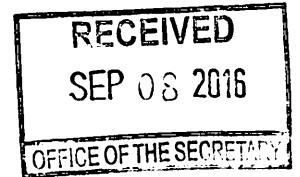


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



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In the Matter of :
:
DONALD F. ("JAY") LATHEN, JR. :
EDEN ARC CAPITAL MANAGEMENT, : Administrative Proceeding
LLC, AND EDEN ARC CAPITAL : File No. 3-17387
ADVISORS, LLC, :
:
Respondents. :
:
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ANSWER AND AFFIRMATIVE DEFENSES OF RESPONDENTS
DONALD F. ("JAY") LATHEN, JR., EDEN ARC CAPITAL
MANAGEMENT, LLC AND EDEN ARC CAPITAL ADVISORS, LLC

Respondents Donald F. ("Jay") Lathen, Eden Arc Capital Management, LLC and Eden Arc Capital Advisors, LLC (collectively the "Eden Arc Individuals"), by and through their undersigned counsel, submit the following answer and affirmative defenses in response to the Order Instituting Administrative and Cease-and-Desist Proceedings (the "Order Instituting Proceedings") in the referenced matter as follows¹:

1. Aver that Paragraph 1 contains legal conclusions for which no response is required. To the extent a response is required, the Eden Arc Individuals deny the allegations in Paragraph 1.
2. Aver that Paragraph 2 contains legal conclusions for which no response is required. To the extent a response is required, the Eden Arc Individuals deny the allegations in Paragraph 2.

¹ Unless noted otherwise, all answers to the Order Instituting Proceedings and all affirmative defenses set forth herein are made on behalf of all of the Eden Arc Individuals, individually and collectively.

3. Mr. Lathen denies that he is 48 years old. Mr. Lathen admits the remaining allegations in Paragraph 3.

4. Eden Arc Capital Management, LLC (“EACM”) denies that it receives management fees from Eden Arc Capital Partners, LP (“the Fund”) “with different investors paying different fees” in the range specified in Paragraph 4. EACM admits the remaining allegations in Paragraph 4.

5. Eden Arc Capital Advisors, LLC (“EACA”) denies that it receives incentive fees from the Fund “with different investors paying different fees” in the range specified in Paragraph 5. EACA admits the remaining allegations in Paragraph 5.

6. Eden Arc Capital Partner, LP (“EACP”) admits that it is a Delaware limited partnership with its principal place of business in New York, NY and that it is a pooled investment vehicle started by Mr. Lathen in 2011. The Eden Arc Individuals deny having knowledge or information sufficient to admit or deny the remaining allegations in Paragraph 6.

7. Admit the allegations in the third sentence of Paragraph 7. Deny having knowledge or information sufficient to admit or deny the remaining allegations in Paragraph 7.

8. Admit.

9. Admit that the Fund’s March 2011 Private Placement Memorandum lists EACA as the general partner. Deny having knowledge or information sufficient to admit or deny the remaining allegations in Paragraph 9.

10. Admit.

11. Deny.

12. Deny.

13. Deny.

14. Admit that the Fund opened on or around April 19, 2011. Deny the remaining allegations in Paragraph 14.

15. Admit.

16. Admit.

17. Admit.

18. Deny.

19. Deny the allegations in the first sentence in Paragraph 19. Admit the allegations in the second sentence of Paragraph 19.

20. Admit that Mr. Lathen required the Participants or their agents to sign a Participant Agreement. Admit that the OIP quotes correctly from one such Participant Agreement but deny that the quotation contained in Paragraph 20 applies to all Participant Agreements.

21. Admit that Mr. Lathen required the Participants or their agents to sign a Limited Power of Attorney form. Admit that the OIP quotes correctly from one such Limited Power of Attorney form but deny that the quotation contained in Paragraph 21 applies to all Limited Power of Attorney forms.

22. Admit.

23. Deny.

24. Deny.

25. Deny.

26. Deny.

27. Admit.

28. Admit.

29. Deny.

30. Aver that Paragraph 30 asserts legal conclusions for which no response is required. To the extent a response is required, the Eden Arc Individuals deny the allegations in Paragraph 30.

31. Deny.

32. Deny.

33. Deny.

34. Deny.

35. Admit.

36. Deny.

37. Admit the allegations in the first sentence of Paragraph 37. Deny the allegations in the second sentence of Paragraph 37. Deny having knowledge or information sufficient to admit or deny the allegations in the third sentence of Paragraph 37.

38. Aver that Paragraph 38 asserts legal conclusions for which no response is required. To the extent that a response is required, the Eden Arc Individuals deny the allegations in Paragraph 38.

39. Aver that Paragraph 39 asserts legal conclusions for which no response is required. To the extent that a response is required, the Eden Arc Individuals deny the allegations in Paragraph 39.

40. Aver that Paragraph 40 asserts legal conclusions for which no response is required. To the extent that a response is required, the Eden Arc Individuals deny the allegations in Paragraph 40.

41. Deny.

42. Deny.

43. Deny.

44. Deny.

45. Deny.

46. Admit.

47. Deny.

48. Deny.

49. Deny.

50. Deny.

51. Admit.

52. Admit that Participants do not pay taxes on the gains in the joint accounts. Deny the remainder of the allegations in Paragraph 52.

53. Admit.

54. Deny.

55. Deny.

56. Deny.

57. Admit.

58. The Eden Arc Individuals deny having knowledge or information sufficient to admit or deny the allegations in Paragraph 58.

59. Deny.

60. Deny.

61. The Eden Arc Individuals deny having knowledge or information sufficient to admit or deny the allegations in Paragraph 61.

62. The Eden Arc Individuals deny having knowledge or information sufficient to admit or deny the allegations in Paragraph 62.

63. The Eden Arc Individuals deny having knowledge or information sufficient to admit or deny the allegations in Paragraph 63.

64. Deny.

65. Admit.

66. Deny.

67. Deny.

68. Admit the allegations in the first sentence of Paragraph 68. Deny having knowledge or information sufficient to admit or deny the allegations in the second and third sentences of Paragraph 68.

69. Deny.

70. Deny.

71. Aver that Paragraph 71 asserts legal conclusions for which no response is required. To the extent a response is required, the Eden Arc Individuals deny the allegations in Paragraph 71.

72. Aver that Paragraph 72 asserts legal conclusions for which no response is required. To the extent a response is required, the Eden Arc Individuals deny the allegations in Paragraph 72.

73. Aver that Paragraph 73 asserts legal conclusions for which no response is required. To the extent a response is required, the Eden Arc Individuals deny the allegations in Paragraph 73.

ADDITIONAL DENIALS

The Eden Arc Individuals, individually and collectively, deny each and every allegation contained in the Order Instituting Proceedings not specifically responded to above.

AFFIRMATIVE DEFENSES

1. The Order Instituting Proceedings fails to state a cause of action upon which relief can be granted.

2. The claims alleged in the Order Instituting Proceedings are barred by the applicable statute of limitations.

3. The claims alleged in the Order Instituting Proceedings are barred by the doctrine of laches.

4. The Order Instituting Proceedings fails to plead fraud with the requisite level of particularity.

5. The Order Instituting Proceedings fails to plead materiality with the requisite level of particularity.

6. The claims alleged in the Order Instituting Proceedings are barred, in whole or in part, because this proceeding violates the Eden Arc Individual's right to trial in a case seeking penalties.

7. The claims alleged in the Order Instituting Proceedings are barred to the extent that the claimed injuries and damages were not proximately caused by the Eden Arc Individuals' acts or omissions.

8. The claims alleged in the Order Instituting Proceedings are barred to the extent that the conduct alleged therein did not result in any cognizable injury.

9. The claims alleged in the Order Instituting Proceedings are barred to the extent that the Eden Arc Individuals acted in good faith at all times.

10. The statutory and regulatory provisions providing for the position and tenure of SEC Administrative Law Judges are unconstitutional.

11. The Eden Arc Individuals, individually and collectively, reserve the right to assert any and all further and additional defenses that may become available or that be revealed herein as discovery proceeds herein.

Dated: New York, NY
September 6, 2016

Respectfully submitted,

CLAYMAN & ROSENBERG LLP

/s/

By: _____

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Counsel for Respondents Donald F. Lathen, Jr.,

Eden Arc Capital Management, LLC and

Eden Arc Capital Advisors, LLC

CERTIFICATE OF SERVICE

The undersigned attorney hereby certifies that on September 6, 2016 I caused a true and correct copy of the attached ANSWER AND AFFIRMATIVE DEFENSES OF RESPONDENTS DONALD F. ("JAY") LATHEN, JR., EDEN ARC CAPITAL MANAGEMENT, LLC, AND EDEN ARC CAPITAL ADVISORS, LLC, dated September 6, 2016, to be served upon the parties listed below via electronic mail and UPS Overnight Mail:

Honorable James E. Grimes
Administrative Law Judge
U.S. Securities and Exchange Commission
100 F. Street, N.E.
Washington, DC 20549-2557

Brent Fields, Secretary
Office of the Secretary
U.S. Securities and Exchange Commission
100 F. Street, N.E.
Washington, DC 20549-2557

Janna Berke, Esq.
U.S. Securities and Exchange Commission
New York Regional Office
Brookfield Place
200 Vesey Street, Suite 400
New York, NY 10281-1022

/s/

Harlan Protass