UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3920 / September 17, 2014

INVESTMENT COMPANY ACT OF 1940
Release No. 31252 / September 17, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16130

In the Matter of **SEAN C. COOPER,** **Respondent.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940**

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(f) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act"), and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act") against Sean C. Cooper ("Respondent" or "Cooper").

II.

After an investigation, the Division of Enforcement alleges that:

Summary

1. This proceeding involves fraud and breaches of fiduciary duty by Sean C. Cooper from 2010 to 2012. During that period, Cooper was a managing member of WestEnd Capital Management, LLC ("WestEnd"), a San Francisco-based registered investment adviser, and also the portfolio manager for WestEnd Partners L.P. ("Fund"), a hedge fund advised by WestEnd.

2. The Fund's governing documents provided that WestEnd was entitled to annual management fees of 1.5% payable quarterly in advance at the beginning of each fiscal quarter. However, beginning in March 2010 and continuing through February 2012, Cooper began indiscriminately withdrawing money from the Fund. Cooper routed the money first through WestEnd, and then to his personal bank accounts. Although Cooper characterized the withdrawals in WestEnd's books and records as management fees, the withdrawals bore no relation to the fees WestEnd actually had earned. In reality, Cooper was using the Fund to line his own pockets. In total he misappropriated approximately $320,000 from the Fund.

3. Cooper was primarily responsible for WestEnd's compliance program, which was deficient with regards to, among other things, monitoring, reviewing, and approving his withdrawals from the Fund. Cooper also signed a false Form ADV filed with the Commission by WestEnd in 2011.

Respondent

4. **Sean Cooper**, age 48, of New Orleans, Louisiana, served as one of WestEnd's managing members since its inception in 2002 through his expulsion from the firm in 2012. Cooper was the primary portfolio manager and made almost all the investment decisions for the Fund. He also served as WestEnd's chief compliance employee until 2007, when he nominally delegated that function to another employee. In 2003, he formed the Fund to invest primarily in securities traded on domestic exchanges. Cooper controlled the Fund's operations and paid himself 100% of the management fee WestEnd collected from the Fund.

Other Relevant Entities

5. **WestEnd Capital Management, LLC** ("WestEnd") is a California limited liability corporation based in San Francisco, CA and has been registered with the Commission as an investment adviser since May 2002. WestEnd provides investment advice to individuals and is also the investment adviser to WestEnd Partners, L.P., a hedge fund. As of December 31, 2013, WestEnd's total assets under management were $105 million.

6. **WestEnd Partners, L.P.** (the "Fund") is a California limited partnership formed in 2003, with WestEnd as its General Partner and adviser. During the relevant period WestEnd Partners invested primarily in securities traded on domestic and foreign exchanges and had approximately 20 investors and net assets of approximately $38 million.

Background

7. Formed in 2002, WestEnd is an investment advisory firm registered with the Commission that provides advisory and financial planning services to high net-worth individuals through separately managed accounts and the Fund.

8. Sean Cooper and two other members (the "Other Members") owned and operated WestEnd. Cooper was responsible for WestEnd's back office financial operations and compliance matters, as well as managing the Fund's investment portfolio. The Other Members were responsible for managing WestEnd's other client portfolios as well as client relations and marketing, and performed their roles remotely. As a result, the Other Members oversaw very little of WestEnd's day-to-day operations during the relevant time period. Cooper hired most of WestEnd's employees, ran WestEnd's day-to-day operations, purported to supervise WestEnd's compliance policies and procedures, served as the primary portfolio manager for the Fund, made almost all of the investment decisions for the Fund, and coordinated the preparation of the Fund's financial statements. He also had sole control over the Fund's bank accounts and operations and collected the fees WestEnd earned from the Fund. Cooper operated the Fund and managed WestEnd's back office operations with little to no supervision from WestEnd's Other Members.

Cooper Misappropriated Fund Assets

9. The Fund's offering circular stated that WestEnd was entitled to annual management fees of 1.5% of each investors' capital account balance, payable quarterly in advance at the beginning of each fiscal quarter. The Fund's limited partnership agreement similarly stated that WestEnd was entitled to a management fee of 0.375 % of the balance of each limited partner's capital account on the first day of each fiscal quarter.

10. WestEnd operated its fiscal calendar on a calendar year basis, such that WestEnd could withdraw quarterly management fees starting on January 1, April 1, July 1, and September 1 of each year. WestEnd provided each prospective investor in the Fund with a copy of the Fund's confidential offering circular and limited partnership agreement. Cooper knew investors received copies of these documents.

11. In March 2010, however, Cooper began indiscriminately withdrawing money from the Fund. Whereas the Fund's confidential offering circular and limited partnership agreement stated that there would be 4 quarterly management fee payments, Cooper withdrew fees 11 times in various amounts during 2010 that in total exceeded the 1.5% level, causing WestEnd's financial statements to state that it owed investors in the Fund $128,950 by the end of that year. Cooper continued to collect excess fees from the Fund in 2011 and by February 2012, WestEnd's financial statements reflected that it owed the Fund $320,779. Cooper did not stop misappropriating the Fund's assets until the Commission's examination staff began an onsite examination in April 2012. Cooper characterized the withdrawals in the Fund's books and records as management fees – but the withdrawals bore no relation to the fees WestEnd actually had earned. In reality, Cooper simply was using the Fund as his own private bank.

12. Cooper had sole authority to transfer money out of the Fund and there were no controls in place to prevent him from improperly withdrawing funds. Cooper routed the money first through WestEnd, and then to his personal bank account where he spent the money on his lavish lifestyle, including remodeling his multi-million dollar Marin County home and purchasing a $187,000 Porsche. In June 2012, the Fund's independent auditors

determined that WestEnd's lack of internal control over monitoring and approval of Cooper's withdrawals in excess of the amounts permitted by the Fund's governing documents was a significant deficiency in internal controls.

13. Cooper did not disclose WestEnd's excess fee withdrawals to Fund investors. Although Cooper reviewed and approved the quarterly account statements WestEnd sent to Fund investors, these statements, which reflected quarterly and year-to-date performance of the Fund, did not disclose the fact that Cooper caused WestEnd to take more in management fees than WestEnd was entitled to take under the terms of the Fund's offering and governing documents. Cooper also reviewed and approved the Fund's 2010 financial statements, which WestEnd sent to investors in July 2011, well after Cooper had misappropriated most of the funds. These financial statements described Cooper's withdrawals as "Prepaid management fees." This was false and misleading because Cooper's withdrawals bore no relation to the fees he and WestEnd actually earned.

False Statement in Form ADV

14. On April 1 2011, Cooper signed and filed on behalf of WestEnd Part 2A of WestEnd's Form ADV. Item 5 of Part 2A stated that WestEnd charged a quarterly management fee, payable on the first day of each quarter, equal to 0.375% of the capital balance of each limited partner for its services to the Fund. As discussed above, this statement was false, because Cooper indiscriminately withdrew purported management fees in excess of the annual 1.5% in 2010, 2011, and 2012.

Cooper Aided and Abetted and Caused WestEnd's Compliance Violations

15. The Advisers Act requires that registered investment advisers adopt and implement written policies and procedures reasonably designed to prevent violations of the statute. WestEnd failed to adopt, implement or comply with written policies and procedures designed to prevent violations of the Advisers Act. Cooper, while acting as WestEnd's chief compliance employee, failed to adopt, implement, or direct WestEnd's employees to adopt, implement, or comply with written policies and procedures designed to prevent violations of the Advisers Act.

16. As noted above, WestEnd – at Cooper's direction as principal of WestEnd and chief compliance officer ("Compliance Officer") – did not adopt policies or procedures that placed restrictions on Cooper's ability to withdraw money from the Fund. Additionally, WestEnd's policies and procedures that were adopted required that employees on an annual basis review and certify that they had received, read, and complied with the policies and procedures. WestEnd did not, however, provide its employees with the policies and procedures on an annual basis. Moreover, none of WestEnd's managing members, including Cooper, reviewed and certified that they had complied with WestEnd's policies and procedures for a more than five-year period between 2006 and 2013.

17. The Advisers Act also requires that registered investment advisers review, no less frequently than annually, the adequacy of their compliance policies and the

effectiveness of their implementation. Similarly, WestEnd's policies and procedures required Cooper to conduct an annual review of the adequacy and effectiveness of the firm's policies and procedures, including considering any compliance matters that arose during the previous year, any changes in WestEnd's activities and any changes in the Advisers Act or other applicable regulations. From 2006 through 2012, WestEnd and Cooper failed to conduct an annual review of the policies and procedures as required under the Advisers Act.

Violations

18. As a result of the conduct described above, Cooper willfully violated Sections 206(1) and 206(2) of the Advisers Act by employing devices, schemes or artifices to defraud clients or engaging in transactions, practices or courses of business that defrauded clients or prospective clients.

19. As a result of the conduct described above, Cooper willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, which prohibit any fraudulent, deceptive, or manipulative act, practice, or course of business by an investment adviser to a pooled investment vehicle.

20. As a result of the conduct described above, Cooper willfully aided and abetted and caused WestEnd's violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require, among other things, that a registered investment adviser: (a) adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules; and (b) review at least annually its written policies and procedures and the effectiveness of their implementation.

21. As a result of the conduct described above, Cooper willfully violated Section 207 of the Advisers Act which makes it "unlawful for any person willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission . . . or willfully to omit to state in any such application or report any material fact which is required to be stated therein."

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act including, but not limited to, disgorgement and civil penalties pursuant to Section 203 of the Advisers Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 9(b) of the Investment Company Act including, but not limited to, disgorgement and civil penalties pursuant to Section 9 of the Investment Company Act; and

D. Whether, pursuant to Section 203(k) of the Advisers Act, Respondent should be ordered to cease and desist from committing or causing violations and any future violations of Sections 206(1), 206(2), 206(4), and 207 and Rules 206(4)-7 and 206(4)-8 thereunder, whether Respondent should be ordered to pay a civil penalty pursuant to Section 203(i) of the Advisers Act, and whether Respondent should be ordered to pay disgorgement pursuant to Section 203 of the Advisers Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission’s Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is

not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Jill M. Peterson
Assistant Secretary