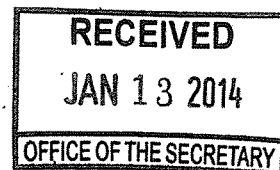


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**UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING
File No. 3-15625**

In the Matter of

**AMBASSADOR CAPITAL
MANAGEMENT, LLC and DEREK
H. OGLESBY**

Respondents.

**ANSWER OF AMBASSADOR CAPITAL
MANAGEMENT, LLC**

Ambassador Capital Management, LLC (“ACM”) by its attorneys, Ropes & Gray LLP, answers the allegations contained in the 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 (the “Advisers Act”), and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (the “Company Act”), dated November 26, 2013, as follows:

WITH RESPECT TO SECTION I

With respect to the single paragraph under the heading “Section I,” ACM states that it lacks sufficient knowledge or information to admit or deny the statements contained in that paragraph and denies that it violated any of the listed provisions of the securities laws.

WITH RESPECT TO SECTION II

1. ACM denies the allegations in Paragraph 1, except admits that the Ambassador Money Market Fund (“AMMF”) was a money market fund series offered by Ambassador Funds and managed by ACM. ACM denies that it committed any of the violations of federal securities laws alleged in Paragraph 1.
2. ACM denies all allegations in Paragraph 2
3. ACM denies all allegations in Paragraph 3.
4. ACM admits statements contained in Paragraph 4, and with respect to the contents of ACM’s public filings, ACM states that the documents speak for themselves and do not require a response.
5. ACM admits that Mr. Oglesby is a portfolio manager at ACM and that he currently works as Director of Quantitative Research at ACM. With respect to the allegations in Paragraph 5 regarding Mr. Oglesby’s responsibilities, ACM admits to the first, second, and fourth sentences of this Paragraph but denies that Mr. Oglesby ever was responsible for AMMF’s “day-to-day operations” and denies that Mr. Oglesby was solely responsible for AMMF’s portfolio management.
6. ACM admits the statements contained in Paragraph 6.
7. ACM admits the statements contained in Paragraph 7, except notes that the Ambassador Funds filed an application for deregistration as a registered investment company on May 7, 2013.
8. ACM addresses each sentence in Paragraph 8 separately as follows: with regard to Sentence 1, ACM lacks sufficient knowledge or information to admit or deny the statement, except admits that ACCM had good investment performance. With respect to Sentence 2, ACM admits that AMMF owned securities issued by Dexia, SA at certain times in 2011, but denies any implication that the securities posed excessive risk to AMMF and specifically denies that AMMF

owned securities of Dexia after it was taken into receivership. With respect to Sentence 3, ACM denies that AMMF held the asset backed commercial paper of a “troubled” German bank, but admits that AMMF held asset backed commercial paper of two Italian issuers.

9. ACM lacks sufficient knowledge or information to admit or deny the statements in Paragraph 9, but denies any implication that changes in Moody’s issued ratings resulted in excessive risk to AMMF.

10. ACM denies that it provided compliance policies and procedures to the Commission’s examiners. ACM also notes that the Commission was provided with a revised version of policies and procedures that reflected the recent amendments to Rule 2a-7 and that ACM followed the amendments to Rule 2a-7 in practice, believing that the policies and procedures had been formally adopted by AMMF’s Board of Trustees of Ambassador Funds (the “Board”).

11. ACM admits the statements contained in Paragraph 11, except that AMMF liquidated on June 29, 2012.

12. ACM admits that AMMF’s total net assets fluctuated during the last several years of its operations, but denies that the fluctuations were significant or the implication that the fluctuations evidenced that AMMF was unstable. With respect to the specific amounts referenced in Paragraph 12, ACM avers that to the best of its knowledge or information they are approximately accurate.

13. ACM admits the statements contained in Paragraph 13.

14. ACM denies the allegations in Paragraph 14. ACM refers to Michigan law for the requirements imposed upon ACM under those laws.

15. ACM addresses each sentence in Paragraph 15 separately as follows: ACM admits the allegations in the first and second sentences of Paragraph 15, and denies the allegations contained in the third sentence of Paragraph 15.

16. ACM lacks sufficient knowledge or information to admit or deny the statements in Paragraph 16, except ACM admits that, from time to time, a substantial portion of the shareholders' investments in AMMF came from the City of Detroit and Washtenaw County, Michigan.

17. ACM admits the statements contained in Paragraph 17 and, with respect to the various dates referenced in Paragraph 17, ACM avers that to the best of its knowledge or information they are approximately accurate.

18. Paragraph 18 purports to summarize statements in a particular document relating to action by the Board. Without admitting or denying the accuracy of those statements, ACM states that the document speaks for itself and does not require a response.

19. Paragraph 19 purports to summarize statements in a particular document relating to action by the Board. Without admitting or denying the accuracy of those statements, ACM states that the document speaks for itself and does not require a response.

20. ACM addresses each sentence in Paragraph 20 separately as follows: with regard to Sentences 1 and 2, ACM admits that it maintained a list of approved securities that was ratified by the Board on a quarterly basis, but denies any implication that ACM's purchase of the securities prior to the Board's ratification of the list is in any way improper. Sentence 3 purports to describe the content of particular documents. Without admitting or denying the accuracy of those allegations, ACM states that the documents speak for themselves and do not require a response. To the extent that a response is deemed necessary, ACM denies that the information

was “very limited” or the implication that the content represented an inadequate disclosure by ACM. With respect to Sentence 4, ACM denies the allegation because the presence of securities on the list itself summarized the conclusions from ACM’s credit analysis.

21. ACM denies the allegations in Paragraph 21, but admits that it made representations at Board meetings regarding the minimal credit risk of issuers.

22. ACM denies all allegations in Paragraph 22.

23. ACM denies all allegations in Paragraph 23.

24. ACM denies the allegations in Paragraph 24, except that ACM admits that AMMF generally held its securities until maturity.

25. Paragraph 25 purports to recount statements from a specific document. Without admitting or denying the accuracy of these statements, ACM states that the document speaks for itself and does not require a response. ACM also notes that the quoted language from a credit report was subsequently modified. ACM admits that the document referenced in Paragraph 25 was provided to AMMF’s auditors in August 2009.

26. ACM admits the statements contained in Paragraph 26, except that ACM denies the implication that any of the referenced holding periods violated maturity restrictions self-imposed by ACM. With respect to the various dates and holding periods referenced in Paragraph 26, ACM avers that to the best of its knowledge or information they are approximately accurate.

27. ACM denies all allegations in Paragraph 27. Instead, ACM avers that since its own internal guidelines were not “restrictions,” it was impossible for AMMF to violate such “restrictions.” Moreover, all securities represent some level of risk and ACM expressly denies the implication that White Point Funding exceeded the minimal credit risk limit required for assets held by AMMF.

28. ACM denies the allegations in Paragraph 28, but admits that ACM created its own guidelines in 2010. ACM notes that its internal guidelines were not “ratings” and denies the implication that ACM’s internal guidelines were anything more than suggested guidelines for holding periods.

29. ACM denies the allegations in Paragraph 29. With respect to the various dates and holding periods generally referenced in Paragraph 29, ACM avers that to the best of its knowledge or information they are approximately accurate.

30. ACM admits that Mr. Oglesby regularly reported to the Board regarding the Fund’s portfolio from 2010 to the liquidation of AMMF, but denies all other allegations in Paragraph 30. ACM adds that it did not have self-imposed maturity restrictions in place at any time during the life of AMMF. In fact, ACM merely established internal guidelines which were never mandated by either ACM’s policies or relevant laws.

31. Paragraph 31 sets forth legal requirements and conclusions to which no response is required. To the extent that a response is required, ACM denies all allegations in Paragraph 31.

32. ACM denies the allegation in Paragraph 32, except ACM admits that throughout 2009 and 2010, many ACM credit analyses concluded with the words describing a security as presenting “risk,” “some risk” or “moderate risk,” but ACM denies the implication that the use of those words in credit analyses means that the securities included in AMMF’s portfolio presented anything other than “minimal credit risk” as that term is used in Rule 2a-7.

33. ACM addresses each sentence in Paragraph 33 separately as follows: Sentence 1 purports to recount statements in a number of documents. Without admitting or denying the accuracy of those statements, ACM states that the documents speak for themselves and do not require a response. With respect to Sentences 2 and 3, ACM denies the statements and, instead, avers that

all asset-backed commercial paper purchased by ACM for AMMF was determined by ACM to pose a minimal credit risk. In fact, AMMF never “broke the buck,” never needed a “bailout,” and always maintained the highest rating from S&P.

34. ACM addresses each sentence in Paragraph 34 separately as follows: with respect to Sentence 1, ACM denies the allegations. With respect to Sentences 2 and 3, ACM lacks sufficient knowledge or information to admit or deny the statements.

35. ACM addresses each sentence in Paragraph 35 separately as follows: with respect to Sentence 1, ACM lacks sufficient knowledge or information to admit or deny the statement. With respect to Sentence 2, ACM refers to the relevant minutes, which speak for themselves, but denies the implication that such statements by Mr. Oglesby were false or misleading.

36. Paragraph 36 purports to recount statements in minutes from a particular meeting. ACM avers that the statements recorded in the minutes, which speak for themselves, are not an accurate reflection of statements made at the meeting by Mr. Oglesby, to whom the statements are attributed. Instead, Mr. Oglesby’s statements were more careful and qualified than those reflected in the minutes and this is consistent with the recollection of Board members at the meeting who did not feel they had been misled. Moreover, ACM denies the implication that the statements, even if accurately recorded in the minutes, were false or misleading.

37. Paragraph 37 purports to recount statements in minutes from a particular meeting. Without admitting or denying the accuracy of those statements, ACM states that the document speaks for itself and does not require a response. To the extent a response is required, ACM denies the implication that the statements were false and misleading. The Italian position referenced in Paragraph 37 was off the books in mid-November and such a statement does not

imply that ACM would not invest in the Italian market in the future should circumstances allow ACM to determine that the securities again presented minimal credit risk.

38. ACM denies the allegations in Paragraph 38 and notes that the reports referenced were not misleading and restates its response to Paragraph 36. With respect to the various holdings and purchases referenced in Paragraph 38, ACM avers that to the best of its knowledge or information they are approximately accurate.

39. ACM denies the allegations in Paragraph 39 and notes that the reports referenced were not misleading and restates its response to Paragraph 37. With respect to the various holdings and purchases referenced in Paragraph 39, ACM avers that to the best of its knowledge or information they are approximately accurate.

40. ACM denies the allegations in Paragraph 40.

41. ACM lacks sufficient knowledge or information to admit or deny the statements contained in Paragraph 41, but denies that “passive breaches” are referred to in Rule 2a-7 or any of the interpretations thereof and denies that AMMF was ever exposed to an “additional level of risk.”

42. ACM avers that the statements in the first sentence of Paragraph 42 are, to the best of its knowledge or information, approximately accurate. ACM denies the allegations in the second sentence of Paragraph 42 and notes that, as correctly stated in footnote one of the Order Instituting Proceedings, a redemption cannot cause a money market fund “to exceed the 5% limit as to the issuers.”

43. Paragraph 43 purports to recount statements in minutes from a particular meeting. Without admitting or denying the accuracy of those statements, ACM states that the document speaks for itself and does not require a response. To the extent Paragraph 43 requires a response,

ACM denies that it made the statement or provided the Board with false and misleading information. Instead, ACM believes the statement was made by AMMF's CCO who was not an employee of ACM. Additionally, ACM believes that the statement was based on a letter written by Mr. Oglesby on October 3, 2011, at AMMF's CCO's request, and given to the board. While Mr. Oglesby's letter was in fact accurate, the reported statement in Paragraph 43 differs from the letter's content.

44. ACM denies the allegations in Paragraph 44, but with respect to the specific holdings referenced in Paragraph 44, ACM avers that to the best of its knowledge or information they are approximately accurate.

45. Paragraph 45 purports to summarize information in a particular document. Without admitting or denying the accuracy of those statements, ACM states that the document speaks for itself and does not require a response. In addition, ACM notes that much of the information contained in this paragraph was self-reported by ACM.

46. Paragraph 46 purports to recount statements made in a particular document. Without admitting or denying the accuracy of those statements, ACM states that the document speaks for itself and does not require a response.

47. ACM addresses each sentence in Paragraph 47 separately as follows: Sentence 1 sets forth legal requirements and conclusions to which no response is required. With respect to Sentence 2, ACM denies the statement.

48. Paragraph 48 sets forth legal requirements and conclusions to which no response is required.

49. ACM denies all allegations in Paragraph 49. Instead, ACM avers that AMMF's first stress test occurred in December 2010 and that it accounted for all required scenarios, including an increase in shareholder redemptions.

50. ACM denies all allegations in Paragraph 50. Instead, ACM avers that AMMF's first stress test occurred in December 2010 and that it accounted for all required scenarios, including a downgrade or default of portfolio securities.

51. Paragraph 51 sets forth legal requirements and conclusions to which no response is required. To the extent a response is required, ACM denies all allegations in Paragraph 51. ACM also notes that the mark-to-market net asset value, calculated based on shadow pricing, of AMMF was always \$1.00 per share.

Violations

1. ACM denies all allegations in Paragraph J1.
2. ACM denies all allegations in Paragraph J2.
3. ACM denies all allegations in Paragraph J3.
4. ACM denies all allegations in Paragraph J4.
5. ACM denies all allegations in Paragraph J5.
6. ACM denies all allegations in Paragraph J6.

WITH RESPECT TO SECTION III

ACM states that no response is necessary to Section III of the Order.

WITH RESPECT TO SECTION IV

ACM states that no response is necessary to Section IV of the Order.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

The allegations included in the Order fail to state a claim upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

ACM acted at all times in good faith and relied upon the legal and compliance experts at Fund Services Group, including AMMF's CCO; experienced members of the Board; and outside counsel to AMMF and the Board from Dykema Gossett PLLC and Greenberg Traurig LLP, to ensure that all legal requirements were satisfied.

THIRD AFFIRMATIVE DEFENSE

The alleged acts of noncompliance with Rule 2a-7 were immaterial, thereby causing there to be no violations of law, even if the alleged noncompliance with Rule 2a-7 had occurred.

FOURTH AFFIRMATIVE DEFENSE

The fact that AMMF has liquidated and no longer exists and that ACM is no longer advising any money market funds should be considered in deciding whether to grant the relief requested.

FIFTH AFFIRMATIVE DEFENSE

ACM was not a "cause" of the alleged violations.

SIXTH AFFIRMATIVE DEFENSE

ACM has not “aided, abetted, counseled, commanded, induced or procured” a violation within the meaning of the securities laws.

SEVENTH AFFIRMATIVE DEFENSE

The imposition of a penalty against ACM is not in the public interest and is not consistent with the requirements of justice.

EIGHTH AFFIRMATIVE DEFENSE

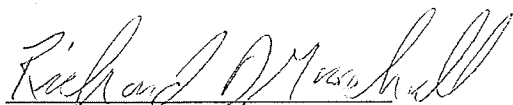
The alleged actions of ACM were not conducted with scienter and were not intentional or willful.

WHEREFORE, having fully answered, Respondent ACM prays:

1. That the relief described in the Order be denied and the proceedings herein be dismissed;
and
2. That ACM be given all such further relief as the Commission may deem just and proper.

Dated: New York, New York
January 10, 2014

Respectively submitted,



By: Richard D. Marshall

Richard D. Marshall
Eva C. Carman
David W. Mindell
Ropes & Gray LLP
Attorneys for Respondent
Ambassador Capital Management, LLC
1211 Avenue of the Americas
New York, NY 10011
Phone: 212-596-9000
Fax: 212-596-9090
richard.marshall@ropesgray.com
eva.carman@ropesgray.com
jon.daniels@ropesgray.com