

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 103021 / May 9, 2025

ADMINISTRATIVE PROCEEDING
File No. 3-21355

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In the Matter of	:	ORDER APPROVING
	:	PLAN OF DISTRIBUTION
Chatham Asset Management, LLC,	:	
and Anthony Melchiorre,	:	
	:	
Respondents.	:	
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On April 3, 2023, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”)¹ against Chatham Asset Management, LLC and Anthony Melchiorre (collectively, the “Respondents”). In the Order, the Commission found that Chatham and Melchiorre traded, on behalf of their fund clients, in three high-yield debt securities issued by American Media Inc. (“AMI Bonds”), a wholly-owned subsidiary of AMI Parent Holdings, LLC. At times, from 2016 through 2018, Chatham and Melchiorre engaged in transactions in these AMI Bonds that resulted in one Chatham fund selling AMI Bonds and a different Chatham fund purchasing the same AMI Bonds, through various broker-dealers (the “Rebalancing Trades”). Chatham engaged in the Rebalancing Trades to address portfolio constraints such as industry or issuer fund concentration limits, to meet investor redemptions, and to allocate capital inflows and outflows. These trades were executed at prices Chatham and Melchiorre proposed. Over time, the prices at which Chatham and Melchiorre traded the securities in the Rebalancing Trades increased at a significantly higher rate than the prices of similar securities. Chatham’s and Melchiorre’s trading in the AMI Bonds accounted for the vast majority of the trading in those Bonds and therefore over time had a material effect on their pricing.

According to the Order, Chatham and Melchiorre calculated the net asset values (“NAVs”) of their client funds’ holdings using pricing data that was based, in part, on the trading prices of the securities. As a result, during the relevant time period, the NAVs of Chatham’s clients were higher than they would have been if Chatham’s Rebalancing Trades were removed from the market for the AMI Bonds, which, in turn, resulted in higher fees being charged to the

¹ Advisers Act Rel. No. 6270 (Apr. 3, 2023).

clients. Many of the Rebalancing Trades involved open-ended mutual funds regulated as registered investment companies. The Commission found that, in those cases, Chatham and Melchiorre aided and abetted and caused these investment companies to enter into prohibited affiliate transactions in violation of Sections 17(a)(1) and (2) of the Investment Company Act of 1940.

The Commission ordered the Respondents to pay \$11,000,000.00 in disgorgement, \$3,375,072.00 in prejudgment interest, and a total of \$5,000,000.00 in civil money penalties, for a collective total of \$19,375,072.00, to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty collected, along with the disgorgement and prejudgment interest collected, can be distributed to harmed investors (the “Fair Fund”).

The Fair Fund includes the \$19,375,072.00 collected from the Respondents. The assets of the Fair Fund are subject to the continuing jurisdiction and control of the Commission. The Fair Fund has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any interest accrued will be added to the Fair Fund.

On March 13, 2025, the Division of Enforcement, pursuant to delegated authority, published a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”),² pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”);³ and simultaneously posted the Proposed Plan of Distribution (the “Proposed Plan”). The Notice advised interested persons that they could obtain a copy of the Proposed Plan from the Commission’s public website or by submitting a written request to Allison J.P. Moon, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5876. The Notice also advised that all persons desiring to comment on the Proposed Plan could submit their comments, in writing, within 30 days of the Notice. The Commission received no comments on the Proposed Plan during the comment period.

The Proposed Plan provides for the distribution of the Net Available Fair Fund⁴ to investors in five funds—Chatham Asset High Yield Master Fund, Ltd.; Chatham Asset Private Debt and Strategic Capital Fund, LP; Chatham Fund, LP; the Chatham Everest Fund, L.P.; and Chatham Eureka Fund, LP—who paid excess performance (aka incentive) fees and management fees to Chatham from January 2016 through December 2018, inclusive and incurred losses due to the Respondents’ violations as described in the Order.

The Division of Enforcement now requests that the Commission approve the Proposed Plan.

² Exchange Act Rel. No. 102666 (Mar. 13, 2025).

³ 17 C.F.R. § 201.1103.

⁴ All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Proposed Plan.

Accordingly, it is hereby ORDERED, pursuant to Rule 1104 of the Commission's Rules,⁵ that the Proposed Plan is approved, and the approved Plan of Distribution shall be posted simultaneously with this order on the Commission's website at www.sec.gov.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.⁶

Vanessa A. Countryman
Secretary

⁵ 17 C.F.R. § 201.1104.

⁶ 17 C.F.R. § 200.30-4(a)(21)(iv).