

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 85684 / April 18, 2019

ADMINISTRATIVE PROCEEDING

File No. 3-18909

In the Matter of	:	
	:	
	:	
Fifth Street Management, LLC	:	ORDER APPOINTING FUND
	:	ADMINISTRATOR AND SETTING
	:	ADMINISTRATOR BOND AMOUNT
Respondent.	:	
	:	

On December 3, 2018, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 and Section 9(f) of the Investment Company Act of 1940 Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”)¹ against Fifth Street Management, LLC (the “Respondent”). In the Order, the Commission found that in 2013 and 2014, the Respondent made improper allocations to its former business development company (“BDC”) clients and failed in the valuation of two portfolio company investment held by one of the BDCs. Further, the Respondent did not implement written policies and procedures reasonably designed to prevent violations of the Advisers Act concerning expense allocation until July 2016, did not implement them for the quality control review of its BDC clients’ quarterly valuation models, and did not have adequate policies and procedures concerning the prevention of the use of material, nonpublic information. The Commission ordered the Respondent to pay disgorgement of \$1,999,115.86, prejudgment interest of \$334,545.65, and a civil money penalty of \$1,650,000.00 to the Commission. In the Order, the Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty, along with the disgorgement and prejudgment interest, collected can be distributed to those harmed by the Respondent’s conduct described in the Order (the “Fair Fund”). The Respondent has paid in full, and the Fair Fund holds \$3,983,661.51 plus accrued interest.

The Division of Enforcement now seeks the appointment of Epiq Class Action & Claims Solutions, Inc. (“Epiq”) as the fund administrator in the above-captioned proceeding and requests that the administrator’s bond be set at \$3,983,661.51, as required by Rules 1105(a) and 1105(c)

¹ Securities Act Rel. No. 10581 (Dec. 3, 2018).

of the Commission's Rules on Fair Fund and Disgorgement Plans ("Rules").² Epiq is included in the Commission's approved pool of administrators.

Accordingly, it is hereby ORDERED, that Epiq is appointed as the fund administrator of the Fair Fund, pursuant to Rule 1105(a) of the Rules, 17 C.F.R. § 201.1105(a), and the administrator shall obtain a bond in the amount of \$3,983,661.51, in accordance with Rule 1105(c) of the Rules, 17 C.F.R. § 201.1105(c).

For the Commission, by the Division of Enforcement, pursuant to delegated authority.³

Vanessa A. Countryman
Acting Secretary

² 17 C.F.R. §§ 201.1105(a) and 201.1105(c).

³ 17 C.F.R. § 200.30-4(a)(17).