UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 4923 / June 1, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18515

In the Matter of **CAI MANAGERS & CO., L.P.,** **Respondent.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 203(e) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") against CAI Managers & Co., L.P. ("CAI" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Summary

1. This matter involves CAI Managers & Co., L.P.'s violations of the reporting provisions of Rule 204(b)-1 under the Advisers Act. Rule 204(b)-1 requires certain investment advisers with at least $150 million in private fund assets under management to file and periodically update a report on Form PF to provide information about the private funds they manage. From 2012 through 2016, CAI was subject to the reporting requirements of Rule 204(b)-1, but failed to file or update a report on Form PF.

Respondent

2. CAI Managers & Co., L.P. is a Delaware limited partnership with its principal place of business in Brooklyn, New York. CAI has been registered with the Commission as an investment adviser since 2012. On its Form ADV dated April 5, 2017, CAI reported that it had approximately $272 million in regulatory assets under management.

Facts

3. On October 31, 2011, the Commission adopted Rule 204(b)-1under Section 204(b) of the Advisers Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act. *See* Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, Investment Advisers Act Release No. 3308 (Oct. 31, 2011) ("Form PF Adopting Release").

4. Rule 204(b)-1(a) requires an investment adviser to complete and file a report on Form PF if the investment adviser (1) is registered or required to be registered under Section 203 of the Advisers Act; (2) acts as an investment adviser to one or more private funds; and (3) as of the end of its most recently completed fiscal year, managed private fund assets of at least $150 million. Rule 204(b)-1(e) requires such advisers to file an updated report on Form PF at least annually. Most of the private fund advisers that are required to report on Form PF need only provide certain basic information regarding private funds they advise in addition to information about their private fund assets under management, their funds' performance and use of leverage. *See* Form PF Adopting Release at 20. Section 204(b)(11) of the Advisers Act requires the Commission to report annually to Congress on how the Commission has used Form PF data to monitor the markets for the protection of investors and the integrity of the markets.

5. The information collected on Form PF is important to financial regulators. Form PF primarily was designed to provide the Financial Stability Oversight Council with information important to its understanding and monitoring of systemic risk in the private fund industry. *See* Form PF Adopting Release at 15, 17. In addition, the Commission uses information collected on Form PF in its regulatory programs, including examinations, investigations and investor protection efforts relating to private fund advisers. *Id*. at 17. The Commission also publishes aggregated information and statistics derived from Form PF data to inform the public about the private fund industry.

6. CAI was registered with the Commission as an investment adviser and managed private fund assets of at least $150 million as of the end of its fiscal years 2012, 2013, 2014, 2015 and 2016.

7. As a result, CAI was required to file a report on Form PF and annual updates thereto for its fiscal years 2012, 2013, 2014, 2015 and 2016. However, CAI failed to do so.

Violations

8. As a result of the conduct described above, CAI willfully[2] violated Rule 204(b)-1 under the Advisers Act, which requires investment advisers registered or required to be registered under Section 203 of the Advisers Act that act as advisers to private funds with assets of at least $150 million to complete and file reports on Form PF and periodic updates thereto.

CAI's Remedial Efforts

9. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Sections 203(e) and 203(k) of the Advisers Act, it is hereby ORDERED that**:**

A. Respondent cease and desist from committing or causing any violations and any future violations of Rule 204(b)-1 under the Advisers Act.

B. Respondent is censured.

C. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of $75,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

[2] A willful violation of the securities laws means merely "'that the person charged with the duty knows what he is doing.'" *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "'also be aware that he is violating one of the Rules or Acts.'" *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying CAI Managers & Co., L.P.. as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Brendan P. McGlynn, Assistant Regional Director, Asset Management Unit, Philadelphia Regional Office, Securities and Exchange Commission, 1617 JFK Blvd., Suite 520, Philadelphia, PA, 19103.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Brent J. Fields
Secretary