

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 81910 / October 19, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-15134

In the Matter of

**ALADDIN CAPITAL MANAGEMENT
LLC AND ALADDIN CAPITAL LLC,**

Respondents.

**NOTICE OF PROPOSED PLAN OF
DISTRIBUTION AND
OPPORTUNITY FOR COMMENT**

ADMINISTRATIVE PROCEEDING
File No. 3-15135

In the Matter of

JOSEPH A. SCHLIM,

Respondent.

Notice is hereby given, pursuant to Rule 1103 of the United States Securities and Exchange Commission's ("Commission") Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1103, that the Division of Enforcement has submitted to the Commission a proposed plan of distribution ("Distribution Plan") for the distribution of monies paid by Aladdin Capital Management LLC ("ACM"), Aladdin Capital LLC ("Aladdin Capital"), and Joseph A. Schlim ("Schlim") (collectively, the "Respondents") in settlement of the above-captioned administrative proceedings.

On December 17, 2012, the Commission issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing a Cease-and-Desist Order against ACM and Aladdin Capital (the "Aladdin Order")¹, finding that Aladdin Capital violated Section 17(a)(2) of the Securities Act of 1933 ("Securities Act") and ACM violated Section

¹ Securities Act Rel. No. 9374 (Dec. 17, 2012).

206(2) of the Investment Advisers Act of 1940 (“Advisers Act”) by making misrepresentations to investors that ACM would co-invest with its clients in two collateralized debt obligations.

Also on December 17, 2012, the Commission issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing a Cease-and-Desist Order against Schlim, a former principal and CFO of ACM and Aladdin Capital (the “Schlim Order”)², finding that Schlim violated Section 17(a)(2) of the Securities Act, and caused Aladdin Capital’s violations of Section 17(a)(2) of the Securities Act and ACM’s violation of Section 206(2).

As a result of the conduct described in the Aladdin Order and Schlim Order (collectively, the “Orders”), the Commission ordered Aladdin Capital and ACM to jointly and severally disgorge \$900,000, pay prejudgment interest of \$268,831, and pay a civil penalty of \$450,000, for a total of \$1,618,831; and ordered Schlim to pay a civil penalty of \$50,000. In each of the Orders, the Commission established a fair fund pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, for the distribution of the disgorgement, prejudgment interest and civil penalties ordered. The Respondents paid a total of \$1,668,831 as ordered.

On May 22, 2017, the Commission issued a Corrected Order Consolidating Fair Funds,³ consolidating into one Fair Fund (the “Fair Fund”) the assets held in the two fair funds established under the Orders, for distribution to harmed investors.

OPPORTUNITY FOR COMMENT

Pursuant to this Notice, all interested persons are advised that they may obtain a copy of the Distribution Plan from the Commission’s public website at <http://www.sec.gov/litigation/fairfundlist.htm>. Interested persons may also obtain a written copy of the Distribution Plan by submitting a written request to Catherine E. Pappas, Esq., United States Securities and Exchange Commission, One Penn Center, 1617 JFK Blvd., Ste. 520 Philadelphia, PA 19103. All persons who desire to comment on the Distribution Plan may submit their comments, in writing, no later than thirty (30) days from the date of this Notice:

1. to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090;
2. by using the Commission’s Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or
3. by sending an e-mail to rule-comments@sec.gov.

² Securities Act Rel. No. 9375 (Dec. 17, 2012).

³ Exchange Act Rel. No. 80742 (May 22, 2017).

Comments submitted should include “Administrative Proceeding File Nos. 3-15134 and 3-15135 in the subject line. Comments received will be publicly available. Persons should submit only information that they wish to make publicly available.

THE DISTRIBUTION PLAN

The Distribution Plan proposes to distribute all funds currently in the Fair Fund, less taxes, fees, and expenses, to the investors harmed by the conduct described in the Orders in proportion to their respective losses (collectively, the “Harmed Investors”). Based on information obtained by the Commission staff during its investigation and the review and analysis of applicable records, the Commission staff has identified three (3) Harmed Investors, calculated their losses, and confirmed the calculated losses with each of the Harmed Investors. The Fair Fund is not being distributed according to a claims-made process, so the procedures for providing notice and for making and approving claims are not applicable. Catherine E. Pappas, a Senior Adviser in Division of Enforcement, is proposed to be the fund administrator for the Distribution Plan. The Fair Fund holds approximately \$1.66 million, comprised of disgorgement, prejudgment interest, and civil penalties paid by the Respondents plus accrued interest.

By the Commission.

Brent J. Fields
Secretary