

ADMINISTRATIVE PROCEEDING
File No. 3-18234 and 3-18235

SEC: Financial Services Firm and One of its Former Valuation Experts Settle with SEC for Deceiving Client About Valuation Work

September 28, 2017 – A Connecticut-based financial services firm and one of its former valuation experts have agreed to settle charges brought by the U.S. Securities and Exchange Commission that they deceived a client about how they were valuing certain options.

According to two orders issued today, SIX Financial Information USA Inc. and a former valuation expert who worked for SIX Financial, Perry H. Beaumont, provided valuation services to an investment firm concerning the value of four complex European options. According to the orders, Beaumont told the investment firm that SIX Financial was providing an independent valuation of the European options at fair value by using a proprietary Black-Scholes-based model. In reality, as the orders state, Beaumont neither did an independent valuation of the European options, nor used a Black-Scholes-based model to determine fair value. Instead, the Commission found that Beaumont calculated a valuation range for the European options that was completely derivative of the investment firm's valuations, using purported liquidity adjustments to valuations provided by the investment firm.

The SEC orders find that SIX violated Section 206(2) of the Investment Advisers Act of 1940 and that Beaumont willfully aided and abetted and caused SIX's violation. Without admitting or denying the SEC's findings, SIX and Beaumont consented to the entry of a cease-and-desist order. SIX agreed to pay disgorgement of \$27,411, prejudgment interest of \$5,296, and a civil penalty of \$75,000 into a Fair Fund. After receiving those funds, the SEC will make a payment of \$43,330 to the investment firm to reimburse it for the fees it paid for the services it never received. Beaumont agreed to be barred from the securities industry with a right to reapply after one year, and to pay a civil penalty of \$50,000.

The SEC's investigation was conducted by John Mulhern, Michael Cohn, and Brian Fitzpatrick of the Enforcement Division's Asset Management Unit with assistance from Tracy Bowen of the Denver Regional Office. The investigation was supervised by Jason Burt.

See also: [Order – SIX Financial Information USA Inc.](#)
 [Order – Perry H. Beaumont](#)