

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
RELEASE NO. 58225 / July 25, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-12720

In the Matter of

**GENERAL AMERICAN LIFE
INSURANCE COMPANY, INC.
AND WILLIAM C. THATER,**

Respondents.

**ORDER APPROVING DISTRIBUTION
PLAN, APPOINTING A PLAN
ADMINISTRATOR, AND WAIVING BOND**

On August 9, 2007, General American Life Insurance Company (“General American”) and William C. Thater (“Thater”) consented to the entry of an Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and Imposing a Cease-and-Desist Order pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21C of the Securities Exchange Act of 1934, and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (the “Order”). In the Matter of General American Life Insurance Company, et al., Administrative Proceeding File No. 3-12720, Release No. 33-8832 (Aug. 9, 2007). The Order found that from January through November 2002, Thater permitted, and General American failed to prevent, late trading of underlying mutual funds that were offered through General American’s private placement variable universal life insurance (“PPVUL”) policies by a New York family. As a result of that conduct, the Order found that General American willfully violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 and caused and willfully aided and abetted violations of Rule 22c-1 of the Investment Company Act of 1940. The Order also found that Thater willfully violated Sections 17(a)(1) and 17(a)(3) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and caused and willfully aided and abetted violations of Rule 22c-1 of the Investment Company Act of 1940. General American and Thater consented to the entry of the Order without admitting or denying the Order’s findings.

As required by the Order, General American paid to the Securities and Exchange Commission (the “Commission”) disgorgement in the amount of \$1 and a civil money penalty in the amount of \$3.3 million, for a total payment of \$3,300,001. As also required by the Order, Thater paid to the Commission disgorgement in the amount of \$100,000, prejudgment interest in the amount of \$13,137.49, and a civil money penalty in the amount of \$50,000, for a total payment of \$163,137.49. Those payments were placed into a Fair Fund, created by the Order pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002 (the “Distribution Fund”), for the

ultimate benefit of the mutual funds affected by the late trading described in the Order (the “Affected Mutual Funds”).

Pursuant to the Order, General American undertook to develop a Distribution Plan for the Distribution Fund in consultation with the advisors of the Affected Mutual Funds and subject to the approval of the Commission. In accordance with the Order, the Distribution Plan proposes that the payments from the settlement be distributed to the mutual funds affected by the late trading activity and that General American serve as the Plan Administrator. In accordance with the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. §201.1101, the Distribution Plan sets forth, among other things, the appointment of General American as the Plan Administrator, procedures for the distribution of the proceeds to the Affected Mutual Funds, procedures for notifying the Affected Mutual Funds of the distribution, and provisions for filing tax returns.

The Commission’s Division of Enforcement submitted General American’s proposed Distribution Plan to the Commission. On May 23, 2008, the Commission published the Distribution Plan and issued a Notice of Proposed Distribution Plan and Opportunity for Comment (Rel. No. 34-57863) pursuant to Fair Fund Rule 1103, 17 C.F.R. §201.1103. The Notice advised parties they could obtain a copy of the Distribution Plan at www.sec.gov. The Notice also advised that all persons desiring to comment on the Plan could submit their comments, in writing, no later than June 23, 2008. No comments were received by the Commission in response to the Notice and no significant modification has been made to the Distribution Plan since its publication.¹

General American, as the Plan Administrator, has not posted the bond generally required under Fair Fund Rule 1105(c). Rather, the Plan incorporates several layers of protection for the Distribution Fund. Among other things, under the Plan: (1) the Plan Administrator will not have custody of the Distribution Fund; (2) assets of the Distribution Fund will be held by the U.S. Treasury Bureau of Public Debt at all times; and (3) the distribution will be processed by the Office of Financial Management via the Financial Management Service, United States Department of Treasury.

The Commission has determined that the Distribution Plan will be approved. The Commission has further determined that, for good cause shown, the bond required under Fair Fund Rule 1105(c) will be waived. Fair Fund Rule 1105(c) provides that “[t]he Commission may waive posting of a bond for good cause shown.” 17 C.F.R. §201.1105(c). The risk protection provisions of the Distribution Plan, included in ¶¶ 3, 4, 11 and 19, constitute good cause for waiving the posting of the bond under Rule 1105(c).

¹ Minor typographical and administrative changes have been made to the proposed Distribution Plan for clarity and accuracy.

Accordingly, IT IS ORDERED THAT:

- A. Pursuant to Rule 1104 of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. §201.1104, the Distribution Plan, as modified, is approved;
- B. Pursuant to Rule 1105(a) of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. §201.1105(a), General American is appointed as the Plan Administrator; and
- C. The bond requirement of Rule 1105(c) of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. §201.1105(c), is waived for good cause shown.

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

Florence E. Harmon
Acting Secretary