative returns during the first several years.

## **I. Violations**

60. As a result of the conduct described above, Williamson willfully violated Section 17(a) of the Securities Act, which makes it unlawful for any person, in the offer or sale of any securities, directly or indirectly, to employ any device, scheme, or artifice to defraud, or to obtain 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, or to engage in any transaction, practice, or course of business which operators or would operate as a fraud or deceit upon the purchaser.

61. As a result of the conduct described above, Williamson willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which make it unlawful for any person, directly or indirectly, to employ any device, scheme, or artifice to defraud, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.

62. As a result of the conduct described above, Williamson willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, which prohibits making any untrue statement of a material fact or omitting to state a material fact necessary to make the statements made, in light of the circumstances in which they were made, not misleading, to any investor or prospective investor in a pooled investment vehicle, and prohibits any fraudulent, deceptive or manipulative act, practice, or course of business by an investment adviser with respect to any investor or prospective investor in a pooled investment vehicle.

63. In the alternative, as a result of and through Williamson's conduct described above, OAM and OAIM violated Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder, and Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, and Williamson willfully aided and abetted and caused OAM's and OAIM's violations of those provisions.

## **III.**

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act including, but not limited to, disgorgement and civil penalties pursuant to Section 203 of the Advisers Act;

D. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 9(b) of the Investment Company Act including, but not limited to, disgorgement and civil penalties pursuant to Section 9 of the Investment Company Act; and

E. Whether, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, and Section 203(k) of the Advisers Act, Respondent should be ordered to cease and desist from committing or causing violations of and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, whether Respondent should be ordered to pay a civil penalty pursuant to Section 8A(g) of the Securities Act, Section 21B(a) of the Exchange Act, and Section 203(i) of the Advisers Act, and whether Respondent should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act, Sections 21B(e) and 21C(e) of the Exchange Act, and Section 203 of the Advisers Act.

#### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy  
Secretary