

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 82096 / November 16, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-16909

In the Matter of

**UBS WILLOW MANAGEMENT
L.L.C. and UBS FUND ADVISOR
L.L.C.,**

Respondents.

**ORDER APPROVING FINAL ACCOUNTING
AND AUTHORIZING TRANSFER OF THE
DISTRIBUTION RESIDUAL TO THE
UNITED STATES TREASURY**

On October 16, 2015, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”) against UBS Willow Management L.L.C. (“UBS Willow Management”) and UBS Fund Advisor L.L.C. (“UBS Fund Advisor”) (collectively, “Respondents”) (Advisers Act Rel. No. 4233 (Oct. 16, 2015)).

The Order found, among other things, that Respondents failed to disclose a material change in the investment strategy¹ of UBS Willow Fund L.L.C. (the “Fund”), a continuously offered, closed-end, registered investment company and UBS Willow Management’s only client. The Order further found UBS Willow Management negligently failed to disclose the change in investment strategy and related risks to investors, prospective investors, and the Fund’s board of directors. The Order also found that UBS Fund Advisor failed reasonably to supervise UBS Willow Management. The Order censured Respondents and required them to cease and desist from committing or causing any violations and any future violations of various charged provisions, to pay, jointly and severally, \$8,223,110 in disgorgement, \$1,373,436.74 in prejudgment interest, and a \$3,000,000 civil penalty. In addition, Respondents agreed to an undertaking to pay \$4,903,620 in investor losses resulting from the undisclosed change in investment strategy.

Pursuant to the Order, Respondents were to distribute to harmed investors a total of \$13,126,730, comprised of the \$8,223,110 in disgorgement and \$4,903,620 in investor losses.

¹ As used in the Order, the term “investment strategy” refers to the principal portfolio emphasis of the Fund, including the types of securities in which it invests or will invest principally.

Respondents were responsible for the distribution to the affected Fund investors in accordance with a distribution plan which was not unacceptable by the Commission staff. The Order also required Respondents to bear all costs and tax compliance responsibilities associated with the distribution.

The distribution resulted in 1,656 investors receiving \$13,048,919.16 or 99.4% of the ordered distribution. Respondents' accounting identifies a *de minimis* \$0.10 underpayment to one of these investors. In addition, Respondents were unable to distribute \$77,810.74 to 41 investors who could not be located. Therefore, the total residual amount is \$77,810.84.

Respondents informed the staff that they erroneously paid \$10,203.86 to certain unharmed investors. The Commission is allowing Respondents to offset the \$10,203.86 against the \$77,810.84 residual, resulting in a final residual amount of \$67,606.98.

The Order provides that: (1) a final accounting will be submitted and approved by the Commission; and (2) any residual amount remaining will be transmitted to the Commission for transfer to the U.S. Treasury. A final accounting has been submitted to the Commission for approval, as required by Rule 1105(f) of the Commission's Rules on Fair Fund and Disgorgement Plans and as set forth in the distribution, and is approved.

Accordingly, IT IS ORDERED that, Respondents shall transmit the \$67,606.98 residual balance within ten (10) days of the entry of this Order to the Commission for transfer to the U.S. Treasury.

By the Commission.

Brent J. Fields
Secretary