

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 82183 / November 30, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15134**

**In the Matter of**

**ALADDIN CAPITAL MANAGEMENT  
LLC AND ALADDIN CAPITAL LLC,**

**Respondents.**

**ORDER APPROVING PLAN OF  
DISTRIBUTION**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15135**

**In the Matter of**

**JOSEPH A. SCHLIM,**

**Respondent.**

On December 17, 2012, the Securities and Exchange Commission (the “Commission”) issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing a Cease-and-Desist Order against ACM and Aladdin Capital (the “Aladdin Order”)<sup>1</sup>, finding that Aladdin Capital violated Section 17(a)(2) of the Securities Act of 1933 (“Securities Act”) and ACM violated Section 206(2) of the Investment Advisers Act of 1940 by making misrepresentations to investors that ACM would co-invest with its clients in two collateralized debt obligations.

Also on December 17, 2012, the Commission issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 203(k) of

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<sup>1</sup> Securities Act Rel. No. 9374 (Dec. 17, 2012).

the Investment Advisers Act of 1940, Making Findings, and Imposing a Cease-and-Desist Order against Schlim, a former principal and CFO of ACM and Aladdin Capital (the “Schlim Order”)<sup>2</sup>, finding that Schlim violated Section 17(a)(2) of the Securities Act, and caused Aladdin Capital’s and ACM’s violations.

As a result of the conduct described in the Aladdin Order and Schlim Order (collectively, the “Orders”), the Commission ordered Aladdin Capital and ACM to jointly and severally disgorge \$900,000, pay prejudgment interest of \$268,831, and pay a civil penalty of \$450,000, for a total of \$1,618,831; and ordered Schlim to pay a civil penalty of \$50,000. In each of the Orders, the Commission created a fair fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, for the distribution of the disgorgement, prejudgment interest and civil penalties ordered. As ordered, Aladdin Capital, ACM, and Schlim collectively paid \$1,668,831.

On May 22, 2017, the Commission issued a Corrected Order Consolidating Fair Funds,<sup>3</sup> consolidating into one Fair Fund (the “Fair Fund”) the assets held in the two fair funds created under the Orders, for distribution to harmed investors.

On October 19, 2017, the Commission published a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”)<sup>4</sup> pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans (“Rules”).<sup>5</sup> The Notice advised all interested persons that they may obtain a copy of the proposed plan of distribution (“Distribution Plan”) from the Commission’s public website at <http://www.sec.gov/litigation/fairfundlist.htm> or by submitting a written request to Catherine E. Pappas, Senior Advisor, United States Securities and Exchange Commission, One Penn Center, 1617 JFK Blvd., Ste. 520, Philadelphia, PA 19103.

The Notice also advised that all persons desiring to comment on the Distribution Plan could submit their comments, in writing, no later than thirty (30) days from the date of the Notice: (1) to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090; (2) by using the Commission’s Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or, (3) by sending an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). The Commission received no comments on the Distribution Plan during the comment period.

The Distribution Plan provides for distribution of the Fair Fund plus accumulated interest, less taxes, fees, and expenses, to the investors harmed by the conduct described in the Orders in proportion to their respective losses.

The Division of Enforcement now requests that the Commission approve the Distribution Plan.

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<sup>2</sup> Securities Act Rel. No. 9375 (Dec. 17, 2012).

<sup>3</sup> Exchange Act Rel. No. 80742 (May 22, 2017).

<sup>4</sup> Exchange Act Rel. No. 81910 (Oct. 19, 2017).

<sup>5</sup> 17 C.F.R. § 201.1103.

Accordingly, it is hereby ORDERED, pursuant to Rule 1104 of the Rules,<sup>6</sup> that the Distribution Plan is approved.

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

Brent J. Fields  
Secretary

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<sup>6</sup> 17 C.F.R. § 201.1104.