UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 92975 / September 14, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20549

In the Matter of **App Annie Inc. and** **Bertrand Schmitt,** **Respondents.**	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND 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 App Annie Inc. and Bertrand Schmitt ("Respondents").

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the "Offers") 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, and except as provided herein in Section V, Respondents consent to the entry of this ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds that:

<u>SUMMARY</u>

1. App Annie Inc. ("App Annie" or the "Company") is one of the largest sellers of market data on how apps on mobile devices are performing, including data on the number of times

a particular company's app is downloaded, the amount of revenue that a company is generating through its app, and how often customers are using that company's app. Trading firms commonly refer to this type of information as "alternative data," i.e., information about companies or investments that is not contained within financial statements or other traditional data sources. Many trading firms pay for subscriptions to alternative data sources like App Annie and use this alternative data in making investment decisions. Between late 2014 and mid-2018 (the "relevant period"), App Annie and its co-founder and former CEO and Chairman Bertrand Schmitt ("Schmitt") violated the antifraud provisions of the federal securities laws by making material misrepresentations about how App Annie's alternative data was derived, and engaging in other deceptive practices, in order to induce trading firms to become and remain subscribers for the purpose of using App Annie's data in their decisions to purchase and sell securities.

2. App Annie provides a free analytics product called "Connect" to companies that offer apps, including public companies, which enables those companies to track how their apps are performing. As a condition of their use of Connect, those companies provide App Annie with their app store credentials to allow App Annie to collect their confidential app performance metrics ("Connect Data"). App Annie tells Connect users that it will generate estimates of app performance using their Connect Data, but that it will only use Connect Data in aggregated and anonymized form to generate those estimates.

3. App Annie sells estimates of app performance through a separate subscription product called "Intelligence." During the relevant period, more than 100 trading firms paid for Intelligence subscriptions to obtain estimates for use in making investment decisions. App Annie and Schmitt represented to Intelligence subscribers that Intelligence estimates were generated through a statistical model that used aggregated and anonymized Connect Data, and that Connect users had consented to App Annie using their confidential data in this way. Contrary to these representations, however, during the relevant period App Annie used confidential Connect Data, in its non-aggregated and non-anonymized form, to alter Intelligence estimates generated by the statistical model in order to make the estimates closer to Connect users' actual app metrics, and thereby more valuable to App Annie to sell.

4. App Annie and Schmitt also represented to subscribers that the Company had internal controls and processes to prevent the misuse of confidential Connect Data and to ensure that App Annie was in compliance with the federal securities laws. For example, they represented that public companies' Connect Data was not used to generate Intelligence estimates. They understood that, without these representations, trading firm subscribers would not have purchased or used App Annie's Intelligence estimates in making their trading decisions. During most of the relevant period, however, App Annie did not have effective internal controls and in fact used certain public companies' Connect Data to generate Intelligence estimates.

5. Through their misrepresentations and other deceptive practices, App Annie, led by Schmitt, misled Intelligence subscribers about how the Company's Intelligence estimates were generated during the relevant period. As a result of their misconduct, App Annie and Schmitt violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

RESPONDENTS

6. **App Annie Inc.** is a private Delaware corporation with its principal place of business in San Francisco, California. The Company was co-founded in 2010 by Bertrand Schmitt. During the relevant period, App Annie had between 250 and 400 employees, located in multiple offices around the world. Since its founding, App Annie has sold estimates of companies' app revenue, app downloads, and app usage to companies that offer apps and to trading firms, and has become a leading alternative data provider with respect to mobile app performance data. App Annie has advertised that it provides the most accurate app performance estimates in the industry because it is able to access confidential app performance metrics from over a million apps that are connected to its free app analytics product, Connect.

7. **Bertrand Schmitt** is a co-founder of App Annie and was its CEO from 2010 until June 2018, when he resigned and the Board replaced him as CEO. Schmitt served as Chief Strategy Officer of App Annie from June 2018 until January 2020, when his employment was terminated. Schmitt also was formerly a member of the Board of Directors and served as Chairman of the Board from the Company's founding until January 2021, when he stepped down as Chairman. Schmitt, 45 years old, is a resident of Mercer Island, Washington.

FACTS

A. Background

8. Many companies – including publicly traded companies in the entertainment, gaming, social media, travel, fitness, food, and retail sectors – make apps available for their customers to download and use on their mobile devices, including smartphones and tablets. Many of these companies also sell products, services, or advertisements through their apps. Details concerning how often a company's app is downloaded, how much revenue is generated by app purchases and in-app purchases, and how often its app is used is confidential, nonpublic data belonging to the company, and often is material to a public company's financial performance and stock price.

9. Since its founding, App Annie has offered a free app analytics product called "Connect" (formerly called "Analytics") to companies that offer apps. Connect enables these companies to visualize and track how their apps are performing. In order to use the Connect product, companies provided App Annie with their app store login credentials so that App Annie could collect their confidential app performance data.

10. During the relevant period, App Annie did not enter into individual contracts with Connect users; rather, it was bound by the Terms of Service posted on its website, which described how App Annie could use the confidential app performance data collected with the Connect users' app store credentials.

11. Schmitt understood that companies would not sign up to use the Connect product unless App Annie promised that their confidential app performance data would not be disclosed to

third parties. As a result, Schmitt and others at App Annie designed the Terms of Service to assure Connect users that there would be limitations on the ways that App Annie could use their data. Specifically, the Terms of Service stated that App Annie could use Connect Data to generate "estimates" of how apps in certain categories were performing, but that the estimates would be generated by App Annie's statistical model "from aggregated pools of information" in order to make their data "non-identifiable."

12. In communications with Connect users, App Annie employees made similar representations about the limited way in which data collected from Connect users could be used by the Company. For example, App Annie representatives were trained to respond to inquiries from Connect users about how their data would be used by representing that Connect Data would be "aggregated" and "anonymized" before being entered into a "statistical model" that generated "estimates."

13. App Annie's business model relied on selling estimates of how apps belonging to certain companies were performing. App Annie sold these estimates through a paid subscription product called "Intelligence," which included "Store Intelligence" (for estimates of app revenue and app downloads) and "Usage Intelligence" (for estimates of app usage). Paying subscribers were companies that offered apps and trading firms, such as hedge funds. During the relevant period, substantially all of App Annie's revenue was derived from selling Intelligence estimates to these subscribers.

B. <u>App Annie and Schmitt Encouraged Trading Firms to Use Its Estimates in Making Investment Decisions</u>

14. As part of their investment decision-making process, many trading firms subscribe to alternative data sources. Alternative data can include data compiled from mobile devices, financial transactions, satellites, public records, and the internet, among other sources. During the relevant period, App Annie became the leading alternative data provider with respect to mobile app performance data. App Annie advertised that, just as Nielsen provided market data for television ratings and Comscore provided market data for websites, App Annie was the leader in providing market data for mobile apps.

15. During the relevant period, more than 100 trading firms paid for App Annie's Intelligence subscription products in order to obtain estimates of how apps belonging to certain companies were performing, and App Annie encouraged trading firms to make investment decisions based on Intelligence estimates. For example, App Annie's marketing materials encouraged "investors" and "finance professionals" to use Intelligence estimates to "inform their investment strategy." App Annie's website claimed that investors could "make more informed decisions about existing positions" by "benchmark[ing] the performance of public app companies against key metrics including user engagement, revenue and growth." Schmitt occasionally participated in meetings with existing and prospective trading firm subscribers, and some of the materials used in these meetings pitched that Intelligence estimates could help with "financial modeling," "sharpen earnings forecasts with estimated downloads and revenue inputs," and "identify investment opportunities." Schmitt approved many of these marketing materials.

16. App Annie's sales representatives and customer success representatives (whose role was to retain and up-sell existing customers) encouraged prospective and existing trading firm subscribers to make investment decisions based on Intelligence estimates and presented "investor case studies" that touted how closely App Annie's estimates correlated with certain public companies' publicly reported metrics and stock prices. App Annie hired customer success representatives with trading firm experience to build relationships with these subscribers and to demonstrate how to generate value from their Intelligence subscriptions. For example, these representatives generated and shared "use case" ideas for how trading firms could use Intelligence estimates to trade ahead of upcoming earnings announcements.

17. During the relevant period, trading firms told Schmitt and others at App Annie that they were making investment decisions based on Intelligence estimates, and trading firms were in fact buying and selling securities based on estimates they purchased from App Annie. Based on his understanding of the value that trading firms were deriving from Intelligence estimates, Schmitt had App Annie charge trading firms a higher subscription price than other Intelligence subscribers.

C. App Annie and Schmitt Assured Trading Firms and Connect Users that App Annie's Use of Confidential Data Complied with the Federal Securities Laws

18. Throughout the relevant period, Schmitt understood it was material to trading firms' decisions to use App Annie's estimates for investment purposes both that the Intelligence estimates they were purchasing did not constitute material nonpublic information under the federal securities laws and that App Annie was using Connect Data in a way that was consistent with Connect users' consent.

19. Schmitt reassured App Annie's customer-facing employees (such as those in the Sales, Marketing, and Customer Success departments) and many of App Annie's trading firm subscribers that the Company abided by its Terms of Service by affirming that Intelligence estimates were derived through a statistical model that utilized "aggregated" and "anonymized" Connect Data combined with certain publicly available information.

20. Schmitt and others at App Annie provided additional reassurance to trading firm subscribers by representing that the Company had processes and internal controls in place to ensure that it was not selling them material nonpublic information in violation of the federal securities laws. For example, they represented that the Company was conducting regular reviews to ensure compliance with legal requirements governing the handling and use of material nonpublic information. Schmitt made similar representations at meetings with trading firms and at trading firm conferences.

21. App Annie and Schmitt made these representations as part of an effort to sell Intelligence subscriptions to trading firms, in response to diligence questionnaires from trading firms, or to persuade trading firm subscribers not to switch to App Annie's competitors.

22. Yet during the relevant period, the Company did not have effective internal controls and did not conduct regular compliance reviews, and representations to the contrary were false and misleading.

D. App Annie Failed to Exclude Confidential Public Company Data from its Estimate Generation Process

23. In or around late 2014, Schmitt and App Annie began representing to trading firms that were prospective or existing Intelligence subscribers that the Company had internal controls in place to prevent App Annie from selling material nonpublic information it obtained from public companies to Intelligence subscribers. For example, App Annie represented that public company Connect Data was not used by the Company's statistical model to generate Intelligence estimates.

24. While Schmitt agreed, around this time, to an internal policy whereby certain public company Connect Data would be excluded from the Company's statistical model, he failed to direct anyone at App Annie to document any such policy until April 2017. When App Annie first documented a policy restricting the use of public company Connect Data in April 2017, the policy only required that the statistical model exclude app *revenue* data from *certain* public companies (*i.e.*, those whose app revenue exceeded 5% of the company's total revenue), and placed no limitations on the input of app *download* and app *usage* data from public companies into the statistical model.

25. Even after the policy was documented in April 2017, Schmitt and App Annie failed to take steps to ensure that the policy was properly implemented. It was only in June 2018, after the Company learned of the SEC's investigation, that App Annie amended the policy to fully exclude public company Connect Data from its estimate generation process and took steps to implement the amended policy.

26. During the relevant period, Schmitt repeatedly assured other App Annie executives that the Company's use of confidential Connect Data complied with the federal securities laws because a policy prohibiting the use of certain public company Connect Data in preparing estimates was in place and was being followed. Schmitt and others at App Annie gave similar assurances to trading firm subscribers in response to inquiries about what internal controls App Annie had in place to prevent the sale of material nonpublic information. They also gave similar assurances to Connect users that were public companies in response to inquiries about how their data would be used by App Annie. However, these representations about App Annie's internal controls were not accurate and all app download data, all app usage data, and certain app revenue data from public companies were used in App Annie's statistical model to generate Intelligence estimates during the relevant period.

E. Schmitt Approved App Annie Employees' Use of Non-Anonymized and Non-Aggregated Confidential Data to Alter Estimates

27. As App Annie's co-founder and CEO, Schmitt was closely involved in building the products that the Company offered during the relevant period, including its free Connect product and its paid Intelligence products.

28. Schmitt was viewed as a "Product CEO" by employees, and Schmitt remained closely involved in major decisions about the Store Intelligence product in particular, even as the Company grew in size and began offering additional paid products. During the relevant period, Schmitt was considered the Company's expert on the statistical model underlying the Store Intelligence product because he had helped develop it.

29. Given its importance to the success of the Company, Schmitt was acutely focused on how close App Annie's Intelligence estimates were to actual app performance figures, as this was the primary way that App Annie could distinguish itself from competitors and increase its subscription revenues. App Annie carefully tracked how close the Company's Intelligence estimates were to actual app performance figures by comparing the estimates to actual confidential Connect Data. App Annie regularly touted to prospective Intelligence subscribers that its estimates of top-ranked apps' performance were the most accurate in the industry, with 80% to 90% of its estimates within 20% of actual figures.

30. Schmitt instructed App Annie employees to attract as many companies offering apps as possible to its Connect service so that App Annie could collect more actual app performance data and thereby improve the accuracy of its Intelligence estimates. Behind the scenes, however, Schmitt also directed a small number of employees to use actual app performance data in ways that were prohibited by the Connect Terms of Service to force the model-generated Intelligence estimates closer to the actual figures before they were delivered to subscribers.

Schmitt Approved App Annie's Creation and Use of a Manual Estimate Alteration Process

31. Beginning at least in 2014, in an effort to make the Intelligence estimates closer to the actual app performance metrics, App Annie created a manual process whereby a "Delivery Team," which consisted of a subset of App Annie engineers based in Beijing, China, made manual alterations to estimates generated by the statistical model before they were delivered to Intelligence subscribers. Schmitt was aware of and approved the creation and use of this manual alteration process.

32. The Delivery Team manually altered the estimates for apps that were of greatest interest to App Annie's highest-paying subscribers. When App Annie received complaints from subscribers about the inaccuracy of a particular company's app performance estimates, the Delivery Team was tasked with improving the estimates through this manual process.

33. To make these manual alterations, the Delivery Team looked at confidential Connect Data, including public company app performance data. The Delivery Team was not trained or supervised by anyone in the Company's Data Science group and did not document which estimates were adjusted or what changes were made. There was no statistical basis for these post-model alterations. The only purpose of these alterations was to make the estimates closer to the actual metrics.

34. Schmitt approved the creation and use of this manual alteration process because he believed it was cheaper and more effective at making the estimates closer to the actual results than a process that would have complied with the Connect Terms of Service, such as having data scientists research and implement improvements to the statistical model itself.

35. These manual alterations continued throughout the relevant period. Whenever Schmitt had concerns about the Intelligence estimates deviating too far from the actual app performance figures, he expanded these practices and more Delivery Team engineers were hired to engage in manual alterations for a greater number of apps.

36. Schmitt and the Delivery Team never shared with other App Annie executives, Intelligence subscribers, Connect users, or customer-facing employees (such as those in Sales, Marketing, or Customer Success) what this manual alteration process actually entailed. Some employees were told there was a "QA" (Quality Assurance) process relating to the delivery of estimates, but they were not told this involved manually altering estimates based on actual non-aggregated and non-anonymized Connect Data.

Schmitt Approved App Annie's Creation and Use of an Automated Estimate Alteration Process for Apps Belonging to Connect Users

37. Beginning in or around mid-2015 and throughout 2016, despite the manual alterations described above, Schmitt and others at App Annie became increasingly concerned that the Store Intelligence estimates were deviating too far from the actual app performance figures of Connect users. Increasing numbers of App Annie subscribers complained about the estimates' lack of accuracy and moved to App Annie's competitors, putting the Company's revenue at risk.

38. Schmitt brought this issue up frequently at internal meetings and directed the Company's Chief Data Scientist to investigate ways to improve the statistical model underlying the Store Intelligence product so that it would produce estimates that were closer to the actual app performance figures of Connect users.

39. In or around mid-2016, the Chief Data Scientist proposed an overhaul of the Store Intelligence statistical model to improve the accuracy of the estimates it generated. Schmitt rejected the proposal because he believed it would be too expensive and time-consuming to implement, and would result in only modest improvements to the estimates. Instead, Schmitt worked with an employee responsible for the Intelligence product to explore other options for making the estimates closer to the actual Connect Data, and in or around October 2016, approved the addition of a new step in the Store Intelligence estimate delivery process called "error-halving."

40. Error-halving compared the model-generated estimates for apps belonging to Connect users with the actual performance figures for those apps (e.g., confidential revenue and download numbers that App Annie had collected for those apps using the Connect users' app store credentials), and then automatically adjusted the model-generated estimates for those apps to be closer to their actual numbers. Specifically, if the difference between the estimate generated by the model and the actual performance figure for the app was larger than a certain threshold percentage approved by Schmitt, App Annie cut the difference by half and replaced the model-generated estimate with the more accurate number.

41. Schmitt understood that error-halving made the final Intelligence estimates systematically closer to the actual numbers through post-model alterations that directly relied on Connect Data (including public company data) in a non-aggregated and non-anonymized form, rather than through a statistical estimation process.

42. Schmitt sought the Chief Data Scientist's assistance in implementing error-halving, but the Chief Data Scientist refused because it was not grounded in data science. The Chief Data Scientist informed Schmitt that he did not believe post-model alterations to app estimates were appropriate because improvements to the accuracy of the model-generated estimates should only be made through adjustments to the statistical model itself in order to improve its predictive power.

43. With Schmitt's approval but without the involvement of anyone from the Data Science team, Delivery Team engineers in Beijing implemented error-halving gradually over several months, between March 2017 and June 2017, to avoid detection by App Annie's Intelligence subscribers.

44. Schmitt and the Delivery Team did not share this estimate alteration process with other App Annie executives, Intelligence subscribers, Connect users, or customer-facing employees (such as those in Sales, Marketing, or Customer Success).

F. Schmitt Failed to Disclose the Deceptive Practices While He and Others at App Annie Continued to Disseminate Misrepresentations About the Estimate Generation Process

45. Even as App Annie employees were engaging in estimate alteration practices using non-aggregated and non-anonymized Connect Data, Schmitt and others at App Annie continued to falsely represent to trading firm subscribers and to Connect users that Intelligence estimates were generated by a statistical model that used Connect Data in "aggregated" and "anonymized" form. Schmitt knew and approved of employees describing App Annie's estimate generation process in this way, and was aware that employees were repeating these misleading claims in their communications with Intelligence subscribers and Connect users.

46. Schmitt knew, or was reckless in not knowing, that trading firm subscribers were purchasing Intelligence estimates based on App Annie's material misrepresentations and other deceptive practices concerning the estimates, and were doing so for the purpose of buying and

selling securities. These trading firm subscribers did in fact buy and sell securities based on App Annie's Intelligence estimates.

47. The above representations by Schmitt and by other App Annie employees were false and misleading because App Annie engaged in the deceptive estimate alteration practices described above, which were approved by Schmitt. These deceptive practices resulted in App Annie selling Intelligence estimates refined using confidential Connect Data to unknowing trading firm subscribers to use in their purchase and sale of securities. Moreover, because this allowed the Company to deliver estimates that were closer to the actual confidential Connect Data, and thus more attractive to subscribers, App Annie was able to retain and grow its customer base and revenue streams.

G. App Annie's Board Replaced Schmitt as CEO and App Annie Changed Its Estimate Generation Process

48. In June 2018, after the Company had learned of the SEC's investigation, App Annie discontinued all post-model estimate alteration practices based on non-aggregated and non-anonymized Connect Data. The Company also began excluding all public company data from its statistical model, consistent with its representations to Intelligence subscribers and Connect users. Around the same time, Schmitt resigned and the Board replaced him as CEO.

49. App Annie eventually implemented a new version of the statistical model underlying the Store Intelligence product that had been proposed by the Chief Data Scientist in or around mid-2016.

50. After he was replaced as CEO, Schmitt served as Chief Strategy Officer until App Annie terminated his employment in January 2020.

VIOLATIONS

51. As a result of the conduct described above, App Annie and Schmitt violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

IV.

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

Accordingly, pursuant to Section 21C of the Exchange Act, it is hereby ORDERED that:

A. App Annie and Schmitt cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Schmitt be, and hereby is, prohibited from serving or acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)] for a period of three (3) years from the entry of this Order.

C. App Annie and Schmitt shall each pay a civil money penalty as follows:

(1) App Annie shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of $10,000,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

(2) Schmitt shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of $300,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

(3) Payment must be made in one of the following ways:

(a) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(b) 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

(c) 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 the Respondent, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Monique C. Winkler, Division of Enforcement, Securities and Exchange Commission, 44 Montgomery Street, Suite 2800, San Francisco, CA 94104.

D. 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 Securities and Exchange Commission. 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 Respondents 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.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent Schmitt, and further, any debt for disgorgement, prejudgment interest, civil penalty, or other amounts due by him under this Order or any other judgment, order, consent order, decree, or settlement agreement entered in connection with this proceeding, is a debt for the violation by him of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary