

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 85027 / February 1, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-17899

In the Matter of

CREDIT SUISSE SECURITIES (USA)
LLC

Respondent.

CORRECTED ORDER
DIRECTING
DISBURSEMENT OF
FAIR FUND

ADMINISTRATIVE PROCEEDING
File No. 3-17900

In the Matter of

SANFORD MICHAEL KATZ

Respondent.

On April 4, 2017, the Commission instituted and simultaneously settled administrative and cease-and-desist proceedings against Credit Suisse Securities (USA) LLC (“Credit Suisse”), a dually registered broker-dealer and investment adviser, for breaches of its fiduciary duty, inadequate disclosures, and deficiencies in compliance policies and procedures.¹ Contemporaneously therewith, in a related action, the Commission instituted and settled

¹ Exchange Act Rel. No. 80373 (Apr. 4, 2017).

administrative and cease-and-desist proceedings against Sanford Michael Katz (“Katz”), a registered representative and investment adviser of Credit Suisse.²

In their respective orders, the Commission ordered Credit Suisse to pay disgorgement of \$2,099,624.12, prejudgment interest of \$380,090.37, and a civil money penalty of \$3,275,000.00 (“Credit Suisse Order”); and ordered Katz to pay disgorgement of \$1,124,858.89, prejudgment interest of \$197,587.38, and a civil money penalty of \$850,000.00 (“Katz Order”).

The Credit Suisse Order also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, for the funds received pursuant to it, as well as all funds collected from Katz, pursuant to the Katz Order (the “Fair Fund”). Credit Suisse and Katz have paid as ordered, a total of \$7,927,160.76 into the Fair Fund, comprised of \$3,224,483.01 in disgorgement, \$577,677.75 in prejudgment interest, and \$4,125,000 in civil penalty.

On July 12, 2018 the Commission published a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”)³ pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans (“Rules”).⁴ The Notice advised interested parties that they could obtain a copy of the proposed Plan of Distribution (“Plan”) from the Commission’s public website at <http://www.sec.gov/litigation/fairfundlist.htm> or by submitting a written request to Nancy Chase Burton, Esq., United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5876. The Notice also advised that all persons desiring to comment on the Plan could submit their comments, in writing, no later than thirty (30) days from the publication of the Notice. The Commission received no comments during the comment period,

² Advisers Act Rel. No. 4679 (Apr. 4, 2017).

³ Exchange Act Rel. No. 83621 (July 12, 2018).

⁴ 17 C.F.R. § 201.1103.

and on August 30, 2018, the Commission issued an Order Approving Plan of Distribution, and simultaneously posted the approved Plan.⁵

The Plan provides for the distribution of the Fair Fund to eligible investors according to the methodology set forth in the Plan, including disbursement from the disgorgement and civil penalties, but not from prejudgment interest which shall be sent to the U.S. Treasury. Pursuant to the Plan, the Fund Administrator has compiled the payee information from the investigation, reviewed it with the Division of Economic Risk and Analysis and prepared a payment file. The Fund Administrator has provided staff a payment file for 938 eligible investors totaling \$3,531,714.92 along with a reasonable assurance letter as to the completeness and accuracy of the information. The Commission staff has reviewed these materials and requests pursuant to Rule 1101(b)(6) of the Rules,⁶ that the Commission authorize the disbursement of \$3,531,714.92 from the Fair Fund to UMB Bank, N.A. for distribution by the Fund Administrator to eligible investors in accordance with the Plan.

Accordingly, it is hereby ORDERED, that pursuant to Rule 1101(b)(6) of the Rules, the Commission staff direct the disbursement \$3,531,714.92 from the Fair Fund to UMB Bank, N.A. for distribution by the Fund Administrator to eligible investors in accordance with the Plan of Distribution.

By the Commission.

Brent J. Fields
Secretary

⁵ Exchange Act Rel. No. 83999 (Aug. 30, 2018).

⁶ 17 C.F.R. § 201.1101(b)(6)