

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 76635 / December 14, 2015

INVESTMENT ADVISERS ACT OF 1940
Release No. 4290 / December 14, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-17003

In the Matter of

PETER J. EICHLER, JR.,

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
AND NOTICE OF HEARING**

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 Peter J. Eichler, Jr. (“Respondent” or “Eichler”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Respondent was the founder, majority owner, chairman, chief executive officer and chief investment officer of Aletheia Research and Management, Inc. (“Aletheia”), an investment adviser registered with the Commission. Respondent, age 57, resides in Pacific Palisades, California.

B. ENTRY OF THE INJUNCTION

2. On May 11, 2015, a final judgment was entered by consent against Respondent, permanently enjoining him from violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(a) & (c) thereunder, 17 C.F.R. §§ 240.10b-5(a) & (c); Sections 206(1), 206(2), & 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(1), (2), & (4), and Rule 206(4)-8(a) thereunder, 17 C.F.R. § 275.206(4)-8(a), in the civil action entitled *SEC v. Aletheia Research And Management, Inc., and Peter J. Eichler, Jr.*, Case No. CV12-10692 JFW (RZx), in the United States District Court for the Central District of California.

3. The Commission's complaint alleged that over a 27-month period, Eichler executed block trades in option contracts for several Aletheia-managed accounts, but generally did not allocate these trades to client accounts until after trade execution. The late allocation of trades—which was hours and sometimes days following execution—frequently occurred, and enabled Eichler to “cherry-pick” trades by allocating them to certain accounts when realized or unrealized profits or losses were known to Eichler at the time of allocation. Through this fraudulent “cherry-picking,” from mid-August 2009 through November 2011, Eichler disproportionately allocated profitable option trades to favored Aletheia-managed accounts (including Eichler's personal accounts), and unprofitable option trades to disfavored Aletheia-managed hedge fund accounts, in violation of the anti-fraud provisions of the Exchange Act and Advisers Act.

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 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; and

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) 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 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 as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 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.

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

Brent J. Fields
Secretary