

**MEMO# 6518**

January 4, 1995

# **INVESTMENT MANAGERS CONSENT TO ORDERS ALLEGING VIOLATIONS OF ANTITRUST AND SECURITIES LAWS**

January 4, 1995 TO: COMPLIANCE COMMITTEE No. 1-95 INVESTMENT ADVISER MEMBERS  
No. 2-95 SEC RULES MEMBERS No. 1-95 RE: INVESTMENT MANAGERS CONSENT TO ORDERS  
ALLEGING VIOLATIONS OF ANTITRUST AND SECURITIES LAWS

\_\_\_\_\_ The U.S.  
Department of Justice and the Securities and Exchange Commission brought actions against two investment managers relating to their trading of United States Treasury securities on behalf of the investment partnerships or unregistered funds that they manage. The complaints allege that the investment managers bought large positions in U.S. Treasury notes, producing an artificial shortage of these notes. As a result, many short sellers who had to "cover" their positions depended upon the defendants as major source of the notes. The Department of Justice alleged that the defendants violated Section 1 of the Sherman Act by "[agreeing] to acquire control of the supply of April notes to the cash and financing markets in order to cause a squeeze and to profit thereby." The defendants consented to the entry of a final judgment, which orders each defendant, among other things, to initiate and maintain an antitrust compliance program and to pay the balance of the illegal profits they made, plus a civil penalty, to the U.S. Government. The SEC's complaint alleged violations of the antifraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. Without admitting or denying the SEC's allegations, the investment managers consented to the entry of permanent injunctions. A copy of the relevant orders are attached. Paul Schott Stevens General Counsel Attachments