

BrokerCheck Report

STEVEN LAWRENCE RATTNER

CRD# 1438959

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Broker Qualifications	2 - 3
Registration and Employment History	5
Disclosure Events	6



When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

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Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)

STEVEN L. RATTNER

CRD# 1438959

This broker is not currently registered.

Report Summary for this Broker

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

Broker Qualifications

This broker is not currently registered.

This broker has passed:

- 1 Principal/Supervisory Exam
- 2 General Industry/Product Exams
- 1 State Securities Law Exam

Registration History

This broker was previously registered with the following securities firm(s):

- B QUADRANGLE SECURITIES LLC**
CRD# 104383
NEW YORK, NY
03/2001 - 10/2006
- B LAZARD FRERES & CO. LLC**
CRD# 2528
NEW YORK, NY
07/1989 - 03/2000
- B MORGAN STANLEY & CO., INCORPORATED**
CRD# 8209
NEW YORK, NY
12/1985 - 06/1989

Disclosure Events

This broker has been involved in one or more disclosure events involving certain final criminal matters, regulatory actions, civil judicial proceedings, or arbitrations or civil litigations.

Are there events disclosed about this broker? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	1
Civil Event	1

Broker Qualifications



Registrations

This section provides the self-regulatory organizations (SROs), states and U.S. territories the broker is currently registered and licensed with, the category of each registration, and the date on which the registration became effective. This section also provides, for each firm with which the broker is currently employed, the address of each branch where the broker works.

This broker is not currently registered.



Broker Qualifications

Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below. A passed exam or exam waiver does not permit a broker to do business without an active SRO or state registration.

This individual has passed 1 principal/supervisory exam, 2 general industry/product exams, and 1 state securities law exam.

Principal/Supervisory Exams

Exam	Category	Date
B General Securities Principal Examination	Series 24	01/19/1990

General Industry/Product Exams

Exam	Category	Date
B Investment Banking Registered Representative Examination	Series 79	04/26/2013
B General Securities Representative Examination	Series 7	09/16/1989

State Securities Law Exams

Exam	Category	Date
B Uniform Securities Agent State Law Examination	Series 63	07/03/2013

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at www.finra.org/brokerqualifications/registeredrep/.

Broker Qualifications



Professional Designations

This section details that the representative has reported **0** professional designation(s).

No information reported.



Registration and Employment History

Registration History

The broker previously was registered with the following securities firms:

Registration Dates	Firm Name	CRD#	Branch Location
B 03/2001 - 10/2006	QUADRANGLE SECURITIES LLC	104383	NEW YORK, NY
B 07/1989 - 03/2000	LAZARD FRERES & CO. LLC	2528	NEW YORK, NY
B 12/1985 - 06/1989	MORGAN STANLEY & CO., INCORPORATED	8209	NEW YORK, NY

Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.

Employment	Employer Name	Position	Investment Related	Employer Location
09/2011 - Present	WILLETT ADVISORS	CHAIRMAN	Y	NEW YORK, NY, United States
11/2009 - Present	MALACHY ENTERPRISES LLC	MEMBER	N	NEW YORK, NY, United States

Disclosure Events



What you should know about reported disclosure events:

1. Disclosure events in BrokerCheck reports come from different sources:

- As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, their employing firms, and regulators. When more than one source reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions are separated by a solid line with the reporting source labeled.

For your convenience, below is a matrix of the number and status of regulatory disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.

	Final	On Appeal
Regulatory Event	1	0
Civil Event	1	0



Disclosure Event Details

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

Regulatory - Final

This type of disclosure event involves a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations.

Disclosure 1 of 1

Reporting Source:	Regulator
Regulatory Action Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	Other: N/A
Date Initiated:	12/09/2010
Docket/Case Number:	3-14158
Employing firm when activity occurred which led to the regulatory action:	QUADRANGLE GROUP LLC
Product Type:	No Product
Allegations:	<p>SEC ADMIN RELEASE 34-63478; IA RELEASE 3122, DECEMBER 9, 2010: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE INSTITUTED PURSUANT TO SECTION 15(B)(6) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND SECTION 203(F) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT") AGAINST STEVEN L. RATTNER ("RATTNER" OR "RESPONDENT").</p> <p>THE COMMISSION FOUND THAT ON NOVEMBER 23, 2010, THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK ENTERED A FINAL CONSENT JUDGMENT AGAINST RATTNER PERMANENTLY ENJOINED HIM FROM VIOLATING SECTION 17(A)(2) OF THE SECURITIES ACT OF 1933 IN THE CIVIL ACTION SECURITIES AND EXCHANGE COMMISSION V. STEVEN L. RATTNER, CIVIL ACTION NO. 10-CV-8699.</p>
Current Status:	Final
Resolution:	Order



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Resolution Date:

12/09/2010

Sanctions Ordered:

Bar (Permanent)

If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?

No

(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?



(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or

(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?

Sanction 1 of 1

Sanction Type:	Bar (Permanent)
Capacities Affected:	ASSOCIATION WITH ANY BROKER, DEALER OR INVESTMENT ADVISER
Duration:	Indefinite
Start Date:	12/09/2010
End Date:	



Regulator Statement

IN ANTICIPATION OF THE INSTITUTION OF THE PROCEEDINGS, RESPONDENT SUBMITTED AN OFFER OF SETTLEMENT ("OFFER"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THE 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, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER HIM AND THE SUBJECT MATTER OF THE PROCEEDINGS, AND THE FINDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTED TO THE ENTRY OF THE ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION 15(B)(6) OF THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 203(F) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS ("ORDER").

THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTION AGREED TO IN RESPONDENT RATTNER'S OFFER.

THE COMMISSION ORDERED:

PURSUANT TO SECTION 15(B)(6) OF THE EXCHANGE ACT AND SECTION 203(F) OF THE ADVISERS ACT, THAT RESPONDENT RATTNER BE BARRED FROM ASSOCIATION WITH ANY BROKER, DEALER OR INVESTMENT ADVISER WITH THE RIGHT TO REAPPLY AFTER TWO YEARS TO THE APPROPRIATE SELF-REGULATORY ORGANIZATION, OR IF THERE IS NONE, TO THE COMMISSION.

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.



Reporting Source: Broker

Regulatory Action Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Sanction(s) Sought: Bar

Date Initiated: 12/09/2010

Docket/Case Number: FILE NO. 3-14158

Employing firm when activity occurred which led to the regulatory action: QUADRANGLE GROUP LLC

Product Type: No Product

Allegations: ON DECEMBER 9, 2010, THE SEC ISSUED AN ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION 15(B)(6) OF THE EXCHANGE ACT AND SECTION 203(F) OF THE ADVISERS ACT, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS, WITHOUT THE APPLICANT ADMITTING OR DENYING THE FINDINGS THEREIN. SEE EXCHANGE ACT RELEASE NO. 63478 AND INVESTMENT ADVISERS ACT RELEASE NO. 3122. ON NOVEMBER 18, 2010, THE SEC FILED A COMPLAINT AGAINST THE APPLICANT ALLEGING THAT HE VIOLATED SECTION 17(A)(2) OF THE SECURITIES ACT BY ENTERING INTO AN UNDISCLOSED "PAY TO PLAY" ARRANGEMENT IN ORDER TO SECURE AN INVESTMENT FROM THE NEW YORK COMMON RETIREMENT FUND (THE "RETIREMENT FUND") FOR QUADRANGLE GROUP LLC ("QUADRANGLE"), THE FIRM FOR WHICH HE SERVED AS MANAGING PRINCIPAL. THE COMPLAINT ALLEGED, INTER ALIA, THAT THE APPLICANT SECURED A \$150 MILLION INVESTMENT FROM THE RETIREMENT FUND FOR A QUADRANGLE PRIVATE EQUITY FUND ONLY AFTER ARRANGING FOR A QUADRANGLE AFFILIATE TO DISTRIBUTE THE DVD OF A LOW-BUDGET FILM THAT THE THEN-NEW YORK COMPTROLLER, AND HIS BROTHERS PRODUCED AND AFTER AGREEING TO PAY MORE THAN \$1 MILLION IN PURPORTED "FINDER" FEES TO THE TOP POLITICAL ADVISER AND CHIEF FUNDRAISER FOR THE THEN-NEW YORK STATE COMPTROLLER EVEN THOUGH QUADRANGLE HAD ALREADY SUCCEEDED IN PRESENTING ITS INVESTMENT PROPOSAL DIRECTLY TO THE COMPTROLLER. THE COMPLAINT FURTHER ALLEGED THAT THE APPLICANT FAILED TO DISCLOSE THE DVD DEAL OR THE TRUE NATURE OF THE PAYMENT TO THE AFOREMENTIONED TOP POLITICAL ADVISOR TO THE RETIREMENT FUND'S INVESTMENT ADVISORY COMMITTEE, WHICH IS REQUIRED BY STATE LAW TO MONITOR AND GIVE ADVICE REGARDING THE RETIREMENT FUND'S INVESTMENTS, OR TO ANYONE ELSE THAT WAS NOT INVOLVED IN THE "PAY TO PLAY" ARRANGEMENT.



Current Status:	Final
Resolution:	Order
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Resolution Date:	12/09/2010
Sanctions Ordered:	Bar (Permanent)
Sanction 1 of 1	
Sanction Type:	Bar (Permanent)
Capacities Affected:	BARRED FROM ASSOCIATION WITH ANY BROKER, DEALER, OR INVESTMENT ADVISER.
Duration:	PERMANENT WITH THE RIGHT TO REAPPLY AFTER TWO YEARS.
Start Date:	12/09/2010
End Date:	
Broker Statement	THIS MATTER WAS RESOLVED ON DECEMBER 9, 2010 BY AN ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION 15(B)(6) OF THE EXCHANGE ACT AND SECTION 203(F) OF THE ADVISERS ACT, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS, WITHOUT THE APPLICANT ADMITTING OR DENYING THE FINDINGS THEREIN. PURSUANT TO THIS ORDER THE APPLICANT WAS BARRED FROM ASSOCIATION WITH ANY BROKER, DEALER OR INVESTMENT ADVISER WITH THE RIGHT TO REAPPLY AFTER TWO YEARS. THE APPLICANT HAS COMPLIED WITH THE TERMS OF THE ORDER.



Civil - Final

This type of disclosure event involves an injunction issued by a court in connection with investment-related activity or a finding by a court of a violation of any investment-related statute or regulation.

Disclosure 1 of 1

Reporting Source:	Regulator
Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Relief Sought:	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Injunction Monetary Penalty other than Fines
Date Court Action Filed:	11/18/2010
Product Type:	No Product
Type of Court:	Federal Court
Name of Court:	UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK
Location of Court:	NEW YORK, NY
Docket/Case #:	10-CV-8699
Employing firm when activity occurred which led to the action:	QUADRANGLE GROUP LLC
Allegations:	<p>SEC LITIGATION RELEASE 21748, NOVEMBER 18, 2010: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") CHARGED STEVEN RATTNER, A FORMER PRINCIPAL OF A PRIVATE EQUITY FIRM, WITH PARTICIPATING IN A WIDESPREAD KICKBACK SCHEME TO OBTAIN INVESTMENTS FROM NEW YORK'S LARGEST PENSION FUND. THE COMMISSION ALLEGED THAT RATTNER VIOLATED SECTION 17(A)(2) OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT").</p> <p>THE COMMISSION ALLEGED THAT RATTNER SECURED INVESTMENTS FOR HIS FIRM FROM THE NEW YORK PENSION FUND AFTER HE ARRANGED FOR A FIRM AFFILIATE TO DISTRIBUTE THE DVD OF A LOW-BUDGET FILM PRODUCED BY THE PENSION FUND'S CHIEF INVESTMENT OFFICER AND HIS BROTHERS. THE COMMISSION ALLEGED THAT RATTNER THEN CAUSED HIS FIRM TO RETAIN A PERSON WHO WAS THE TOP POLITICAL ADVISOR AND CHIEF FUNDRAISER FOR A FORMER NEW YORK STATE COMPTROLLER AS A "PLACEMENT AGENT" AND PAY HIM MORE THAN \$1 MILLION IN SHAM FEES EVEN THOUGH RATTNER WAS ALREADY DEALING</p>



DIRECTLY WITH THEN-NEW YORK STATE DEPUTY COMPTROLLER AND DID NOT NEED AN INTRODUCTION TO THE PENSION FUND.

THE COMMISSION ALLEGED THAT AFTER RECEIVING PRESSURE FROM THE CHIEF FUNDRAISER, RATTNER ALSO ARRANGED A \$50,000 CONTRIBUTION TO THE COMPTROLLER'S RE-ELECTION CAMPAIGN. JUST A MONTH LATER, THE DEPUTY COMPTROLLER INCREASED THE PENSION FUND'S INVESTMENT WITH RATTNER'S FIRM FROM \$100 MILLION TO \$150 MILLION. AS A RESULT OF THE \$150 MILLION INVESTMENT WITH THE FIRM, THE PENSION FUND PAID MANAGEMENT FEES TO A FIRM SUBSIDIARY. BY VIRTUE OF HIS PARTNERSHIP INTEREST IN THE FIRM AND ITS AFFILIATES, RATTNER'S PERSONAL SHARE OF THESE FEES TOTALS APPROXIMATELY \$3 MILLION.

THE COMMISSION ALLEGED THAT THE CHIEF FUNDRAISER INFORMED RATTNER IN THE FALL OF 2003 THAT THE DEPUTY COMPTROLLER'S BROTHER WAS INVOLVED IN PRODUCING A FILM. THE CHIEF FUNDRAISER SUGGESTED THAT RATTNER HELP THE DEPUTY COMPTROLLER'S BROTHER WITH THE THEATRICAL DISTRIBUTION OF THE FILM. RATTNER MET WITH THE DEPUTY COMPTROLLER'S BROTHER AND AGREED TO ASSIST HIM, BUT RATTNER'S EFFORTS DID NOT LEAD TO A DISTRIBUTION DEAL. APPROXIMATELY ONE YEAR LATER, THE DEPUTY COMPTROLLER'S BROTHER CONTACTED RATTNER ABOUT DVD DISTRIBUTION OF THE FILM. WITHIN DAYS OF SPEAKING TO THE DEPUTY COMPTROLLER'S BROTHER, RATTNER CONTACTED THE DEPUTY COMPTROLLER ABOUT INVESTING IN A NEW PRIVATE EQUITY FUND BEING MARKETED BY HIS FIRM. RATTNER TOLD THE DEPUTY COMPTROLLER THAT HE HAD ARRANGED A MEETING BETWEEN THE DEPUTY COMPTROLLER'S BROTHER AND A BUSINESS AFFILIATED WITH HIS FIRM TO DISCUSS A POSSIBLE DVD DISTRIBUTION DEAL.

THE COMMISSION ALLEGED THAT AFTER THE DEPUTY COMPTROLLER'S BROTHER MET WITH THE AFFILIATED BUSINESS AND TELEPHONED RATTNER TO COMPLAIN ABOUT THE TREATMENT HE HAD RECEIVED FROM THE BUSINESS, RATTNER WARNED AN EXECUTIVE TO TREAT THE DEPUTY COMPTROLLER'S BROTHER "CAREFULLY" BECAUSE THE FIRM WAS TRYING TO OBTAIN AN INVESTMENT THROUGH THE DEPUTY COMPTROLLER. AFTER THE AFFILIATED BUSINESS MADE CLEAR TO RATTNER THAT IT WAS NOT INTERESTED IN DISTRIBUTING THE FILM, RATTNER INSTRUCTED THE EXECUTIVE TO "DANCE ALONG" WITH THE DEPUTY COMPTROLLER'S BROTHER. ACCORDING TO AN E-MAIL, RATTNER TELEPHONED THE CHIEF FUNDRAISER TO INQUIRE WHETHER THE AFFILIATED BUSINESS NEEDED TO DISTRIBUTE THE VIDEO IN ORDER TO SECURE AN INVESTMENT FROM THE PENSION FUND. THE CHIEF FUNDRAISER OFFERED TO "NOSE AROUND" TO DETERMINE HOW



IMPORTANT THE DVD DISTRIBUTION DEAL WAS TO THE DEPUTY COMPTROLLER. THE AFFILIATED BUSINESS ULTIMATELY REVERSED COURSE AND OFFERED TO MANUFACTURE AND DISTRIBUTE THE DVD AT A DISCOUNT FROM ITS STANDARD FEE. RATTNER APPROVED THE PROPOSED TERMS OF THE DISTRIBUTION DEAL. [ALLEGATIONS CONTINUED IN COMMENTS]

Current Status: Final

Resolution: Judgment Rendered

Resolution Date: 11/23/2010

Sanctions Ordered or Relief Granted: Civil and Administrative Penalty(ies)/Fine(s)
Disgorgement
Injunction
Monetary Penalty other than Fines

Capacities 1 of 1

Capacities Affected: N/A

Duration: PERMANENT

Start Date: 11/23/2010

End Date:

Monetary Sanction 1 of 3

Monetary Sanction: Monetary Fine

Total Amount: \$3,000,000.00

Portion against individual: 3000000

Date Paid:

Portion Waived: No

Amount Waived:

Monetary Sanction 2 of 3

Monetary Sanction: PREJUDGMENT INTEREST

Total Amount: \$213,378.00

Portion against individual: 213378

Date Paid:

Portion Waived: No

**Amount Waived:****Monetary Sanction 3 of 3****Monetary Sanction:** Disgorgement**Total Amount:** \$3,000,000.00**Portion against individual:** 3000000**Date Paid:****Portion Waived:** No**Amount Waived:****Regulator Statement**

[ALLEGATIONS CONTINUED] THE COMMISSION ALLEGED THAT IN LATE OCTOBER 2004, AFTER RATTNER AND OTHERS FROM THE FIRM HAD ALREADY MET WITH THE DEPUTY COMPTROLLER AND PENSION FUND'S PRIVATE EQUITY CONSULTANT AND RECEIVED ENCOURAGING FEEDBACK FROM BOTH OF THEM, THE CHIEF FUNDRAISER MET WITH RATTNER AND OFFERED HIS PLACEMENT AGENT SERVICES TO THE FIRM. THE CHIEF FUNDRAISER WARNED RATTNER THAT THE FIRM'S NEGOTIATIONS WITH THE PENSION FUND COULD ALWAYS FALL APART. ALTHOUGH THE FIRM WAS ALREADY WORKING WITH A PLACEMENT AGENT, THE FIRM AGREED TO PAY THE CHIEF FUNDRAISER AS WELL.

THE COMMISSION ALLEGED THAT SOON AFTER THE FIRM RETAINED THE CHIEF FUNDRAISER AS A PLACEMENT AGENT AND RATTNER HAD ADVISED THE CHIEF FUNDRAISER THAT THE AFFILIATED COMPANY WAS MOVING FORWARD WITH THE DEAL TO DISTRIBUTE THE DVD, THE DEPUTY COMPTROLLER PERSONALLY INFORMED RATTNER THAT THE PENSION FUND WOULD BE MAKING A \$100 MILLION INVESTMENT IN THE FUND.

THE COMMISSION ALLEGED THAT THE CHIEF FUNDRAISER LATER CONTACTED RATTNER AND PRESSED HIM FOR A FINANCIAL CONTRIBUTION TO THE COMPTROLLER'S RE-ELECTION CAMPAIGN. ALTHOUGH RATTNER PURPORTEDLY HAD A PERSONAL POLICY THAT HE WOULD NOT MAKE POLITICAL CONTRIBUTIONS TO POLITICIANS WHO HAVE INFLUENCE OVER PUBLIC PENSION FUNDS, RATTNER AGREED TO FIND SOMEONE ELSE TO MAKE THE CONTRIBUTION. AFTER SPEAKING WITH THE CHIEF FUNDRAISER, RATTNER ASKED A FRIEND AND THE FRIEND'S WIFE TO EACH CONTRIBUTE \$25,000 TO THE COMPTROLLER'S CAMPAIGN. THE DAY AFTER THESE CONTRIBUTIONS WERE COMMUNICATED TO THE COMPTROLLER'S CAMPAIGN STAFF, THE COMPTROLLER TELEPHONED RATTNER AND LEFT HIM A MESSAGE THANKING HIM FOR THE CONTRIBUTION. IN LATE MAY 2006, RATTNER'S FRIEND TRANSMITTED THE PROMISED CAMPAIGN CONTRIBUTIONS TO



RATTNER, WHO FORWARDED THE TWO CHECKS TO THE COMPTROLLER'S CAMPAIGN. APPROXIMATELY ONE MONTH LATER, THE DEPUTY COMPTROLLER COMMITTED THE PENSION FUND TO AN ADDITIONAL \$50 MILLION INVESTMENT IN THE FUND.

RATTNER AGREED TO SETTLE THE CHARGES BY PAYING \$6.2 MILLION. IN SETTLING THE CHARGES WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RATTNER CONSENTED TO THE ENTRY OF A JUDGMENT THAT PERMANENTLY ENJOINED HIM FROM VIOLATING SECTION 17(A)(2) OF THE SECURITIES ACT AND ORDERED HIM TO PAY APPROXIMATELY \$3.2 MILLION IN DISGORGEMENT AND A \$3 MILLION PENALTY. THE SETTLEMENT WAS SUBJECT TO COURT APPROVAL.

ON NOVEMBER 23, 2010, THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK ENTERED A FINAL JUDGMENT BY CONSENT AGAINST STEVEN RATTNER PERMANENTLY ENJOINING HIM FROM VIOLATING SECTION 17(A)(2) OF THE SECURITIES ACT. THE COURT ORDERED RATTNER TO PAY A CIVIL PENALTY OF \$3,000,000.00, DISGORGEMENT OF \$3,000,000.00 AND PREJUDGMENT INTEREST OF \$213,378.00. RATTNER CONSENTED TO THE ENTRY OF THE JUDGMENT WITHOUT ADMITTING OR DENYING ANY OF THE ALLEGATIONS OF THE COMMISSION'S COMPLAINT.

Reporting Source:	Broker
Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Relief Sought:	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Injunction Monetary Penalty other than Fines
Date Court Action Filed:	11/18/2010
Product Type:	No Product
Type of Court:	Federal Court
Name of Court:	UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK
Location of Court:	NEW YORK, NEW YORK
Docket/Case #:	10-CV-8699 (UA)



Employing firm when activity occurred which led to the action:	QUADRANGLE GROUP LLC
Allegations:	THE SEC FILED A COMPLAINT ALLEGING THAT, INTER ALIA, THE APPLICANT VIOLATED SECTION 17(A)(2) OF THE SECURITIES ACT WHILE A MANAGING PRINCIPAL OF THE PRIVATE EQUITY FIRM, QUADRANGLE GROUP LLC ("QUADRANGLE"). SEC LITIGATION RELEASE NO. 21748 (NOVEMBER 18, 2010). IN THE COMPLAINT, THE SEC STATED THAT THIS ACTION WAS PART OF A WIDE-RANGING SCHEME TO EXTRACT KICKBACKS FROM INVESTMENT MANAGEMENT FIRMS SEEKING TO MANAGE ASSETS HELD IN TRUST BY THE NEW YORK STATE COMMON RETIREMENT FUND ("RETIREMENT FUND"), WHERE OTHERS WERE THE PRIMARY PERPETRATORS. THE COMPLAINT ALLEGED THAT THE APPLICANT AND QUADRANGLE SECURED \$150 MILLION IN INVESTMENTS FROM THE RETIREMENT FUND AFTER ARRANGING FOR A QUADRANGLE AFFILIATE TO DISTRIBUTE THE DVD OF A LOW-BUDGET FILM THAT THE THEN-NEW YORK STATE DEPUTY COMPTROLLER AND HIS BROTHERS HAD PRODUCED, AND BY AGREEING TO PAY MORE THAN \$1 MILLION IN PURPORTED "FINDER" FEES TO THE TOP POLITICAL ADVISOR AND CHIEF FUNDRAISER FOR THE THEN-NEW YORK STATE COMPTROLLER, EVEN THOUGH QUADRANGLE HAD ALREADY PRESENTED THE INVESTMENT PROPOSAL AT ISSUE DIRECTLY TO THE THEN-NEW YORK STATE DEPUTY COMPTROLLER. THE COMPLAINT ALSO ALLEGED THAT THE APPLICANT FAILED TO DISCLOSE THE CONFLICTS RAISED BY THE AFOREMENTIONED FINDER FEE OR THE DVD DEAL TO THE RETIREMENT FUND'S INVESTMENT ADVISORY COMMITTEE, WHICH WAS REQUIRED BY STATE LAW TO MONITOR AND GIVE ADVICE REGARDING THE RETIREMENT FUND'S INVESTMENTS, OR ANYONE ELSE NOT INVOLVED IN THE SCHEME.
Current Status:	Final
Resolution:	Consent
Resolution Date:	11/23/2010
Sanctions Ordered or Relief Granted:	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Injunction Monetary Penalty other than Fines
Capacities 1 of 1	
Capacities Affected:	N/A (PERMANENTLY ENJOINED FROM VIOLATING SECTION 17(A)(2) OF THE SECURITIES ACT OF 1933).
Duration:	PERMANENT



Start Date: 11/23/2010

End Date:

Monetary Sanction 1 of 3

Monetary Sanction: Disgorgement

Total Amount: \$3,000,000.00

Portion against individual: 3000000

Date Paid: 12/09/2010

Portion Waived: No

Amount Waived:

Monetary Sanction 2 of 3

Monetary Sanction: Monetary Fine

Total Amount: \$3,000,000.00

Portion against individual: 3000000

Date Paid: 12/09/2010

Portion Waived: No

Amount Waived:

Monetary Sanction 3 of 3

Monetary Sanction: PREJUDGEMENT INTEREST

Total Amount: \$213,378.00

Portion against individual: 213378

Date Paid: 12/09/2010

Portion Waived: No

Amount Waived:

Broker Statement

ON NOVEMBER 23, 2010, THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK ENTERED A FINAL JUDGMENT BY CONSENT AGAINST THE APPLICANT, WITHOUT HIM ADMITTING OR DENYING THE ALLEGATIONS CONTAINED IN THE COMPLAINT, PERMANENTLY ENJOINING HIM FROM VIOLATING SECTION 17(A)(2) OF THE SECURITIES ACT. THE APPLICANT ALSO WAS ORDERED BY PAY \$3 MILLION IN DISGORGEMENT, PLUS PREJUDGMENT INTEREST IN THE AMOUNT OF \$213,378, AND A \$3 MILLION CIVIL PENALTY PURSUANT TO SECTION 20(D) OF THE SECURITIES ACT. THE APPLICANT SATISFIED



THESE FINANCIAL OBLIGATIONS ON DECEMBER 9, 2010, AND HAS OTHERWISE COMPLIED WITH THE TERMS OF THE JUDGMENT.

End of Report



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