

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 5311 / July 29, 2019**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19288**

**In the Matter of**

**CHRISTOPHER PLAFORD,**

**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 Christopher Plaford (“Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“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 admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.2 and III.4 below, and consents 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. Plaford was a partner at an investment adviser ("Investment Adviser") registered with the Commission. From 2009 to 2013, Plaford was a portfolio manager to affiliated private funds (collectively, "Credit Fund") advised by Investment Adviser. Plaford, age 39, resides in Bedford, New York.

2. On July 15, 2019, a judgment was entered by consent against Respondent, permanently enjoining him from future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 204A, 206(1), 206(2), and 206(4) of the Advisers Act, and Rule 206-4(8) thereunder, in the civil action entitled Securities and Exchange Commission v. Christopher Plaford, No. 16 Civ. 4511 (KPF), in the United States District Court for the Southern District of New York.

3. The Commission's complaint alleged that Plaford engaged in a fraudulent scheme to mismark the Credit Fund, and to trade on material nonpublic information on behalf of the Credit Fund and other private funds advised by Investment Adviser. In connection with the mismarking scheme, the complaint alleged Plaford took a series of steps to inflate falsely the value of securities held by the Credit Fund resulting in the fund: (a) reporting falsely inflated returns; (b) repeatedly overstating its net asset value; (c) misclassifying certain distressed assets held by the Credit Fund as "Level 2" assets, instead of "Level 3" assets, under the Financial Accounting Standards Board's framework for measuring "fair value," codified in Accounting Standards Codification Topic 820; and (d) over-paying management and performance fees to Investment Adviser. In connection with the insider trading scheme, the complaint alleged Plaford traded ahead of a generic drug approval by the United States Food and Drug Administration ("FDA"), based on material nonpublic information Plaford received from another portfolio manager at Investment Adviser who, as Plaford knew, obtained the information from a former FDA official working as a paid consultant to Investment Adviser and who himself obtained the information from a current FDA employee. The complaint alleged further that Plaford traded based on material nonpublic information he received from another paid consultant concerning an impending announcement from the Centers for Medicare and Medicaid Services of a proposed cut to certain Medicare reimbursement rates.

4. On June 9, 2016, Plaford pled guilty to Conspiracy to Commit Securities Fraud and Wire Fraud [18 U.S.C. § 371], Securities Fraud [15 U.S.C. §§ 78j(b) and 78ff; and 18 U.S.C. § 2], Conspiracy to Defraud the United States and to Convert Property of the United States [18 U.S.C. § 371], Conversion of Property of the United States [18 U.S.C. §§ 641 and 641], Conspiracy to Convert United States Property, to Commit Securities Fraud, and to Defraud the United States [18 U.S.C. § 371], Securities Fraud [15 U.S.C. §§ 78j(b) and 78ff; 17 C.F.R. § 240.10b-5 and 240.10b5-2; and 18 U.S.C. § 2], and Conspiracy to Commit Wire Fraud [18 U.S.C. § 1349] before the United States District Court for the Southern District of New York, in United States v. Christopher Plaford, 16 Cr. 400 (JSR).

5. The counts of the criminal information to which Plaford pled guilty alleged, inter alia, that Plaford participated in (a) a scheme to inflate falsely the value of securities held by a

hedge fund he advised, the effect of which was to overstate the fund's apparent liquidity and net asset value, resulting in higher payments from investors; (b) a scheme to convert to his own use, and purchase and sell securities based on, material nonpublic information from the Centers for Medicare and Medicaid Services ("CMS") concerning, among other things, CMS' internal deliberations and upcoming actions regarding certain insurance reimbursement rates; and (c) a scheme to convert to his own use, and purchase and sell securities based on, material nonpublic information from the FDA concerning the FDA's deliberations regarding certain generic drug approvals.

#### IV.

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

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

Vanessa A. Countryman  
Secretary