

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 4065 / April 20, 2015

INVESTMENT COMPANY ACT OF 1940
Release No. 31558 / April 20, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16501

In the Matter of

BLACKROCK ADVISORS, LLC
and
BARTHOLOMEW A. BATTISTA,

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 203(e) 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**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Investment Company Act”) against BlackRock Advisors, LLC (“BlackRock”), and pursuant to Section 203(k) of the Advisers Act and Section 9(f) of the Investment Company Act against Bartholomew A. Battista (“Battista”) (together “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, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e) 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 (“Order”), as set forth below.

III.

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

Summary

1. This matter concerns investment adviser BlackRock’s failure to disclose a conflict of interest involving the outside business activity of one of its portfolio managers. Daniel J. Rice, III was a well-known, long-standing top-performing energy sector portfolio manager. Rice joined BlackRock in 2005 and managed BlackRock energy-focused registered funds, private funds, and separate accounts. In 2007, Rice founded Rice Energy, L.P. – a Rice family-owned-and-operated oil and natural gas production company. Rice was the general partner of Rice Energy and personally invested approximately \$50 million in the company. Rice’s three sons were the CEO, CFO, and VP of Geology of Rice Energy. In February 2010, Rice Energy formed a joint venture with Alpha Natural Resources, Inc. (“ANR”), a publicly-traded coal company held in the BlackRock funds and accounts managed by Rice. By June 30, 2011, ANR stock was the largest holding (9.4%) in the Rice-managed \$1.7 billion BlackRock Energy & Resources Portfolio, primarily as a result of ANR acquiring two other public companies held in that portfolio. BlackRock knew of Rice’s involvement with and investment in Rice Energy as well as the joint venture with ANR, but failed to disclose Rice’s conflict of interest to the BlackRock funds’ boards of directors or to BlackRock advisory clients.

2. BlackRock also failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder, as required by Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, concerning the outside activities of its employees, including how they should be assessed and monitored for conflict purposes, and when an employee’s outside activity should be disclosed to the BlackRock funds’ board of directors or to BlackRock advisory clients. BlackRock’s chief compliance officer (“CCO”), Bartholomew A. Battista, caused BlackRock’s compliance-related violations.

3. BlackRock and Battista also caused the registered funds’ failure to have the funds’ chief compliance officer report to the funds’ boards of directors – in violation of Rule 38a-1(a)(4)(iii)(B) under the Investment Company Act of 1940 – Rice’s violations of BlackRock’s private investment policy. BlackRock and Battista knew about Rice’s violations, and knew or should have known that they were not reported to the funds’ boards.

Respondents

4. **BlackRock Advisors, LLC**, a Delaware limited liability company headquartered in Wilmington, Delaware, is an investment adviser registered with the Commission. According to its Form ADV filed in June 2014, BlackRock has assets under management of approximately \$452 billion. BlackRock is a subsidiary of BlackRock, Inc., an investment management firm with assets under management of approximately \$4.3 trillion as of December 31, 2013.

5. **Bartholomew A. Battista**, age 56 and a resident of Sicklerville, New Jersey, was the CCO of BlackRock during the relevant period. Battista joined BlackRock in 1998.

Other Relevant Individual and Entities

6. **Daniel J. Rice III** was a managing director at BlackRock and a co-portfolio manager of approximately \$4.5 billion in energy sector assets held in BlackRock registered and private funds as well as separately managed accounts. Rice joined BlackRock in January 2005 and separated from the firm in December 2012.

7. **Rice Energy, LP (“Rice Energy”)** was a Delaware limited partnership headquartered in Canonsburg, PA. Rice Energy was founded by Rice in February 2007. During the relevant period, Rice Energy was a Rice family-owned-and-operated oil and gas exploration and production company that focused on drilling oil and natural gas wells. In January 2014, Rice Energy, Inc., a Rice Energy affiliate, completed its \$1 billion initial public offering of 50 million shares of common stock, at a price of \$21 per share (NYSE: RICE).

Facts

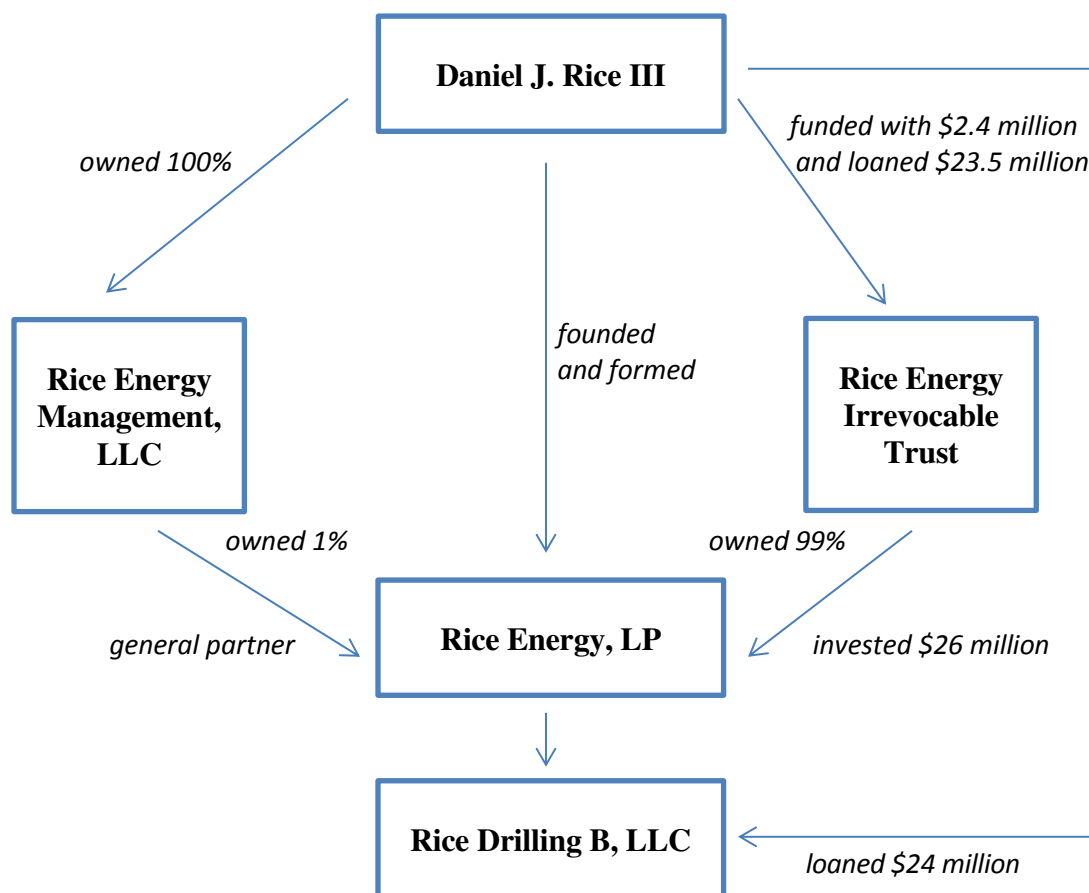
A. Rice’s Outside Business Activity Created a Conflict of Interest at BlackRock

8. In late 2004, BlackRock recruited Rice to join BlackRock. Rice joined BlackRock in January 2005 as a managing director and co-portfolio manager of energy sector assets held in BlackRock registered funds, private funds, and separately managed accounts. As an incentive to join the company, BlackRock agreed to pay Rice a portion of the annual investment advisory fees earned on the Rice-managed funds and separate accounts – as a result, Rice was one of BlackRock’s most highly compensated portfolio managers.

9. In December 2006 and while employed at BlackRock, Rice formed and funded the Rice Energy Irrevocable Trust (the “Rice Energy Trust”) to hold interests in “Rice Energy,” which referred to energy companies that Rice intended to create in the future and be managed by his adult children. Rice funded the trust with approximately \$2.4 million in gifts as well as \$23.5 million in term loans.

10. In February 2007 and while employed at BlackRock, Rice formed Rice Energy, Rice Energy Management, LLC (“REM”), and a Rice Energy drilling subsidiary. In February 2008, Rice formed another Rice Energy drilling subsidiary, Rice Drilling B, LLC (“Rice Drilling B”). Rice was the 100% owner of REM, which was the sole general partner of Rice Energy. Due to his ownership interest, Rice had the ability to exercise broad power and authority over Rice Energy. Through REM, Rice was not only the general partner of Rice Energy, but he also owned 1% of Rice Energy, and the remaining 99% was owned by the Rice Energy Trust.

11. Between 2007 and mid-2010, Rice had invested in and loaned to Rice Energy a total of approximately \$50 million.



12. Rice’s three sons, who were Rice Energy’s Chief Executive Officer, Chief Financial Officer, and Vice President of Geology, routinely shared information regarding Rice Energy operational issues with Rice, and sought and received direction and advice from Rice. Rice also was a manager at two Rice Energy drilling subsidiaries, including Rice Drilling B. Rice and his sons exercised their power and authority to manage the business and affairs of the companies and made decisions on their behalf.

13. Rice used his BlackRock email address for Rice Energy related communications during which Rice discussed the company. For example, Rice used his industry connections to solicit business partnerships through which Rice Energy would gain access to land on which to drill.

14. During Rice's tenure as a BlackRock portfolio manager, Rice Energy solicited a joint venture with Foundation Coal, a public company held in the Rice-managed funds and separate accounts. In mid-2008, Rice Energy started exploring a potential joint venture, and by early 2009 substantive discussions between the two companies had begun, but final plans were placed on hold until after the merger of Foundation Coal and ANR was completed in July 2009. Shortly after the merger, Rice formed a third Rice Energy drilling subsidiary to hold Rice Energy's interest in its anticipated joint venture with ANR. In October 2009, Rice – in his role as general partner and on behalf of Rice Energy – signed a letter of intent to form the joint venture with ANR. In February 2010, Rice Energy finalized the joint venture with ANR.

15. By the end of the first quarter of 2010 and after the formation of the joint venture with ANR, the Rice-managed funds and separate accounts together held over two million shares of ANR stock, with the largest fund – the \$1.2 billion BlackRock Energy & Resources Portfolio – maintaining a 3.5% position in ANR, making it one of the fund's top ten largest holdings. By the end of the second quarter of 2011 and after ANR acquired Massey Energy, a second public company already held in the Rice-managed funds and separate accounts, the number of shares held in ANR stock increased to over eight million, with the largest fund – the \$1.7 billion BlackRock Energy & Resources Portfolio – maintaining a 9.4% position in ANR, making it the fund's largest holding.

B. BlackRock Approved Rice's Outside Business Activity

16. By no later than January 2007, BlackRock learned that Rice had formed and funded the Rice Energy Trust in violation of BlackRock's private investment policy. By at least that time, certain BlackRock senior executives, including Battista, were told that Rice intended to form and fund Rice Energy. BlackRock's Legal and Compliance Department, including Battista, reviewed and discussed the matter and allowed Rice to form Rice Energy. BlackRock concluded that it did not see any conflict of interest with regard to Rice Energy. By no later than January 2010, BlackRock learned that Rice had made additional loans of approximately \$14 million to a Rice Energy subsidiary in violation of BlackRock's private investment policy.

17. BlackRock did not report the formation or funding of the Rice Energy Trust or Rice Energy to the boards of directors of the Rice-managed registered funds or to advisory clients. BlackRock also did not advise the funds' boards of Rice's violations of BlackRock's private investment policy. BlackRock did not monitor or reassess Rice's outside business activity and the conflicts associated therewith between January 2007 and January 2010.

18. In January 2010, Rice told BlackRock that he wanted to serve on the board of directors of the joint venture between Rice Energy and ANR. At that time, BlackRock's Legal and Compliance Department did not recall its review of Rice Energy in early 2007. Incorrectly believing this was the first time it was learning about Rice Energy, BlackRock's Legal and Compliance Department conducted several fact-gathering discussions with Rice that resulted in a February 2010 memorandum addressed to Rice ("February 2010 memorandum").

19. Because the Rice-managed funds and separate accounts held ANR stock, the February 2010 memorandum stated the following with respect to conflicts:

There are potential conflicts of interest in entering joint ventures with companies that you hold in your BlackRock client portfolios and funds. By participating in a personal joint venture with an issuer that you invest in on behalf of your clients, you may create the appearance of a conflict, with respect to whose interests are being placed first (yours or the client's). Additionally, by investing with a company that you hold in your portfolios you raise the concern that you may have access to ANR specific information which you could use for your benefit instead of for your client's.

20. Despite BlackRock's acknowledgement of potential conflicts of interest and the concern that Rice may have access to ANR-specific information that Rice could use for his personal benefit to the detriment of his clients, BlackRock allowed Rice to continue his involvement with and financial investment in Rice Energy while continuing to serve as a BlackRock portfolio manager. As stated in the February 2010 memorandum, to which Rice agreed, BlackRock further allowed Rice to continue managing the ANR stock positions held in the Rice-managed funds and separate accounts, provided that he: (i) not participate in any decisions with respect to the joint venture; (ii) not become a board member of the joint venture; (iii) not receive material information about the joint venture that could restrict Rice's ability to trade in ANR; and (iv) pre-clear with BlackRock any future Rice Energy-related board seats intended to be taken by Rice. BlackRock did not provide any disclosure about Rice Energy or the February 2010 memorandum to the funds' boards or to advisory clients.

21. BlackRock did not follow-up with Rice about Rice Energy thereafter. Instead, BlackRock expected Rice to report back to BlackRock. BlackRock did not monitor or initiate any reassessment of Rice's involvement with Rice Energy. BlackRock did not verify whether certain steps specified in its February 2010 memorandum were taken by Rice, such as removing references to BlackRock from the Rice Energy website – and, ultimately, those references were not removed until after the June 2012 press articles about Rice's involvement with Rice Energy raised questions about the related conflicts of interest.

22. From time to time, Rice discussed other Rice Energy matters with certain BlackRock senior executives. For example, in May 2010 BlackRock approved Rice's sale of certain of his personal securities holdings so that he could make a \$10 million loan to Rice Energy. In another instance, in May 2011 Rice received approval from a senior executive in BlackRock's Legal and Compliance Department to participate in a private placement debt offering by Rice Drilling B. The Rice Drilling B private placement memo (the "PPM") described Rice's role at Rice Energy – namely, as founder and managing general partner, as well as co-manager with his son of Rice Drilling B – and his role as managing director and portfolio manager at BlackRock. Rice also made the opening remarks on the offering's internet video roadshow used to solicit potential investors and stated his affiliation with Rice Energy and BlackRock, although at the direction of the BlackRock senior executive, Rice also noted that BlackRock did not have an equity interest or an implied interest in Rice Energy. In December 2011, Rice also notified certain BlackRock senior executives that, in connection with an investment by a private equity family of funds in Rice Energy, Rice's prior loans to a Rice Energy subsidiary would be converted to a direct equity interest in a newly formed Rice Energy subsidiary.

C. BlackRock Breached Its Fiduciary Duty by Failing to Disclose the Conflict of Interest

23. BlackRock did not inform the boards of directors of the Rice-managed registered funds or advisory clients about Rice's involvement with and investment in Rice Energy. Although senior executives in BlackRock's Legal and Compliance Department considered the disclosure issue in privileged communications, no disclosure was made. On June 1, 2012, The Wall Street Journal published the first of three articles detailing Rice's connection to Rice Energy, and his simultaneous role as an energy sector portfolio manager at BlackRock.

24. As an investment adviser, BlackRock has a fiduciary duty to exercise the utmost good faith in dealing with its clients – including to fully and fairly disclose all material facts and to employ reasonable care to avoid misleading its clients. It is the client, not the investment adviser, who is entitled to determine whether a conflict of interest might cause a portfolio manager – consciously or unconsciously – to render advice that is not disinterested.

25. BlackRock breached its fiduciary duty by failing to disclose to the funds' boards and advisory clients the conflict of interest created when BlackRock permitted Rice to form, invest, and participate in an energy company while Rice was also managing several billion dollars in energy sector assets held in BlackRock funds and separate accounts. The conflict of interest became more acute once Rice Energy finalized its joint venture with ANR, as the Rice-managed funds and separate accounts held significant positions in ANR stock.

D. BlackRock Failed to Adopt and Implement Policies and Procedures Regarding Outside Activities

26. BlackRock did not have any written policies and procedures regarding the outside activities of its employees. BlackRock only required pre-approval for an employee to serve on a board of directors and had a general conflicts of interest provision in its Code of Business Conduct

and Ethics (“Code”) that addressed conflicts or potential conflicts that could arise from the personal activities or interests of BlackRock employees. Pursuant to the Code, BlackRock required all conflicts and potential conflicts to be reported to a supervisor, manager, or a member of BlackRock’s Legal and Compliance Department.

27. BlackRock failed, however, to adopt and implement policies and procedures that addressed how the outside activities of BlackRock employees were to be assessed for conflicts purposes, as well as who was responsible for deciding whether the outside activity should be permitted.

28. BlackRock also failed to adopt and implement policies and procedures to monitor those employees with BlackRock-approved outside activities, so that BlackRock would stay informed about any changes in the employee’s outside activity and re-evaluate it, if necessary.

29. As BlackRock’s CCO, Battista was responsible for the design and implementation of BlackRock’s written policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules. Battista knew and approved of numerous outside activities engaged in by BlackRock employees (including Rice), but did not recommend written policies and procedures to assess and monitor those outside activities and to disclose conflicts of interest to the funds’ boards and to advisory clients. As such, Battista caused BlackRock’s failure to adopt and implement these policies and procedures.

30. In January 2013, BlackRock subsequently adopted new written policies and procedures addressing the outside activities of BlackRock employees.

E. Respondents Caused the Funds’ Failure to Report Rice’s Policy Violations to the Funds’ Boards of Directors

31. BlackRock had a private investment policy that, among other things, required employees to receive BlackRock’s approval before making any private investments.

32. Rice violated BlackRock’s private investment policy by not obtaining pre-approval to: (i) form and fund the Rice Energy Trust; and (ii) make approximately \$14 million in loans to a Rice Energy subsidiary.

33. BlackRock and Battista knew about Rice’s violations of its private investment policy, and also knew or should have known that these violations were “material compliance matters” under Rule 38a-1 and, hence, were required to be reported to the boards of directors of the Rice-managed registered funds. BlackRock and Battista also knew or should have known that the funds did not, in fact, report Rice’s violations to the funds’ boards.

Violations

34. As a result of the conduct described above, BlackRock willfully¹ violated Section 206(2) of the Advisers Act, which prohibits an investment adviser from engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon a client or prospective client.² BlackRock breached its fiduciary duty by failing to disclose a conflict of interest – namely Rice’s involvement with and investment in Rice Energy – to the BlackRock funds’ boards of directors or to advisory clients.

35. As a result of the conduct described above, BlackRock willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder by failing to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules. BlackRock failed to adopt and implement written policies and procedures to assess and monitor the outside activities of its employees and to disclose conflicts of interest to the funds’ boards and to advisory clients. Battista caused BlackRock’s compliance-related violations.

36. As a result of the conduct described above, BlackRock and Battista caused certain BlackRock funds’ violations of Rule 38a-1(a) under the Investment Company Act. Rule 38a-1(a)(4)(iii)(B) requires registered investment companies, through their chief compliance officer, to provide a written report at least annually to the fund’s board of directors that addresses each material compliance matter that occurred since the date of the last report. Rule 38a-1, in pertinent part, defines a “material compliance matter” as any compliance matter about which the fund’s board of directors would reasonably need to know to oversee fund compliance, and that involves, without limitation, a violation of the policies and procedures of its investment adviser. BlackRock and Battista caused the failures by certain BlackRock funds to report all material compliance matters – namely Rice’s violations of BlackRock’s private investment policy – to their boards of directors.

Undertakings

BlackRock undertakes to complete the following actions:

37. **Independent Compliance Consultant.** BlackRock shall retain, within thirty (30) days of the issuance of this Order, an Independent Compliance Consultant (“Consultant”) not unacceptable to the staff of the Commission, and provide a copy of this Order to the Consultant. The Consultant’s compensation and expenses shall be borne exclusively by BlackRock. BlackRock shall require the Consultant to conduct a comprehensive review of BlackRock’s written compliance policies and procedures regarding the outside activities of BlackRock

¹ A willful violation of the securities laws means merely “that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

² A violation of Section 206(2) of the Advisers Act does not require scienter, but, rather, may rest on a finding of simple negligence. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (citing *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 195 (1963)).

employees and any conflicts of interest derived therefrom to ensure that they comply with Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder and Rule 38a-1 under the Investment Company Act, as appropriate.

a. BlackRock shall provide to the Commission staff, within thirty (30) days of retaining the Consultant, a copy of an engagement letter detailing the Consultant's responsibilities, which shall include the review described above in paragraph 37.

b. At the end of the review, which in no event shall be more than one hundred twenty (120) days after the date of the entry of this Order, BlackRock shall require the Consultant to submit a Report to BlackRock and the staff of the Commission ("Report"). The Report shall address the issues described above in paragraph 37, and shall include a description of the review performed, the conclusions reached, the Consultant's recommendations for changes in or improvements to BlackRock's policies and procedures, and a procedure for implementing the recommended changes in or improvements to those policies and procedures.

c. BlackRock shall adopt all recommendations contained in the Report within ninety (90) days of receipt; provided, however, that within thirty (30) days of BlackRock's receipt of the Report, BlackRock shall, in writing, advise the Consultant and the Commission staff of any recommendations that it considers unnecessary, unduly burdensome, impractical, or inappropriate. With respect to any such recommendation, BlackRock need not adopt that recommendation at that time but shall propose in writing an alternative policy, procedure, or system designed to achieve the same objective or purpose. As to any recommendation on which BlackRock and the Consultant do not agree, such parties shall attempt in good faith to reach an agreement within thirty (30) days after BlackRock provides the written notice described above. In the event that BlackRock and the Consultant are unable to agree on an alternative proposal, BlackRock and the Consultant shall jointly confer with the Commission staff to resolve the matter. In the event that, after conferring with the Commission staff, BlackRock and the Consultant are unable to agree on an alternative proposal, BlackRock will abide by the recommendations of the Consultant.

d. Within thirty (30) days of BlackRock's adoption of all of the recommendations in the Consultant's Report, as determined pursuant to the procedures set forth herein, BlackRock shall certify in writing to the Consultant and the Commission staff that it has adopted and implemented all of the Consultant's recommendations in the Report. Unless otherwise directed by the Commission staff, all Reports, certifications, and other documents required to be provided to the Commission staff shall be sent to Jeffrey B. Finnell, Assistant Director, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., N.E., Washington, DC 20549-5010, or such other address as the Commission's staff may provide.

e. BlackRock shall cooperate fully with the Consultant and shall provide the Consultant with access to files, books, records, and personnel as are reasonably requested by the Consultant for review.

f. To ensure the independence of the Consultant, BlackRock (i) shall not have the authority to terminate the Consultant or substitute another independent compliance consultant for the initial Consultant, without the prior written approval of the Commission's staff; (ii) shall compensate the Consultant and persons engaged to assist the Consultant for services rendered pursuant to this Order at their reasonable and customary rates; and (iii) shall not invoke the attorney-client or any other doctrine or privilege to prevent the Consultant from communicating with or transmitting any information, reports, or documents to the Commission's staff.

g. BlackRock shall require the Consultant to enter into an agreement providing that for the period of the engagement and for a period of two years from completion of the engagement, the Consultant shall not enter into any employment, consultant, attorney-client, auditing, or other professional relationship with BlackRock, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity. The agreement will also provide that the Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Consultant in the performance of his/her duties under this Order shall not, without prior written consent of the staff of the Commission, enter into any employment, consultant, attorney-client, auditing or other professional relationship with BlackRock, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

38. Recordkeeping. BlackRock shall preserve for a period of not less than six (6) years from December 31, 2014, the first two (2) years in an easily accessible place, any record of its compliance with the undertakings set forth in this Order.

39. Notice. BlackRock shall promptly revise its Form ADV to disclose the existence of the Order in accordance with such Form and its instructions, and deliver the amended Form ADV to its clients to the extent required by and in accordance with the requirements of the Advisers Act and the rules thereunder.

40. Deadlines. For good cause shown, the Commission staff may extend any of the procedural dates relating to the undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.

41. Certification of Compliance. BlackRock shall certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance with the undertakings in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and BlackRock agrees to provide such evidence.

The certification and supporting material shall be submitted to Jeffrey B. Finnell, Assistant Director, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5010, or such other address as the Commission staff may provide, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than thirty (30) days from the date of the completion of the undertaking.

IV.

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

Accordingly, pursuant to Sections 203(e) and 203(k) of the Advisers Act and Sections 9(b) and 9(f) of the Investment Company Act with respect to BlackRock, and pursuant to Section 203(k) of the Advisers Act and Section 9(f) of the Investment Company Act with respect to Battista, it is hereby ORDERED that:

A. Respondent BlackRock cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder, and Rule 38a-1 under the Investment Company Act.

B. Respondent Battista cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder, and Rule 38a-1 under the Investment Company Act.

C. Respondent BlackRock is censured.

D. Respondent BlackRock shall, within thirty (30) calendar days of the entry of this Order, pay a civil money penalty in the amount of \$12 million to the Securities and Exchange Commission. Respondent Battista shall, within thirty (30) calendar days of the entry of this Order, pay a civil money penalty in the amount of \$60,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) 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
- (3) 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 relevant entity or individual as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Julie M. Riewe, Co-Chief, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5010.

E. Respondent BlackRock shall comply with the undertakings enumerated in Section III above.

By the Commission.

Brent J. Fields
Secretary