

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3479 / September 27, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15054

In the Matter of

EVAN ANDREW ZAREFSKY

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 Evan Andrew Zarefsky (“Zarefsky” or “Respondent”).

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, Respondent consents to the Commission’s jurisdiction over him and the subject matter of these proceedings and 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:

1. Zarefsky, since April 2000, has been employed by Rubin/Chambers Dunhill Insurance Services, Inc., dba CDR Financial Products, Inc. (“CDR”), a registered investment adviser with the Commission from 2001 until February 14, 2011. CDR marketed financial products and services, including services as a bidding agent to various municipalities throughout

the United States. More specifically, public entities hired CDR, among other things, to act as their agent for the purpose of conducting what was supposed to be a competitive bidding process for contracts for the investment of the proceeds from the sales of municipal bonds. Zarefsky worked for CDR most recently in the firm's principal place of business, Los Angeles, California. Zarefsky, age 38, is a resident of Redondo Beach, California.

2. On January 9, 2012, Zarefsky pled guilty to two counts of conspiracy in violation of 15 U.S.C. § 1 and 18 U.S.C. § 371, respectively, and to one count of wire fraud and honest services fraud in violation of 18 U.S.C. §§ 1343 and 1346 before the United States District Court for the Southern District of New York, in United States v. Rubin/Chambers, Dunhill Insurance Services, Inc., et al., Criminal No. 09-cr-1058 (VM). Zarefsky's sentencing is currently scheduled for December 14, 2012.

3. The superseding indictment to which Zarefsky pled guilty charged, among other things, that Zarefsky engaged in fraudulent misconduct in connection with the competitive bidding process for the selection of the firms to provide instruments in which municipal issuers, in accordance with federal tax laws and regulations, temporarily invested the proceeds of tax-exempt municipal bonds. More specifically, the superseding indictment charged that, from at least as early as 1998 until at least November 2006, Zarefsky and his co-conspirators conspired to allocate and rig bids for investment agreements or other municipal finance contracts, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. According to the superseding indictment, Zarefsky and his co-conspirators, among other things, discussed and agreed on the prices or price levels that co-conspirator providers would bid for certain investment agreements or other municipal finance contracts. The superseding indictment further charged that, from at least as early as August 2001 until at least November 2006, Zarefsky, in violation of 18 U.S.C. § 371, conspired to defraud the United States and an agency thereof, the Internal Revenue Service of the United States Department of Treasury ("IRS"), by impeding, impairing, obstructing, and defeating the lawful government functions of the IRS in the ascertainment, computation, assessment, and collection of revenue due and owing from municipal issuers and in the exercise of its responsibilities to monitor compliance with Treasury regulations related to tax-exempt municipal bonds. In addition, the superseding indictment charged that Zarefsky and other persons known and unknown devised a scheme and artifice to defraud municipal issuers and to obtain money and property from these municipal issuers by means of false and fraudulent pretenses, representations, and promises, namely a scheme to deceive municipal issuers by manipulating the bidding process for multiple investment agreements, and further to deprive municipal issuers of the intangible right to the honest and faithful services of CDR, Zarefsky, and others through kickbacks and the concealment of material information, and for the purposes of executing such scheme and artifice, in violation of 18 U.S.C. §§ 1343 and 1346, caused to be transmitted on or about June 30, 2005, via interstate wire transfer from New York, New York to Minneapolis, Minnesota, an interest payment of approximately \$264,977.20 to a state housing corporation, which payment was artificially suppressed because at the time that the marketer for the winning provider determined the price of the winning bid, Zarefsky gave the marketer information about the bids submitted by other providers on the basis of which the marketer lowered the rates that he was otherwise prepared to submit.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent Zarefsky 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.

By the Commission.

Elizabeth M. Murphy
Secretary