

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 86397 / July 16, 2019**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 33559 / July 16, 2019**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16353**

**In the Matter of**

**SPRING HILL CAPITAL  
MARKETS, LLC, et al.,**

**Respondents.**

**ORDER MAKING FINDINGS AND  
IMPOSING REMEDIAL SANCTIONS AND A  
CEASE-AND-DESIST ORDER PURSUANT  
TO SECTIONS 15(b) AND 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AND SECTION 9(b) OF THE INVESTMENT  
COMPANY ACT OF 1940**

**I.**

On January 22, 2015, the Securities and Exchange Commission (“Commission”) commenced these proceedings with the Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”), and Notice of Hearing (“OIP”) against Spring Hill Capital Markets, LLC (“SHCM”), Spring Hill Capital Partners, LLC (“SHCP”), Spring Hill Capital Holdings, LLC (“SHCH”), and Kevin D. White (“White”) (collectively, “Respondents”). After an initial decision had issued in this matter and an appeal to the Commission was pending and fully briefed, the Commission remanded the case to Chief Judge Murray for reassignment to a new ALJ pursuant to the Supreme Court’s decision in *SEC v. Lucia*, 138 S. Ct. 2044 (2018).

**II.**

Respondents have submitted an Offer of Settlement (the “Offer”), 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 Making Findings and Imposing Remedial Sanctions and a Cease-and Desist Order

Pursuant to Sections 15(b) and 21C of the Exchange Act and Section 9(b) of the Investment Company Act (“Order”), as set forth below.

Respondents and the Division of Enforcement recognize that, according to *Lucia v. SEC*, 138 S. Ct. 2044 (2018), Respondents are entitled to a “new hearing” before “another ALJ (or the Commission itself).” 138 S. Ct. at 2055. Respondents knowingly and voluntarily waive any claim or entitlement to such a new hearing before another ALJ or the Commission itself. Respondents also knowingly and voluntarily waive any and all challenges to the administrative proceedings or any and all orders that were issued during or at the conclusion of those proceedings, whether before the ALJ, the Commission, or any court, based upon any alleged or actual defect in the appointment of ALJ Carol Fox Foelak.

### III.

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

#### Summary

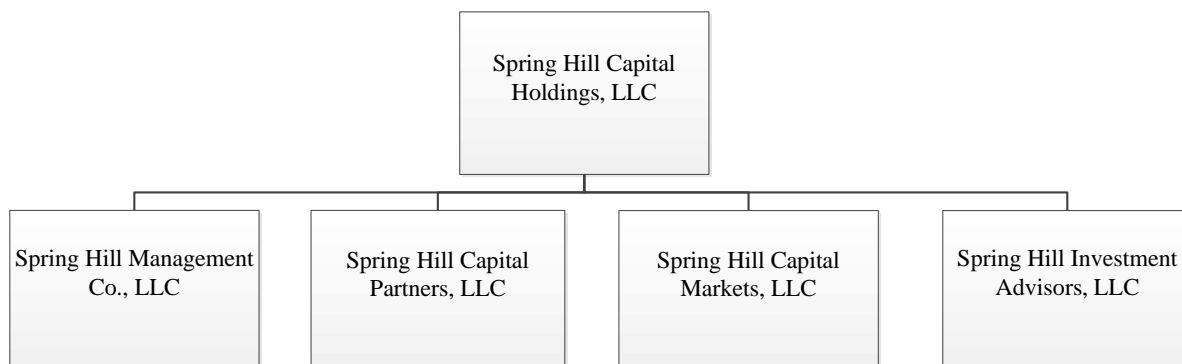
1. These proceedings arise out of violations of the broker-dealer registration requirements of the Exchange Act by SHCP, an unregistered entity; violations of the net capital, record-keeping, and reporting requirements of the Exchange Act by affiliate SHCM, a registered broker-dealer; and the conduct of their parent company, SHCH, and White, the founding CEO, to aid and abet and cause these and other violations. Between January 22 and February 26, 2010, SHCP generated no less than \$460,803.84 in trading revenue as an unregistered broker-dealer. Additionally, in March 2010, SHCM failed to submit a trade ticket from its introducing broker, Company A, which caused Company A’s books and records to be inaccurate. SHCM’s trading blotter also contained incorrect trade dates that obscured trades it had executed without a customer order for the transaction. These trades resulted in SHCM having a net capital deficiency in violation of Section 15(c)(3) of the Exchange Act and Rule 15c3-1 thereunder, which SHCM failed to report to the Commission. White and SHCH aided and abetted and/or caused the substantive violations of the Exchange Act engaged in by SHCP and SHCM, and aided and abetted and caused Company A’s violation of Exchange Act Section 17(a) and Rule 17a-3(a)(1) thereunder.

#### Respondents

2. **SHCH**, a Delaware company established in June 2009 and headquartered in New York, NY, is a holding company that is the sole direct owner of SHCP and SHCM and is majority owned by Kevin White. Since its formation, SHCH has been vested with the “full and exclusive right, power and authority to manage” the businesses and affairs of SHCP and SHCM. SHCH and its subsidiaries (collectively, the “**Spring Hill Entities**” or “**Spring Hill**”) had the following organizational structure during the relevant time period:<sup>1</sup>

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<sup>1</sup> Spring Hill Investment Advisors, LLC did not have active operations during the period relevant to this matter.



3. **SHCM**, a Delaware company established in April 2009 and headquartered in New York, NY, was a broker-dealer registered with the Commission from February 26, 2010 to April 25, 2016. It is majority owned, through SHCH, by Kevin White.

4. **SHCP**, a Delaware company established in October 2008 and headquartered in New York, NY, has never been registered with the Commission in any capacity. It is majority owned, through SHCH, by Kevin White. Before its sister entity SHCM was registered as a broker-dealer, SHCP traded securities in SHCP designated customer accounts held by a third-party (Company A). SHCP has had virtually no business activity since SHCM's registration as a broker-dealer became effective February 26, 2010. "Spring Hill Capital Partners" is the trade name under which the Spring Hill Entities operated.

5. **White**, age 55, resides in Ridgefield, CT. He founded the Spring Hill Entities and served as their CEO. He holds Series 3, 7, 9, 10, 24, and 63 licenses and was most recently associated with Burke & Quick Partners LLC from March until June 2018. He previously was associated with SHCM from 2009 to 2016, Rafferty Capital Markets, LLC from 2009 to 2010, Barclays Capital Inc. in 2008, Lehman Brothers Inc. from 1991 to 2008, and Kidder, Peabody & Co. Inc. from 1986 to 1988.

### Procedural History

6. The Commission commenced these proceedings on January 22, 2015, with the issuance of the OIP.

7. Respondents filed their answer on February 18, 2015.

8. The matter was initially assigned to Administrative Law Judge Carol Fox Foelak.

9. Seventeen witnesses testified during a hearing held in New York, New York, on May 11-14, 2015. The admitted exhibits are listed in the record index issued by the Office of the Secretary on November 27, 2015.

10. The Division of Enforcement and Respondents filed post-hearing briefs, and briefing was complete on or about July 10, 2015.

11. On November 30, 2015, ALJ Foelak issued an initial decision, which: (1) found that SHCP willfully violated Exchange Act Section 15(a), and White and SHCH willfully aided and abetted and caused SHCP's Section 15(a) violation; (2) found that SHCM willfully violated Exchange Act Sections 15(c)(3) and 17(a) and Rules 15c3-1, 17a-3(a)(1), and 17a-11(b)(1) thereunder, and White and SHCH caused SHCM's violations of Exchange Act Sections 15(c)(3) and 17(a) and Rules 15c3-1 and 17a-11(b)(1) thereunder; (3) found that White and SCHC stipulated that they aided and abetted and caused Company A's violations of Exchange Act Section 17(a) and Rule 17a-3(a)(1) thereunder; (4) ordered Respondents to cease and desist from committing and causing said violations; (5) ordered Respondents SHCP, SHCH, and White to disgorge, jointly and severally, \$3,953,608 in ill-gotten gains plus prejudgment interest; (6) censured SHCM and White; and (7) imposed a civil penalty of \$75,000 against SHCP, SHCH, and White, jointly and severally, and a civil penalty of \$7,500 against SHCM, SHCH, and White, jointly and severally.

12. After the initial decision was issued, Respondents filed a petition for review with the Commission, and the Division of Enforcement filed a cross-petition. The Division of Enforcement and Respondents subsequently filed briefs with the Commission.

13. While the parties' petition and cross-petition were pending, the United States Supreme Court decided *Kokesh v. SEC*, 137 S. Ct. 1635 (2017), which held that "any claim for disgorgement in an SEC enforcement action must be commenced within five years of the date the claim accrued." 137 S. Ct. at 1645; *see* 28 U.S.C. § 2462.

14. On November 30, 2017, the Commission remanded the case to the ALJ. *See Pending Admin. Proc.*, Securities Act of 1933 Release No. 10440, 2017 WL 5969234 (Nov. 30, 2017).

15. Consistent with the Commission's remand order, the parties were given the opportunity to submit, by January 5, 2018, new evidence that they deemed relevant to the ALJ's reexamination of the record, as well as briefing on the subject. *Spring Hill Capital Mkts.*, Admin. Proc. Rulings Release No. 5400 (ALJ Dec. 18, 2017).

16. On February 26, 2018, the ALJ issued an Order ratifying "all prior actions" with the exception of her prior ruling on disgorgement. *Spring Hill Capital Mkts.*, Admin. Proc. Rulings Release No. 5630 (ALJ Feb. 26, 2018). In the ratification order, the ALJ indicated that she would limit the disgorgement to "ill-gotten gains during the five-year period preceding January 22, 2015, the date when this proceeding was instituted." *Id.* The ALJ also invited Respondents to submit additional information on the topic of disgorgement by March 23, 2018. *Id.* In all other respects, the ALJ ratified the initial decision and all other prior actions taken by an administrative law judge in these proceedings.

17. Respondents filed a supplemental brief on March 23, 2018. The Division of Enforcement filed a response brief on April 20, 2018.

18. On June 21, 2018, before the ALJ issued a final disgorgement order, the United States Supreme Court decided *Lucia v. SEC*, 138 S. Ct. 2044 (2018), in which the Court held,

*inter alia*, that the Commission’s ALJ’s were not constitutionally appointed, and respondents impacted by the constitutional infirmity, such as Respondents here, are entitled to a “new hearing” before “another ALJ (or the Commission itself).” 138 S. Ct. at 2055.

19. On that same date, the Commission issued an order staying, for thirty days, any pending administrative proceeding initiated by order instituting proceedings that commenced the proceeding and set it for hearing before an administrative law judge, including any such proceeding currently pending before the Commission. *In re Pending Administrative Proceedings*, Securities Act of 1933 Release No. 10510, Securities Exchange Act of 1934 Release No. 83495, Investment Advisers Act Release No. 4946, Investment Company Act Release No. 33135 (June 21, 2018).

20. On July 20, 2018, the Commission issued an order further staying administrative proceedings for an additional thirty days to August 22, 2018. *In re Pending Administrative Proceedings*, Securities Act of 1933 Release No. 10522, Securities Exchange Act of 1934 Release No. 83675, Investment Advisers Act Release No. 4974, Investment Company Act Release No. 33164 (July 20, 2018).

21. On August 22, 2018, the Commission issued an order reiterating its November 30, 2017 approval of the appointments of Chief Administrative Law Judge Brenda Murray and Administrative Law Judges Carol Fox Foelak, Cameron Elliot, James E. Grimes, and Jason S. Patil to the office of administrative law judge in the Securities and Exchange Commission, and allowed the stay to expire. *In re Pending Administrative Proceedings*, Securities Act of 1933 Release No. 10536, Securities Exchange Act of 1934 Release No. 83907, Investment Advisers Act Release No. 4993, Investment Company Act Release No. 33211 (Aug. 22, 2018).

22. The Commission ordered, with respect to any such proceeding currently pending before an ALJ or the Commission, including this matter, that Respondents be provided with the opportunity for a new hearing before an ALJ who did not previously participate in the matter. *Id.*

23. The Commission remanded all proceedings currently pending before the Commission, including this matter, to the Office of Administrative Law Judges for this purpose and vacated any prior Commission opinion. *Id.*

24. On September 12, 2018, this case was reassigned to ALJ James E. Grimes. *In re Pending Administrative Proceedings*, Chief Administrative Law Judge’s Order Assigning Proceedings Post *Lucia v. SEC*, Admin. Proc. Release No. 5955 (ALJ Sept. 12, 2018).

25. On October 23, 2018, ALJ James E. Grimes held a prehearing telephonic conference in this matter. The following day he issued a scheduling order. *Spring Hill Capital Mkts.*, Admin. Proc. Rulings Release No. 6248 (ALJ Oct. 24, 2018).

### **Conclusions of Law**

26. As a result of the conduct summarized above and detailed in the initial decision and ratification order, which Respondents neither admit nor deny, SHCP willfully violated Exchange

Act Section 15(a), which makes it unlawful for any person to effect transactions in, or to induce or attempt to induce the purchase or sale of, any security without registering as a broker or dealer, and White and SHCH willfully aided and abetted and caused SHCP's violation; and

27. As a result of the conduct summarized above and detailed in the initial decision and ratification order, which Respondents neither admit nor deny, SHCM willfully violated Exchange Act Sections 15(c)(3) and 17(a) and Rules 15c3-1, 17a-3(a)(1), and 17a-11(b)(1) thereunder, which require broker-dealers to comply with net capital requirements, maintain accurate books and records, and report net capital deficiencies, and White and SHCH caused SHCM's violations of Exchange Act Sections 15(c)(3) and 17(a) and Rules 15c3-1 and 17a-11(b)(1) thereunder, and aided and abetted and caused Company A's violations of Exchange Act Section 17 and Rule 17a-3(a)(1) thereunder.

#### IV.

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

Accordingly, it is hereby ORDERED that, pursuant to Sections 15(b) and 21C of the Exchange Act of 1934 and Section 9(b) of the Investment Company Act:

A. Respondents SHCP, SHCH, and White cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act;

B. Respondents SHCM, SHCH, and White cease and desist from committing or causing any violations and any future violations of Sections 15(c)(3) and 17(a) of the Exchange Act and Rules 15c3-1, 17a-3(a)(1), and 17a-11(b)(1) thereunder;

C. Respondent SHCM is censured;

D. Respondents SHCP and SHCH shall, within fifteen (15) days, pay jointly and severally disgorgement of **\$460,803.84** to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

E. Respondent SHCM, SHCP, and/or SHCH shall, within fifteen (15) days, pay jointly and severally a civil penalty of **\$25,000** to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

H. 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 SHCM, SHCP, and/or SHCH as Respondents 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 Sanjay Wadhwa, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, Suite 400, New York, New York 10281 ([WadhwaS@sec.gov](mailto:WadhwaS@sec.gov)) and Celeste Chase, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, Suite 400, New York, New York 10281 ([ChaseC@sec.gov](mailto:ChaseC@sec.gov)).

By the Commission.

Vanessa A. Countryman  
Secretary