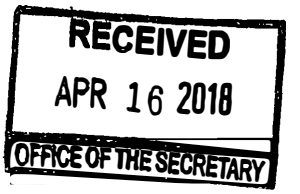
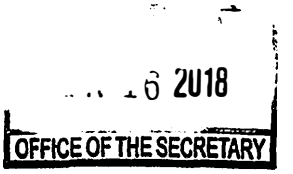
UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-16353





In the Matter of	)
Spring Hill Capital Markets, LLC, Spring Hill Capital Partners, LLC, Spring Hill Capital Holdings, LLC, And Kevin D. White,	)
Respondents.	)

RESPONDENTS' SUBMISSION PURSUANT TO ORDER DATED FEBRUARY 26, 2018

Pursuant to ALJ Foelak's order dated February 26, 2018 ("February Order"), the Respondents hereby submit the following.

Introduction[1]

Because this Court found that only those 23 trades (between January 22, 2010 and February 26, 2010) are not time barred, the maximum amount of the disgorgement order in this case is $460,803.84. Moreover, because Kevin White ("White") did not commit fraud, there was absolutely no harm to investors or the public and, indeed, this Court found that White acted in good faith through attempting to comply with securities laws, White cannot be held jointly and severally liable for disgorgement. Moreover, White is unaware of any cases that hold that he is jointly and severally liable for disgorgement simply because Spring Hill Capital Partners, LLC ("SHCP") and Spring Hill Capital Markets, LLC ("SHCM") are unable to pay disgorgement.

[1] The Respondents re-assert and incorporate all of the arguments contained in their post-hearing briefing to this Court and in briefing to the Commission as if set forth herein.

I. There were 23 trades, that generated $460,803.84, between January 22, 2010 and February 26, 2010.

SHCM's registration as a broker dealer became effective on February 26, 2010. *See* Spring Hill Capital Markets, LLC., BrokerCheck Report, *available at* http://brokercheck.finra.org (last visited March 22, 2018). Pursuant to Rafferty's trade blotter, the registered representatives of Rafferty executed 23 trades between January 22, 2010 and February 26, 2010. *See* Div. Ex. 181 included herewith.[2] Consequently, at most, the SEC's claim of unregistered broker-dealer activity is limited to the time period of January 22, 2010 through February 26, 2010--a period of 35 days encompassing 23 trades.

Those 23 trades generated $460,803.84 in gross revenue to SHCP. *See* Div.Ex. 137 and Div.Ex. 133A included herewith.[3] Consequently, at most, only those 23 trades (and $460,803.84 in gross trading revenue) are not time barred.

II. Kevin White cannot be held jointly and severally liable for disgorgement simply because he was the majority owner of Spring Hill Capital Holdings, LLC without a finding that he also was an active participant in securities fraud.

For White to be held jointly and severally liable for disgorgement, this Court must find that White was an active participant in securities fraud. *See SEC v. Svoboda,* 409 F.Supp.2d 331, 346 (S.D.N.Y.2006)(ordering joint and several liability where defendant "was to share equally in the proceeds of the fraudulent scheme he enabled") (emphasis added); s*ee also SEC v. Aimsi*

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[2] Div.Ex. 181, at Bate stamped pages SH-AP-00000557-00000558, shows 23 trades (a buy and a sell) between January 22, 2010 and February 26, 2010.

[3] Div.Ex.133A shows the revenue for January 22, 2010 through January 25, 2010 as $45,173.12 ("January Revenue"). This number is calculated by taking the running total under "SHCM Cumulative Revenue Column" on January 25, 2010, from the "2010" tab, of $1,534923.06 and subtracting the total as of January 22, 2010 (or $1,489,749.94) which equals $45,173.12. Div.Ex. 137 shows February revenue on the Rafferty Monthly Report, Bate stamped page SH-SEC0014585, of $515,630.72. From that amount, the $100,000 paid to Paul Tedeschi directly must be subtracted leaving a balance of $415,630.72 ("February Revenue"). Thus, adding together January Revenue and February Revenue equals $460,803.84.

Techs., Inc., 650 F. Supp. 2d 296, 305 (S.D.N.Y. 2009)(ordering joint and several liability because principal "established and controlled the [the firm]" as his "utensil" for the sole purpose of "obtaining and holding trading profits in [certain] stock" and "directly benefited from his fraudulent conduct...") (emphasis added); *see also SEC v. Hughes Capital Corp.,* 124 F.3d 449, 455 (3d Cir. 1997) (ordering joint and several liability where "the defendants all collaborated in a single scheme to defraud...investors through the bogus initial public offering and the subsequent sale of warrants.") (emphasis added); *see also SEC vs. Boock*, S.D.N.Y., No. 09 CIV. 8261 DLC (Aug. 2, 2012)(ordering joint and several liability where "in perpetrating their fraud, [the principals] worked closely together, transferring cash and stock among them and maintaining frequent contact by telephone and e-mail [and] sought to frustrate efforts to trace the proceeds of their illegal activity to any one of them by using offshore accounts, cash payments, stolen identities and aliases.") (emphasis added); *see also SEC v. First Jersey Sec., Inc.*, 101 F.3d 1450, 1472 (2d Cir. 1996))(ordering control person liability where "the controlling person was " 'in some meaningful sense [a] culpable participant[ ] in the fraud perpetrated by [the] controlled person[ ],' ") (emphasis added).

Obviously, this Court found that White did not participate in fraud. Specifically, this Court held that "[f]raud, harm to others, and previous violations are absent from the instant case." *See* Initial Decision ("ID"), p. 21. Indeed, this Court held that "White sought to comply with the registration provisions through the arrangement with Rafferty..." *See* ID, p. 15. As importantly, this Court found--after a thorough analysis of the evidence presented at trial--that there "was no financial harm to investors and the marketplace, and the transactions that SHCP introduced (which involved major financial firms) were otherwise entirely legitimate" *See* ID, p. 19.

White's good faith conduct was entirely different than the egregious conduct of principals who were held jointly and severally liable for disgorgement with their firms. Indeed, even the two cases that this Court relied upon in the ID to hold White jointly and severally liable for disgorgement--*SEC v. First Jersey Securities, Inc.* and *SEC v. Capital Solutions Monthly Income Fund* --involved principals that engaged in pervasive securities fraud causing devastating harm to investors and the marketplace. *See First Jersey Securities, Inc.*, 101 F.3d at 1456-1475 (president found jointly and severally liable with company for disgorgement as he was "intimately involved" in firm's fraudulent practices to induce its customers to buy certain securities from the firm at excessive prices unrelated to prevailing market prices, resulting in defendants' gaining $27 million in illegal profits from firm's fraudulent scheme.); *see also SEC v. Capital Solutions Monthly Income Fund*, 28 F.Supp.3d 887,893 (D.Minn.2014) (attorney, who was also an owner of the fund, found jointly and severally liable with company for disgorgement as he engaged in an "egregious scheme" through drafting "false offering documents", making "misstatements and omissions to investors", "knowingly withheld or misrepresented" facts to investors and "once the fund collapsed...continued to pay [himself] and not investors."). Without a doubt, the principals in *First Jersey* and *Capital Solutions* deserved to be held jointly and severally liable with their respective firms given the criminal conduct that they each engaged in at the expense of investors and the public.

In contrast, White (in good faith) attempted to comply with securities laws, only dealt with large institutional investors and, as this Court found, effectuated entirely legitimate transactions. More importantly, there was no fraud, no harm to investors and no victims whatsoever. Thus, because White was found to have acted in good faith--and his conduct bears absolutely no resemblance to the fraudulent conduct in cases holding principals jointly and

severally liable--this Court must vacate its order holding White jointly and severally liable with the Respondents.[4]

Respectfully Submitted,
SPRING HILL CAPITAL PARTNERS, LLC,
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[4] White is not aware of any cases, and none are cited in the February Order, that shift the burden to White to pay the disgorgement order if SHCP or SHCM do not have the ability to pay. Indeed, SHCP's or SHCM's inability to pay would not relieve them of the disgorgement order. *See SEC v. Warren*, 534 F.3d 1368, 1370 (11th Cir.2008) (the Commission is entitled to disgorgement irrespective of a defendant's ability to pay).