

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 59085 / December 11, 2008**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12947**

**IN THE MATTER OF RITCHIE  
CAPITAL MANAGEMENT LLC,  
RITCHIE MULTI-STRATEGY  
GLOBAL TRADING LTD., A.R.  
THANE RITCHIE AND WARREN  
LOUIS DEMAIO**  
**Respondents.**

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

On February 5, 2008, the Respondents 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, Section 21C of the Securities Exchange Act of 1934, Sections 203(e) and 203(f) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Order”). In the Matter of Ritchie Capital Management LLC, et al., Securities Act Rel. No. 8890, Admin. File No. 3-12947 (Feb. 5, 2008). The Order found that from at least January 2001 through September 2003, Ritchie Capital Management LLC (“Ritchie Capital”) engaged in an illegal late trading scheme resulting in a benefit of approximately \$30 million to Ritchie Multi-Strategy Global Trading, Ltd. (“RMS Fund”). Specifically, Ritchie Capital placed thousands of late trades in mutual fund shares and used post-4:00 p.m (ET) news and market information to make its mutual fund trading decisions while receiving the same day’s net asset value (“NAV”) for the mutual funds traded. Thane Ritchie approved the use of late trading by Ritchie Capital’s mutual fund group, reviewed the performance of the group, and occasionally suggested mutual fund late trades. Warren Lewis DeMaio (“DeMaio”) supervised mutual fund trading at Ritchie Capital and was involved in the development of various mutual fund trading strategies, including late trading. As a result of that conduct, the Order found that the Respondents willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and also willfully aided and abetted and caused violations of Rule 22c-1 of the Investment Company Act. The Respondents consented to the entry of the Order without admitting or denying the Order’s findings.

As required by the Order, Ritchie Capital and RMS Fund paid to the Securities and Exchange Commission (the “Commission”) disgorgement, jointly and severally, in the amount of \$30 million and prejudgment interest, jointly and severally, of \$7,441,966.82. As also required by the Order, Ritchie Capital and Thane Ritchie paid a civil money penalty, jointly and severally, of \$2,500,000, DeMaio paid a civil money penalty of \$250,000, and both Thane Ritchie and DeMaio each paid disgorgement in the amount of \$1.00, for a total payment of \$40,191,968.82

("Settlement Amount"). 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, Ritchie Capital undertook to develop a Distribution Plan for the Distribution Fund in consultation with the advisers 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 Bart M. Schwartz serve as the Plan Administrator. In accordance with the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. §201.1101, et seq., the Distribution Plan sets forth, among other things, the appointment of Mr. Schwartz 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 Ritchie Capital's proposed Distribution Plan to the Commission. On July 30, 2008, the Commission published the Distribution Plan and issued a Notice of Proposed Distribution Plan and Opportunity for Comment (Rel. No. 34-58260) 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](http://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 August 29, 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.<sup>1</sup>

Mr. Schwartz, as the Plan Administrator, does not need to post the bond generally required under Fair Fund Rule 1105(c). 17 C.F.R. §200.30-7(11) provides that this requirement may be waived if the Distribution Fund is held at the U.S. Department of the Treasury and will be disbursed by the Treasury. Under this Distribution Plan, assets of the Distribution Fund will be held by the U.S. Department of the Treasury Bureau of Public Debt at all times and distributed by the Financial Management Service, U.S. Department of the Treasury.

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<sup>1</sup> 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 Final Distribution Plan 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), Bart M. Schwartz 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 the Commission, by its Secretary, pursuant to delegated authority.

Florence E. Harmon  
Acting Secretary