

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 5560 / August 13, 2020**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19912**

**In the Matter of**

**SCF INVESTMENT  
ADVISORS, INC.,**

**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 SCF Investment Advisors, Inc. (“SCF” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, SCF 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, SCF 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 SCF’s Offer, the Commission finds<sup>1</sup> that:

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<sup>1</sup> 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. These proceedings arise out of breaches of fiduciary duties by registered investment adviser SCF Investment Advisors, Inc. (“SCF”) in connection with its mutual fund share class selection practices and receipt of compensation pursuant to Rule 12b-1 under the Investment Company Act of 1940 (“12b-1 fees”) and revenue sharing agreements. First, at times since at least January 1, 2014, SCF purchased, recommended, or held for advisory clients mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes of the same funds that were available to clients. SCF’s affiliated broker, SCF Securities (“SCFS”), received 12b-1 fees in connection with these investments. Second, since at least March 1, 2017, SCF has purchased or recommended for advisory clients cash sweep money market funds for which SCFS received revenue sharing payments from its clearing broker (“the Clearing Firm”) without disclosing the receipt of this compensation to clients. SCF also selected a more expensive share classes than the lowest cost share classes for the same money market fund that were available to clients. Until recently, SCF continued these practices while providing inadequate disclosure of these conflicts of interest to its clients in its Forms ADV or otherwise. After updating its disclosure, SCF did not notify existing clients or identify the updated disclosure as a material change until March 28, 2019.

2. SCF also, by causing certain advisory clients to invest in certain mutual fund and money market fund share classes when share classes of the same funds that presented a more favorable value for these clients under the particular circumstances in place at the time the transactions were available to the clients, violated its duty to seek best execution for those transactions. SCF also failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder in connection with its mutual fund share class selection practices. As a result, SCF willfully violated Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder.

3. SCF, although eligible to do so, did not self-report to the Commission pursuant to the Division of Enforcement’s (the “Division”) Share Class Selection Disclosure Initiative (“SCSD Initiative”).<sup>2</sup>

## **Respondent**

4. Respondent SCF Investment Advisors, Inc., is incorporated in Arizona and headquartered in Fresno, California. It has approximately 140 employees and has been registered with the Commission as an investment adviser since March 15, 2010. In its Form ADV dated March 29, 2019, SCF reported that it had approximately \$1.16 billion in regulatory assets under management and 6,221 accounts. SCF provides advisory services through investment adviser representatives, most of whom are registered representatives of SCF’s affiliated broker, SCFS.

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<sup>2</sup> See Div. of Enforcement, U.S. Sec. & Exch. Comm’n, *Share Class Selection Disclosure Initiative*, <https://www.sec.gov/enforce/announcement/scsd-initiative> (last modified Feb. 12, 2018).

## **Related Party**

5. SCF Securities, Inc. (“SCFS”), an Arizona corporation based in Fresno, California, has been registered with the Commission as a broker-dealer since October 28, 1999. SCFS is a wholly-owned subsidiary of SCF Holdings, Inc., which also owns SCF. Throughout the relevant period, SCFS acted as an introducing broker-dealer for SCF’s advisory clients.

## **12b-1 Fees (Share Class Selection)**

6. Mutual funds typically offer investors different types of shares or “share classes.” Each share class represents an interest in the same portfolio of securities with the same investment objective. The primary difference among the share classes is the fee structure.

7. SCF purchased Class A shares for advisory clients in its advisory programs during the relevant period. Class A shares can be purchased by retail brokerage customers in brokerage accounts or by retail advisory clients in advisory accounts. Class A shares are sold with sales charges or sales “loads” in retail brokerage accounts based on the dollar amount of the investment, but the sales charges are waived by the fund company when purchased in fee-based advisory accounts. However, these “load-waived” Class A shares continue to charge what is known as a 12b-1 fee to cover certain costs of fund distribution and shareholder services. These recurring fees, which are included in a mutual fund’s total annual fund operating expenses and vary by share class, typically are 25 basis points for class A shares. These recurring fees are deducted from the mutual fund’s assets on an ongoing basis and paid to the fund’s distributor or principal underwriter, which generally remits the 12b-1 fees to the broker-dealer that distributed or sold the shares.

8. In addition to load-waived Class A shares or equivalent “no load” fund shares,<sup>3</sup> many mutual funds also offer share classes that do not charge 12b-1 fees (such as “Institutional Class” or “Class I” shares)<sup>4</sup> to fee-based advisory accounts. An investor who holds Class I shares of a mutual fund in an advisory account will pay lower total annual fund operating expenses over time – and thus will earn higher returns – than one who holds a share class of the same fund that charges 12b-1 fees. Therefore, if a mutual fund offers a Class I share, and an investor is eligible to own it, it is generally better for the investor to purchase or hold the Class I share.<sup>5</sup>

9. During the relevant period, SCF’s IARs advised clients to purchase or hold mutual fund share classes that charged 12b-1 fees when lower-cost share classes of those same funds were available to those clients. SCF’s affiliated broker-dealer received \$137,184.51 in 12b-1 fees that

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<sup>3</sup> Certain mutual funds known as “no load” funds, which have no front-end sales charge, may also be offered to fee-based accounts. These funds also may charge 12b-1 fees.

<sup>4</sup> Share classes that do not charge 12b-1 fees go by a variety of other names in the mutual fund industry, such as “Advisory Class,” “Class F2,” “Class Y” and “Class Z” shares. The term “Class I shares” in this Order refers generically to share classes that do not charge 12b-1 fees.

<sup>5</sup> Investors may have been better off in the higher cost share classes when the total 12b-1 fees would be less than the brokerages transaction fees clients may have incurred when purchasing Class I shares.

they would not have collected had SCF's advisory clients been invested in the available lower-cost share classes.

### **Money Market Sweep Funds (Revenue Sharing and Share Class Selection)**

10. At the time clients established their advisory relationship with SCF, the client opened a brokerage account at the Clearing Firm that held the client's investments and cash balances. At that time, the clients were also required to select a cash sweep vehicle into which their uninvested cash would be invested.

11. A sweep account is a money market mutual fund or bank account used by brokerages to hold cash (e.g., incoming cash deposits, dividends, or certain investment returns) until the investor or its adviser decides how to invest the money. A money market fund is a type of mutual fund registered under the Investment Company Act and regulated pursuant to Rule 2a-7 under that Act. Money market funds generally invest in short term, highly liquid securities with limited credit risk. As a result, money market mutual funds can be used as cash sweep accounts. As with other mutual funds, money market sweep funds may offer investors different share classes. Each share class represents an interest in the same portfolio of securities with the same investment objective. The primary difference among the share classes is the fee structure.

12. The Clearing Firm offered SCFS a revenue sharing arrangement based on customer assets invested in two of the three available share classes of a single money market fund ("Capital Reserves" and "Daily Money"). The fund's third share class ("Retail") was also available to SCFS customers, but the Clearing Firm did not pay SCFS any revenue sharing for client assets invested in the Retail class.

13. The three cash sweep money market fund share classes had three different annual expenses (1) Capital Reserves had annual expense of 0.95%, (2) Daily Money had annual expenses of 0.70%, and (3) Retail had annual expenses of 0.42%. Thus, Capital Reserve was the most expensive available share class, followed by Daily Money, and then Retail. The more expensive the share class, the lower the returns for investors. SCF selected Capital Reserves as a default selection on the Clearing Firm's customer agreement.

14. Starting in 2011, SCFS's agreement with its Clearing Firm provided for the Clearing Broker to share with SCFS a portion of the revenue the Clearing Firm earned (if any) on certain money market fund investments. SCFS started receiving revenue sharing payments pursuant to that provision in March 2017.

15. In particular, pursuant to its agreement with the Clearing Firm, SCFS received differing amounts of revenue sharing depending on (1) the money market fund share class SCF selected for its clients, and (2) the value of SCF client assets invested in the particular share class. First, as set forth in the chart below, SCFS received more revenue sharing when SCF invested clients in Capital Reserves than when it invested clients in Daily Money. SCFS received no revenue sharing when SCF invested clients in Retail. Second, the Clearing Firm paid a higher rate of revenue sharing as the clients' average fund balance in the particular money market fund share

class increased. For example, the Clearing Broker paid SCFS 0.25% if there was \$1-\$5 million of assets in the Capital Reserves share class, but that amount increased to 0.35% if there was \$5-\$50 million in aggregate balance, up to 0.50% if the average aggregate balance exceeded \$100 million. Thus, SCF had an incentive to keep more client assets in the cash sweep program and to select the Capital Reserves share class for clients, which provided clients the lowest net performance.

	Money Market Fund Share Classes		
	Retail	Daily Money	Capital Reserves
<b>Total Fund Expenses</b>	0.42%	0.70%	0.95%
<b>Revenue Shared with SCFS</b>	None	0.10% to 0.25%	0.25% to 0.50%
<b>Fund Performance Net of Expenses</b>			
<b>2017</b>	+0.51%	+0.24%	+0.09%
<b>2018</b>	+1.47%	+1.19%	+0.94%
<b>2019</b>	+1.84%	+1.56%	+1.31%

16. In fact, SCF selects the Capital Reserves share class as the default share class for clients to use as a cash sweep vehicle. As a result, during the relevant period, SCFS received \$407,261.83 in cash sweep revenue sharing.

### **Disclosure Failures**

17. As an investment adviser, SCF was obligated to disclose all material facts to its advisory clients, including any conflicts of interest between itself and/or its associated persons and its clients that could affect the advisory relationship and how those conflicts could affect the advice SCF provided its clients. To meet this fiduciary obligation, SCF was required to provide its advisory clients with full and fair disclosure that is sufficiently specific so that they could understand the conflicts of interest concerning SCF's advice about investing in different classes of mutual funds and could have an informed basis on which they could consent to or reject the conflicts. SCF failed to provide any disclosure regarding the conflicts of interest that arose when it invested advisory clients in a mutual fund or a mutual fund share class that would generate 12b-1 fee revenue for its affiliate, or a cash sweep money market fund share class that paid revenue sharing to its affiliate, SCFS. After updating its ADV to provide some disclosure regarding these practices and conflicts, SCF did not notify existing clients or identify the updated disclosure as a material change until March 28, 2019.

18. In October 2018, SCF completed the process of converting client investments in mutual funds to available lower-cost share classes of the same fund.

### **Best Execution Failures**

19. An investment adviser's fiduciary duty includes, among other things, an obligation to seek best execution for client transactions.<sup>6</sup>

20. During the relevant periods, SCF caused certain advisory clients to invest in fund share classes that paid 12b-1 fees and/or money market sweep revenue when share classes of the same funds were available to the clients that presented a more favorable value under the particular circumstances at the time of the transactions. As a result, SCF violated its duty to seek best execution for those transactions.

### **Compliance Deficiencies**

21. During the relevant periods, SCF failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder in connection with disclosure of conflicts of interest presented by its mutual fund share and money market fund share selection practices and receipt of revenue sharing payments, or making recommendations of mutual fund share or money market fund share classes that were in the best interest of its advisory clients.

### **Violations**

22. As a result of the conduct described above, SCF willfully<sup>7</sup> violated Section 206(2) of the Advisers Act, which makes it unlawful for any investment adviser, directly or indirectly, to “engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client.” Scienter is not required to establish a violation of Section 206(2), but rather a violation may rest on a finding of negligence. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (citing *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 194-95 (1963)).

23. As a result of the conduct described above, SCF willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require a registered investment adviser to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder.

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<sup>6</sup> See, e.g., Interpretive Release Concerning the Scope of Section 28(e) of the Securities Exchange Act of 1934 and Related Matters, Exchange Act Rel. No. 23170 (Apr. 28, 1986).

<sup>7</sup> “Willfully,” for purposes of imposing relief under Section 203(e) of the Advisers Act, “means no more than 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.” *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term “willfully” for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has “willfully omit[ed]” material information from a required disclosure in violation of Section 207 of the Advisers Act).

## Undertakings

24. SCF has undertaken to:
- a. Within 30 days of the entry of this Order, review and correct as necessary all relevant disclosure documents concerning mutual fund share class selection, money market fund share class selection, 12b-1 fees, and revenue sharing.
  - b. Within 30 days of the entry of this Order, evaluate whether existing clients should be moved to a lower-cost or lower-revenue-sharing-paying class and move clients as necessary.
  - c. Within 30 days of the entry of this Order, evaluate, update (if necessary), and review for the effectiveness of their implementation, SCF's policies and procedures so that they are reasonably designed to prevent violations of the Advisers Act in connection with disclosures regarding mutual fund and money market fund share class selection and revenue sharing.
  - d. Within 30 days of the entry of this Order, SCF shall notify affected investors (*i.e.*, those former and current clients who, during the relevant periods of inadequate, or lack of, disclosure, purchased or held 12b-1 fee paying share class mutual funds or higher paying revenue sharing money market sweep funds, when a lower-cost share class of the same fund was available to the client) (hereinafter, "affected investors")) of the settlement terms of this Order by sending a copy of this Order to each affected investor via mail, email, or such other method not unacceptable to the Commission staff, together with a cover letter in a form not unacceptable to the Commission staff.
  - e. Within 40 days of the entry of this Order, certify, in writing, compliance with the undertaking(s) set forth above. The certification shall identify the undertaking(s), provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The certification and supporting material shall be submitted to Jeremy Pendrey, Assistant Regional Director, Asset Management Unit, San Francisco Regional Office, Securities and Exchange Commission, 44 Montgomery Street, Suite 2800, San Francisco, California 94104, or such other address as the Commission staff may provide, with a copy to the Office of Chief Counsel of the Division of Enforcement, Securities and Exchange Commission, 100 F. Street, NE, Washington, DC 20549.
  - f. For good cause shown, the Commission staff may extend any of the procedural dates relating to these undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

#### IV.

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

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

A. SCF cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder.

B. SCF is censured.

C. SCF shall pay disgorgement and prejudgment interest, and a civil monetary penalty totaling \$767,192.97 as follows:

(i) SCF shall pay disgorgement of \$544,446.34 and prejudgment interest of \$22,746.63, consistent with the provisions of this Subsection C.

(ii) SCF shall pay a civil monetary penalty in the amount of \$200,000 consistent with the provisions of this Subsection C.

(iii) Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the penalties, disgorgement, and prejudgment interest described above for distribution to affected shareholders accounts. 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, SCF agrees that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of SCF's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, SCF agrees that they 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 SCF 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.

(iv) SCF's payment of the Fair Fund shall be made in the following installments: \$191,798.24 within ten (10) days of the entry of this Order; \$191,798.24 within 90 days of the entry of this Order; \$191,798.24 within 180 days of the entry of this Order, and \$191,798.24 within 270 days of the entry of this

Order. SCF shall deposit these installments into an escrow account at a financial institution not unacceptable to the Commission staff and SCF shall provide evidence of such deposit in a form acceptable to the Commission staff. If timely payment into the escrow account is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 - 17 C.F.R. § 201.600. Payments shall be applied first to post order interest, which accrues pursuant to SEC Rule of Practice 600. Prior to making the final two installments set forth herein, SCF shall contact the staff of the Commission for the amount due. If SCF fails to make any payment by the date and/or in the amount according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable to the Commission immediately at the discretion of the staff of the Commission without further application to the Commission.

(v) SCF shall be responsible for administering the Fair Fund and may hire a professional not unacceptable to the staff of the Commission, at its own cost, to assist it in the administration of the distribution. The costs and expenses of administering the Fair Fund, including any such professional services, shall be borne by SCF and shall not be paid out of the Fair Fund.

(vi) SCF shall cause its affiliated broker, SCFS, to distribute the amount of the Fair Fund to each affected investor an amount representing: (a) the 12b-1 fees and/or revenue sharing attributable to each affected investor during the relevant period; and (b) reasonable interest paid on such fees, pursuant to a disbursement calculation (the "Calculation") that will be submitted to, reviewed, and approved by the Commission staff in accordance with this Subsection C. The Calculation shall be subject to a *de minimis* threshold. No portion of the Fair Fund shall be paid to any affected investor account in which SCF or its past or present officers or directors have a financial interest.

(vii) SCF shall, within ninety (90) days of the entry of this Order, submit a proposed disbursement calculation (the "Calculation") to the Commission staff for review and approval. At or around the time of submission of the proposed Distribution Calculation to the staff, SCF shall make themselves available, and shall require any third-parties or professionals retained by SCF to assist in formulating the methodology for its Calculation and/or administration of the Distribution to be available, for a conference call with the Commission staff to explain the methodology used in preparing the proposed Calculation and its implementation, and to provide the staff with an opportunity to ask questions. SCF shall also provide to the Commission staff such additional information and supporting documentation as the Commission staff may request for the purpose of its review. In the event of one or more objections by the Commission staff to SCF's proposed Calculation or any of its information or supporting documentation, SCF shall submit a revised Calculation for the review and approval of the Commission staff or additional information or supporting documentation within ten (10) days of the date

that SCF is notified of the objection. The revised Calculation shall be subject to all of the provisions of this Subsection C.

(viii) SCF shall, within thirty (30) days of the written approval of the Calculation by the Commission staff, submit a payment file (the "Payment File") for review and acceptance by the Commission staff demonstrating the application of the methodology to each affected investor. The Payment File should identify, at a minimum: (1) the name of each affected investor, (2) the exact amount of the payment to be made from the Fair Fund to each affected investor, (3) the application of a *de minimis* threshold; and (4) the amount of reasonable interest paid.

(ix) SCF shall complete the disbursement of all amounts payable to affected shareholder accounts within 90 days of the date that the Commission staff accepts the Payment File, unless such time period is extended as provided in Paragraph (xiii) of this Subsection C. SCF shall notify the Commission staff of the date and the amount paid in the initial distribution.

(x) If SCF is unable to distribute or return any portion of the Fair Fund for any reason, including an inability to locate an affected investor or a beneficial owner of an affected investor or any factors beyond SCF's control, SCF shall transfer any such undistributed funds to the Commission for transmittal to the United States Treasury in accordance with Section 21F(g)(3) of the Securities Exchange Act of 1934 when the distribution of the funds is complete and before the final accounting provided for in Paragraph (xii) below is submitted to the Commission staff.

Payment must be made in one of the following ways:

1. SCF may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
2. SCF 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. SCF 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 SCF Investment Advisors, Inc. as the 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 Jeremy Pendrey, Assistant Regional Director, Asset Management Unit, San Francisco Regional Office, Securities and Exchange Commission, 44 Montgomery Street, Suite 2800, San Francisco, California 94104.

(xi) A Fair Fund is a Qualified Settlement Fund (“QSF”) under Section 468B(g) of the Internal Revenue Code (“IRC”), 26 U.S.C. §§ 1.468B.1-1.468B.5. SCF shall be responsible for any and all tax compliance responsibilities associated with the Fair Fund, including but not limited to tax obligations resulting from the Fair Fund’s status as a QSF and the Foreign Account Tax Compliance Act (FATCA), and may retain any professional services necessary. The costs and expenses of tax compliance, including any such professional services shall be borne by SCF and shall not be paid out of the Fair Fund.

(xii) Within 150 days after SCF completes the disbursement of all amounts payable to affected investors, SCF shall return all undisbursed funds to the Commission pursuant to the instructions set forth in this Subsection C. The SCF shall then submit to the Commission staff a final accounting and certification of the disposition of the Fair Fund for Commission approval, which final accounting and certification shall include, but not be limited to: (1) the amount paid to each affected investor, with reasonable interest; (2) the date of each payment; (3) the check number or other identifier of money transferred or credited to each affected investor; (4) the amount of any returned payment and the date received; (5) a description of any effort to locate an affected investor whose payment was returned or to whom payment was not made for any reason; (6) the total amount, if any, to be forwarded to the Commission for transfer to the United States Treasury; and (7) an affirmation that SCF has made payments from the Fair Fund to affected investors in accordance with the Payment File approved by the Commission staff. SCF shall submit the final accounting and certification, together with proof and supporting documentation of such payment in a form acceptable to Commission staff, under a cover letter that identifies SCF Investment Advisors, Inc. as the SCF in these proceedings and the file number of these proceedings to Jeremy Pendrey, Assistant Regional Director, Asset Management Unit, San Francisco Regional Office, Securities and Exchange Commission, 44 Montgomery Street, Suite 2800, San Francisco, California 94104, or such other address as the Commission staff may provide. Any and all supporting documentation for the accounting and certification shall be provided to the Commission staff upon request, and SCF shall cooperate with any additional requests by the Commission staff in connection with the accounting and certification.

(xiii) The Commission staff may extend any of the procedural dates set forth in this Subsection C for good cause shown. Deadlines for dates relating to the Fair

Fund shall be counted in calendar days, except if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

D. SCF shall comply with the undertakings enumerated in Section III, paragraphs 24.a through 24.e above.

By the Commission.

Vanessa A. Countryman  
Secretary