

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 70367 / September 10, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-12111

In the Matter of

**FEDERATED INVESTMENT
MANAGEMENT COMPANY,
FEDERATED SECURITIES
CORP. and FEDERATED
SHAREHOLDER SERVICES
COMPANY,**

Respondents.

**ORDER DIRECTING
DISBURSEMENT OF FAIR FUND**

On December 4, 2009, the Commission issued a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”) in connection with this proceeding (Exchange Act Release No. 61118) pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1103. No comments were received by the Commission in response to the Notice and on January 28, 2010, the Commission approved the proposed plan of distribution (“Plan”) (Exchange Act Release No. 61437).

The Plan provides that a Fair Fund consisting of \$72 million in disgorgement and a civil penalty, plus any accrued interest, be transferred to Deutsche Bank to be distributed by the Fund Administrator to injured investors according to the methodology set forth in the Plan. Pursuant to the Plan, and following the issuance of Orders Directing Disbursement, the Independent Distribution Consultant (“IDC”) and the Fund Administrator, in two tranches, distributed \$77,153,245.32 to injured investors.¹

There was a significant amount remaining in the Fair Fund after the distribution of those amounts, which is considered the Residual pursuant to the Plan. The Plan provides that any Residual shall be distributed to the Federated Funds, based on the proportionate excess profits by market timers accounted for by each Federated Fund. Pursuant to the

¹ See Exchange Act Release Nos. 62542 (July 21, 2010) and 62836 (September 2, 2010).

Plan, and following the issuance of an Order Modifying Distribution Plan and Directing Disbursement, the IDC and the Fund Administrator distributed \$14,575,932.22 to the Federated Funds.²

Pursuant to the Modified Distribution Plan, the IDC and Fund Administrator took Additional Steps to distribute the remaining funds to injured investors. The Modified Distribution Plan provides that following the completion of the Additional Steps, any funds remaining in the Fair Fund shall be considered Residual. The Modified Distribution Plan provides that the Commission shall arrange for distribution of the Second Residual Distribution when a validated payment file has been received by Commission staff and the distribution information has also been received by the affected Federated Funds. The validated payment file for the Second Residual Distribution in the amount of \$1,430,034.52 has been received.

Accordingly, it is ORDERED that the Fund Administrator shall disburse the Second Residual to the affected Federated Funds in the amount stated in the validated payment file of \$1,430,034.52 as provided for in the Modified Distribution Plan.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy
Secretary

² See Exchange Act Release No. 67187 (June 12, 2012).