

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 84043 / September 6, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18724

In the Matter of
MARK R. GRAHAM, BLUE
CAPITAL MANAGEMENT,
INC., and BLUE
ALTERNATIVE ASSET
MANAGEMENT, L.L.C.,
Respondents.

ORDER DIRECTING PAYMENT OF
CERTAIN FUNDS RECEIVED BY
COMMISSION

On September 6, 2018, the Commission simultaneously instituted and settled public administrative and cease and desist proceedings against Mark Graham (“Graham”), Blue Capital Management, Inc. (“BCM”) and Blue Alternative Asset Management, L.L.C. (“BAAM”) (together “Respondents”). These proceedings arose out of fraudulent conduct by investment advisers BAAM and BCM and their 100% owner and President in connection with their management of various client assets. *In the Matter of Mark R. Graham, et al.*, Admin. Proc. File No. 3-18724 (the “OIP”). Among other relief ordered in the OIP, the Commission ordered that Respondents, jointly and severally, shall pay a total of \$2,527,547, which includes disgorgement of \$1,853,988, prejudgment interest of \$73,559, and a civil penalty of \$600,000, to the Securities and Exchange Commission within 30 days from the date of entry of the OIP. The OIP also orders the creation of a Fair Fund pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended.

After receipt of the disgorgement, interest, and penalty amounts referenced above, the Commission staff will distribute a payment to the Great Western Reinsurance Trust (“GWRT”) in the amount of the Fair Fund minus a reserve for taxes and related administrative expenses. This payment is intended to compensate GWRT for losses it suffered to which the Respondents’ conduct contributed.

The payment of disgorgement, prejudgment interest, and civil penalty constitutes a qualified settlement fund (“QSF”) under section of 468B(g) of the Internal Revenue Code (IRC), 26 U.S.C. Section 468B(g), and related regulations, 26 C.F.R Sections 1.468B-1 through 1.468B-5. The Commission staff will seek the appointment of a tax administrator to establish a

reserve for taxes and related administrative expenses. After establishing and withholding the reserve, the remaining amount of the Fair Fund will be transferred to GWRT.

Accordingly, it is ORDERED that:

- A. After the receipt of funds simultaneously ordered in this proceeding, the Commission will appoint a tax administrator to establish a reserve for taxes and administrative expenses.
- B. By this action, after withholding the reserve amount, the remaining Fair Fund shall be disbursed to GWRT.

By the Commission.

Brent J. Fields
Secretary