

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 71050 / December 12, 2013

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3516 / December 12, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15641

In the Matter of

GLG PARTNERS, INC. and
GLG PARTNERS, L.P.,

Respondents.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission” or “SEC”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against GLG Partners, Inc. (“GPI”) and GLG Partners, L.P. (“GLG”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have 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, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offer, the Commission finds¹ that:

Respondents

1. GPI is a Delaware corporation with its principal offices in New York, NY. During the time period relevant to this proceeding, GPI was listed on the NYSE. GPI served as the holding company for U.K. investment adviser GLG, which was GPI's then-primary subsidiary, as well as various GLG affiliates. During this time period, GLG shared senior management with GPI. GPI's common stock and warrants to purchase the common stock were securities registered pursuant to Section 12(g) of the Exchange Act. On October 14, 2010, GPI was acquired by a U.K.-listed issuer. GPI's stock and warrants are no longer listed.

2. GLG is a U.K. investment adviser structured as an English limited partnership, with its headquarters in London, England. It has operated in the U.S. directly and through affiliates. GLG is not registered with the Commission but is authorized and regulated by the U.K. Financial Conduct Authority. GLG is the investment manager for the GLG Emerging Markets Fund ("EM Fund") and was the investment manager for the EM Fund's side-pocket fund, GLG Emerging Markets (Special Assets) Fund ("EMSA1 Fund"), prior to the EMSA1 Fund's dissolution. The EM and EMSA1 Funds were hedge funds, formed as Cayman Islands limited liability companies, which had U.S. investors. GLG is not currently a subsidiary of GPI but remains its affiliate.

Summary

3. This matter involves investment adviser GLG's failure to maintain sufficient controls relating to the valuation of fund assets. Under GLG's asset valuation policies, assets which were not quoted in the market and whose value could not readily be determined through outside data sources ("Level 3 assets") were to be priced monthly by an independent pricing committee ("IPC"). However, GLG had established inadequate controls to ensure information relevant to Level 3 asset valuations was provided to the IPC, and, on various occasions, GLG failed to provide material information to the IPC. In addition, GLG had established no mechanism for ensuring that the IPC had sufficient time to review pricing recommendations, and, in certain instances, GLG failed to provide the IPC with enough time to review recommendations. GLG also generally kept no record of the IPC's basis for monthly decisions to keep Level 3 asset valuations unchanged, which violated GLG's Pricing Policy directive that "comprehensive documentation" be maintained "to ensure the rationale supporting any judgments made is recorded and available for future reference."

4. As a result of these controls failures, GLG overvalued a 25% private equity stake in an emerging market coal-mining company ("Coal Co.") from November 2008 through November

¹ The findings herein are made pursuant to Respondents' Offer and are not binding on any other person or entity in this or any other proceeding.

2010. This Level 3 asset had been purchased in March 2008 by the EM Fund and transferred in June 2008 to the EMSA1 Fund. The Coal Co. asset was overvalued by roughly \$160 million for 25 months, resulting in inflated fee revenue of \$7,766,667 for GLG and its parent GPI, then a U.S.-listed issuer. The overvaluation of the asset led to misstatements in GPI's filings with the SEC relating to the period from 2008 through the second quarter of 2010.

5. By their actions, GPI violated Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Exchange Act Rules 13a-1, 13a-11, 13a-13, and 12b-20, and GLG was a cause of these violations.

Background

GLG's Valuation Policies and Practices

6. Each GLG fund's asset valuation policies were set forth in the fund's prospectus as well as the Pricing and Valuation Policy for GLG Funds ("Pricing Policy"). The EM Fund prospectus provided that a Level 3 asset would be valued as determined by the fund's directors, in good faith and with care, in consultation with GLG and the fund's administrator. The summary of terms for the EMSA1 Fund stated that the EMSA1 Fund was adopting the same valuation principles described in the EM Fund prospectus. GLG's use of the term "Level 3" was not equivalent, and did not purport to be equivalent, to the concept of Level 3 inputs contained in U.S. Generally Accepted Accounting Principles or International Financial Reporting Standards.

7. The Pricing Policy set forth the "framework and methodology for determination, validation, approval, regular monitoring and review of pricing across the GLG Funds." Pursuant to the Pricing Policy, each fund's directors delegated the responsibility for approving prices and pricing mechanisms to GLG's IPC. Furthermore, the Pricing Policy stated that documents supporting valuations should be made and kept.

8. Pursuant to the Pricing Policy, the IPC met on a monthly basis, but GLG or the fund administrator could call additional meetings "on an *ad hoc* basis on short notice to approve a price of an asset, and/or provide additional information." The IPC did not have a fixed membership but required a "quorum" of participants from four separate groups for its meetings. The quorum for an IPC meeting consisted of:

1. any one Director of the relevant fund;
2. a representative of the Fund Administrator;
3. a representative from senior management of [GLG];
4. a representative from the risk management team of [GLG].

Although not expressly stated in the Pricing Policy, only participants falling into the four categories of quorum members could vote to approve prices, and all votes were required to be unanimous. A senior member of GLG's middle-office accounting staff acted as a non-voting "chair" for the meetings, which were typically held by teleconference.

9. Under the Pricing Policy, "All assets priced using Level 3 prices should be referred to the IPC on a monthly basis for ratification and approval by the IPC."

10. GLG's middle-office accounting department did not have a systematic, monthly practice for asking GLG fund managers whether changes to the values of Level 3 assets were warranted for any assets held in their funds' portfolios. Instead, the middle-office accounting staff sporadically collected some changes in Level 3 pricing recommendations and other updates from the various GLG fund managers, then set the monthly meeting agenda and circulated the available information to an e-mail list of potential IPC participants in advance of monthly meetings.

11. Beginning in 2009, an undocumented supplemental practice developed for conducting "semi-annual private-equity reviews" in January and July, at which all of the GLG funds' Level 3 assets were reviewed by the IPC. Commentaries and documentation relevant to each position's mark were prepared by the GLG fund teams, collected by middle-office accounting staff, and then distributed by middle-office accounting staff to the potential IPC participants in advance of these semi-annual meetings. The lack of an established practice for monthly reviews created confusion within GLG as to whether relevant information and changes in pricing recommendations should be transmitted to the IPC on an ongoing, monthly basis or whether transmittal could be delayed until the next semi-annual review.

Purchase and Initial Marking of Coal Co. Stake

12. In December 2007, GLG agreed to buy a 25% stake in Coal Co. for \$210 million. It was the EM Fund's objective to sell the stake in a potential near-term IPO. The EM Fund closed the Coal Co. purchase on March 20, 2008. On March 31, 2008, the IPC approved an initial valuation or "mark" of \$425 million for the position. GLG based its recommendation for the \$425-million mark on an internal valuation report prepared by an EM Fund analyst. This internal report employed a discounted-cash-flow ("DCF") analysis as well as a review of comparable public equities. The report took note of a large increase in coking coal prices that had occurred in late 2007 and early 2008 as the primary justification for the mark-up over the EM Fund's purchase price. Furthermore, the report projected that Coal Co. would be able to quadruple its coal production over the next four or five years, pursuant to its management's aggressive expansion plans. Three months later, the Coal Co. position was transferred to the EMSA1 Fund.

13. The manager of the EM and EMSA1 Funds resigned from GLG on October 31, 2008, along with the analyst who had prepared GLG's internal valuation report on Coal Co. and who was responsible for ongoing updates of GLG's DCF model for the position. Until June 2011, the Coal Co. stake remained in the EMSA1 Fund, which did not accept additional investment during that period.

GLG's Policies and Procedures Failed to Ensure Timely Transmittal of Relevant Information to IPC, Resulting in Overvaluation of Coal Co. Position

14. On a number of occasions between November 2008 and December 2010, GLG employees received information calling into question the \$425-million valuation for the Coal Co. position, but there were inadequate policies and procedures to ensure that relevant information such as this was timely provided to the IPC or that recommendations to lower the mark were

forwarded to the IPC expediently. Additionally, there was confusion among GLG's fund managers, middle-office accounting personnel, and senior management as to whose role it was to determine that valuation issues should be elevated to the IPC.

15. GLG also failed to implement policies and procedures to ensure that the IPC participants were provided with sufficient time to thoroughly review pricing recommendations and supporting documentation forwarded to the IPC. This failure occurred despite prior guidance from the GLG funds' independent auditor, in early 2008, that the IPC should be given adequate time before making determinations in order to make sure that sufficient rigor was exercised with respect to valuations. As a result of these failures, the Coal Co. position remained overvalued during the entire period from November 1, 2008 through November 30, 2010.

2008 – 2009

16. By the time that the Coal Co. mark for the month of November 2008 was ratified by the IPC, several of the key bases for the initial mark of \$425 million no longer held true. Coal Co. and GLG were no longer pursuing an IPO in the near to mid-term, there had been a significant decline in emerging equity markets and in the stock prices of comparable coal miners, and coking coal prices had begun a steep decline. GLG failed to provide current information on these factors to the IPC at that time. Additionally, GLG failed to inform the IPC that Coal Co. had experienced significant shortfalls in its projected output, GLG's prior DCF model for Coal Co. was no longer being updated, and internal doubts had arisen among GLG's analysts regarding the continued validity of the Coal Co. mark. During this same time period, GLG and GPI employees with responsibility for the EMSA1 Fund discussed in e-mails their intention to obtain a third-party valuation of Coal Co. and to reexamine the position's mark on the basis of the third-party valuation. However, there was no established procedure for obtaining third-party valuations and the third-party valuation was not obtained until January 2010.

17. During the first half of 2009, GLG's policies and procedures failed to ensure transmittal of additional relevant, valuation-related information to the IPC. For example, the IPC was not informed of a continued drop in Coal Co.'s output and in the price of coking coal. Moreover, the IPC was not informed that GLG's analysts were reaching lower valuations for the Coal Co. position. During the second half of 2009, the IPC received no updates on the Coal Co. position prior to the year-end semi-annual private-equity review.

First Half of 2010

18. GLG obtained a third-party valuation of Coal Co. in January 2010. The EM Fund co-manager's primary objective in obtaining the third-party valuation report was to assist in GLG's private-market attempts to sell the EMSA1 Fund's stake in Coal Co. rather than as a pricing document to be submitted to the IPC. He obtained a brief, free valuation report from one of EM Fund's brokers, as a client accommodation. When he later forwarded the report to the middle-office accounting staff, the middle-office accounting staff, who lacked expertise in valuing assets, assumed that the report was sufficient for the IPC to base pricing decisions upon. In actuality, the report was based on limited sources of information, and the third-party firm had made no attempt

to contact Coal Co. directly in order to obtain or verify information contained in the report. Nevertheless, the third-party report reflected a valuation for the EMSA1 Fund's Coal Co. stake of \$350 million, which was \$75 million less than the EMSA1 Fund's \$425-million mark.

19. After receiving the report from the fund manager, GLG's middle-office accounting staff failed to forward it to the list of potential IPC participants until after business hours on the night before the January 2010 semi-annual private-equity review meeting. The report was provided to the participants as part of an extensive production of data and recommendations for all 37 private-equity positions held by GLG firm-wide. GLG thus did not provide sufficient time for the IPC participants to review the report in depth prior to the IPC meeting, which was held at 12:30 PM. The IPC approved maintaining the existing mark of \$425 million based on a \$200 million range of values that only appeared on the report's cover page rather than the actual valuation of \$350 million set forth in the body of the report. Despite guidance from its funds' auditor in early 2008 that the IPC would benefit from technical assistance when considering valuations, GLG did not obtain such assistance for the IPC in evaluating the third-party report on Coal Co. or at any point during the relevant period.

Second Half of 2010 – January 2011

20. In mid-June 2010, GLG concluded that its efforts to find a private-market buyer for the Coal Co. position had failed and that a near-term IPO was still unlikely. In order to present the EMSA1 Fund investors with an alternative exit opportunity, GLG decided to hire a global financial services firm to conduct an auction of the EMSA1 Fund shares, the value of which, by that time, was almost entirely in the Coal Co. stake. The high bidder in the auction would be permitted to make a tender offer to many of the EMSA1 Fund shareholders² and, in June 2011, this bidder and all non-tendering shareholders would automatically be subscribed into a successor special-assets fund. The auction plan included preparation and issuance of a detailed Coal Co. valuation report by the financial services firm.

21. Although the EM Fund co-manager received the financial services firm's draft report and final valuation figures in September 2010, GLG lacked policies and procedures to ensure that the conclusions of the financial services firm were timely forwarded to and considered by the IPC. The draft report provided a preliminary valuation range of \$221-259 million and a stated midpoint of \$240 million. The final report provided a final valuation range of \$246-284 million and a stated midpoint of \$265 million, which was \$160 million less than GLG's \$425 million mark. However, a recommendation to lower the Coal Co. mark to the financial services firm's final valuation of \$265 million was not presented to the IPC in connection with the IPC's monthly meetings for September, October or November 2010. Instead, the recommendation was put forward in January 2011 in connection with the IPC's semi-annual private equity review, to be effective December 1, 2010. At that time, however, the financial services firm's report was not shared with the IPC, based on confidentiality concerns associated with the auction process. In

² "U.S. persons," as well as Canadian, Australian, Japanese, and South African shareholders, among others, were to be excluded from the offer.

addition, the IPC was not provided with any valuation recommendation for the Coal Co. position or other related materials in advance of the January 2011 meeting.

Failure to Document IPC's Basis for Monthly Decisions to Keep Level 3 Asset Valuations Unchanged

22. The Pricing Policy directed that Level 3 prices be "ratifi[ed] and approv[ed]" monthly and that "comprehensive documentation" be maintained "to ensure the rationale supporting any judgments made is recorded and available for future reference." However, for 21 of 25 months from November 2008 through November 2010, GLG failed to document the basis for the IPC's monthly ratification and approval of the EMSA1 Fund's \$425-million Coal Co. mark.

Inflated Fee Revenue to GLG and GPI

23. The EMSA1 Fund's summary of terms provided that the EMSA1 Fund would charge a 2% annual management fee and a 0.5% annual administration fee – identical to fee percentages charged by the EM Fund. Both the management fee and the administration fee were calculated on the basis of the EMSA1 Fund's monthly net asset value ("NAV"). Contractually, the EMSA1 Fund remitted the 2% management fee to GLG and remitted 2/3 of the 0.5% administration fee, *i.e.*, 0.33%, to a GPI subsidiary. Accordingly, a total of 2.33% in annual fees was remitted to GPI, calculated on the full amount of the Coal Co. position's valuation, which was by far the largest component of the EMSA1 Fund's NAV.

24. As a result of GLG's deficient valuation policies and procedures, the monthly valuation for the EMSA1 Fund's Coal Co. position was overstated by approximately \$160 million during the period from November 1, 2008 through November 30, 2010. This led to inflated or excess management and administration fees remitted to GLG and/or GPI totaling approximately \$7,766,667.

Misstatements in GPI's Filings

25. GPI's SEC filings contained a number of misstatements related to AUM which resulted from the \$160-million overvaluation of the Coal Co. position from November 2008 through November 2010. AUM was a key metric for GPI because the issuer's revenues were largely a function of various types of fee revenues calculated as percentages of AUM. Information regarding AUM was thus necessary to an understanding of the results of GPI's operations. Beginning in the second quarter of 2009, GPI's filings frequently highlighted GLG's "long-short fund" and "alternative strategy" AUM, which included the EMSA1 Fund's AUM, as preferential to its "long-only fund" AUM because the former categories typically had a higher fee structure. Some of GPI's misstatements were made in quarterly or annual reports, while others appeared in press releases and/or investor presentations filed as exhibits to Forms 8-K.

26. In all, at least 14 of GPI's filings, filed with the Commission from March 2009 through August 2010, contained the following types of misstatements: (1) overstatements of AUM of the EMSA1 Fund; (2) overstatements of combined AUM of GLG special assets funds;

and (3) overstatements of AUM of GLG “mixed asset” long-short funds as a percentage of alternative-strategy AUM. These overstatements ranged in magnitude from 8.9% to 36.4%. For example, GLG’s \$160 million overvaluation of the EMSA1 Fund’s Coal Co. position resulted in GPI’s overstatement of the EMSA1 Fund’s AUM by about 33.3% in its 2008 annual report and by 36.4% in its 2009 annual report. In addition, the combined AUM of GLG special assets funds was overstated by between 14% and 18% from the fourth quarter of 2008 through the second quarter of 2010.

Violations of the Exchange Act

27. Section 13(b)(2)(B) of the Exchange Act requires public companies to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and to maintain accountability for assets. Section 13(b)(2)(A) of the Exchange Act requires public companies to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect the company’s transactions and dispositions of its assets. No showing of *scienter* is required to establish a violation of Sections 13(b)(2)(A) and (B). *SEC v. World-Wide Coin Investments, Ltd.*, 567 F.Supp. 724, 751 (N.D. Ga. 1983).

28. As set forth above, GPI and its wholly-owned subsidiary, GLG, failed to design and maintain adequate internal controls related to the valuation of fund assets, on the basis of which fee revenues were calculated and recorded. GLG had inadequate policies and procedures to ensure that information relevant to valuations was provided to the IPC when it became available, and, in various instances, GLG failed to provide necessary information to the IPC due to confusion within GLG regarding whose role it was to elevate such information to the IPC. GLG had no policies or procedures to ensure that the IPC had sufficient time to review valuation recommendations, and, in various instances, GLG failed to provide the IPC with sufficient time to review such recommendations. In addition, GLG generally kept no record of the IPC’s basis for monthly decisions to keep individual Level 3 fund asset valuations unchanged. As a result of these failures, the books and records of GPI and GLG were inaccurate because the EMSA1 Fund’s Coal Co. position was overvalued from November 2008 through November 2010. GPI thus violated Sections 13(b)(2)(B) and 13(b)(2)(A) of the Exchange Act, and GLG was a cause of these violations.

29. Section 13(a) of the Exchange Act and Rules 13a-1, 13a-11 and 13a-13 thereunder require issuers of registered securities to file factually accurate annual, quarterly, and current reports with the SEC. No showing of *scienter* is required to establish a violation of Section 13(a). *SEC v. Savoy Indus., Inc.*, 587 F.2d 1149, 1167 (D.C. Cir. 1978), cert denied, 440 U.S. 913 (1979). Exchange Act Rule 12b-20 requires the addition to such reports of further material information as necessary to make the required report statements not misleading.

30. As set forth above, GPI filed numerous reports with the SEC covering the period 2008 through June 30, 2010 that contained inaccuracies related to overstated AUM, which were

material. GPI thus violated the aforementioned reporting provisions, and GLG, through its valuation-related controls failures, was a cause of these violations.

Undertakings

GPI and GLG have undertaken to:

31. Retain, within 30 days from the date of entry of the Order, the services of an Independent Consultant, who is not unacceptable to the Commission's staff. Respondents shall require the Independent Consultant to perform all of the services and tasks described below. Respondents shall exclusively bear all costs, including compensation and expenses, associated with the retention and performance of the Independent Consultant.

32. Respondents shall require the Independent Consultant to conduct a comprehensive review and prepare a written report ("Initial Report") regarding GLG's policies, procedures and practices for the valuation of Level 3 assets. Respondents shall require the Independent Consultant to issue and deliver to GLG and the Commission's staff the Initial Report within 180 days from the date of entry of the Order. The Initial Report must include a description of the review performed, the conclusions reached, and the Independent Consultant's recommendations as to how GLG should improve, modify or supplement its policies, procedures and practices for the valuation of Level 3 assets.

33. GLG shall adopt all recommendations in the Initial Report, provided, however, that within 30 days after the Independent Consultant delivers the Initial Report, GLG shall in writing advise the Independent Consultant and the Commission's staff of any recommendations that it considers unduly burdensome, impractical or costly. GLG need not adopt such recommendations at that time but shall propose in writing an alternative policy or procedure designed to achieve the same objective or purpose. As to any recommendations on which GLG and the Independent Consultant do not agree, such parties shall attempt in good faith to reach an agreement within 30 days after GLG delivers the written advice. In the event that GLG and the Independent Consultant are unable to agree on an alternative proposal, GLG shall abide by the determination of the Independent Consultant.

34. GLG shall, within three months after the issuance of the Independent Consultant's Initial Report, certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondents agree to provide such evidence. The certification and supporting material shall be submitted to Lisa W. Deitch, Assistant Director, with a copy to the Office of Chief Counsel of the Enforcement Division.

35. Respondents shall, one year after GLG's implementation of the recommendations, require the Independent Consultant to review and test GLG's policies, procedures and practices for the valuation of Level 3 assets and deliver to GLG and the Commission's staff a final written report ("Final Report") analyzing GLG's adoption, implementation, maintenance and

enforcement of the policies, procedures and practices contained in the Initial Report and the effectiveness of those policies, procedures, and practices during the prior year. Respondents shall require the Independent Consultant to issue and deliver to GLG and the Commission's staff the Final Report within 90 days from the date of the first-year implementation anniversary. The Final Report must include a description of the review and testing performed, the conclusions reached, and any additional recommendations by the Independent Consultant as to how GLG should further improve, modify or supplement its policies, procedures and practices for the valuation of Level 3 assets.

36. GLG shall adopt all additional recommendations in the Final Report, provided, however, that within 30 days after the Independent Consultant delivers the Final Report, GLG shall in writing advise the Independent Consultant and the Commission's staff of any recommendations that it considers unduly burdensome, impractical or costly. GLG need not adopt such additional recommendations at that time but shall propose in writing an alternative policy or procedure designed to achieve the same objective or purpose. As to any recommendations on which GLG and the Independent Consultant do not agree, such parties shall attempt in good faith to reach an agreement within 30 days after GLG delivers the written advice. In the event that GLG and the Independent Consultant are unable to agree on an alternative proposal, GLG shall abide by the determination of the Independent Consultant.

37. GLG shall, within three months after the issuance of the Independent Consultant's Final Report, certify, in writing, adoption of the Independent Consultant's additional recommendations. The certification shall identify the recommendations, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondents agree to provide such evidence. The certification and supporting material shall be submitted to Lisa W. Deitch, Assistant Director, with a copy to the Office of Chief Counsel of the Enforcement Division.

38. Respondents: (i) shall not have the authority to terminate the Independent Consultant, without the prior written approval of the Commission's staff; (ii) shall compensate the Independent Consultant, and persons engaged to assist the Independent Consultant, for services rendered pursuant to the Order at their reasonable and customary rates; and (iii) shall not be in and shall not have an attorney-client relationship with the Independent Consultant and shall not seek to invoke the attorney-client or any other doctrine or privilege to prevent the Independent Consultant from transmitting any information, reports or documents to the Commission or the Commission's staff.

39. Respondents shall require the Independent Consultant to enter into an agreement that provides that for the period of engagement and for a period of two years from completion of the engagement, the Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Respondents, or any of their present or former affiliates, directors, officers, employees, or agents acting in their capacity. The agreement will also provide that the Independent Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the

Independent Consultant in performance of his/her duties under this Order shall not, without prior written consent of the Commission's staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Respondents, or any of their present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondents GPI and GLG cease and desist from committing or causing any violations and any future violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder.

B. Respondents GPI and GLG shall comply with the undertakings enumerated in Section III above.

C. Respondents GPI and GLG shall, within 14 days of the entry of this Order, pay disgorgement of \$7,766,667, representing their management and administrative fee overcharges for the period November 1, 2008 through November 30, 2010, and prejudgment interest of \$437,679, to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying GPI and GLG as Respondents in these proceedings, and the file number of these proceedings; a copy of

the cover letter and check or money order must be sent to Antonia Chion, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

D. Within 14 days of the entry of this Order, Respondent GPI shall pay a civil money penalty in the amount of \$375,000 to the Securities and Exchange Commission, and Respondent GLG shall pay a civil money penalty in the amount of \$375,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying GPI and GLG as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Antonia Chion, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

E. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement, interest and/or penalties referenced in paragraphs C-D above. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Elizabeth M. Murphy
Secretary