UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  

INVESTMENT ADVISERS ACT OF 1940  
Release No. 5107 / February 4, 2019  

ADMINISTRATIVE PROCEEDING  
File No. 3-18984  

In the Matter of  
Andrew B. Scherr,  
Respondent.  

ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 203(f) OF THE  
INVESTMENT ADVISERS ACT OF 1940,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS  

I.  

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act") against Andrew B. Scherr ("Respondent" or "Scherr").  

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 him and the subject matter of these proceedings and the findings contained in paragraph III.B. below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.  

III.  

On the basis of this Order and Respondent’s Offer, the Commission finds that:  

A. Between at least March 2013 and February 2014, Scherr, through another entity he owned and controlled, owned approximately 15% of Southport Lane Management, LLC ("SLM"), a now defunct private equity firm based in New York. Southport Lane Advisors, LLC ("SLA"), a
wholly owned subsidiary of SLM, was a registered investment adviser from February 2013 until March 2014. Scherr, age 50, is a resident of Livingston, New Jersey.

B. On January 11, 2019, a judgment was entered by consent against Scherr, permanently enjoining him from future violations of Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Alexander C. Burns, et al., Civil Action Number 1:18-cv-09477, in the United States District Court for the Southern District of New York.

C. The Commission’s complaint alleged the following: (i) from March 2013 to February 2014, Scherr aided and abetted a scheme to defraud SLA’s investors; (ii) Scherr’s primary role in the fraudulent scheme was to acquire assets Scherr knew were either worthless or greatly overvalued, and to transfer those assets to SLM; (iii) Scherr knew that SLM securitized the assets Scherr obtained by placing them into investment companies, which SLA then sold to its advisory clients; (iv) through the scheme SLA’s advisory clients lost money; and (v) the scheme ultimately led to at least five insurance companies having insufficient assets to pay policyholder claims, and the companies being placed into receivership.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that the Respondent Scherr be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

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

Brent J. Fields
Secretary