

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3900 / August 21, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16029

In the Matter of

**FOUNDING PARTNERS
CAPITAL MANAGEMENT
COMPANY**

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(e) OF
THE INVESTMENT ADVISERS ACT OF
1940, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(e) of the Investment Advisers Act of 1940 (“Advisers Act”) against Founding Partners Capital Management Company (“Founding Partners” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Founding Partners has 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 it and the subject matter of these proceedings and the findings contained in Section III.3 below, which are admitted, Founding Partners consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(e) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Founding Partners' Offer, the Commission finds that:

1. Founding Partners is an investment adviser registered with the Commission since August 1999. The firm's most recent Form ADV indicates it is a Florida corporation with its principal place of business in Naples, Florida. The Form ADV, filed on April 7, 2009, indicates the firm had \$576,200,000 under management and provided investment advisory services to between one and ten clients, consisting of hedge funds, in its most recent fiscal year. William Gunlicks is listed as the President, CEO, and Chief Compliance Officer. The firm was censured, ordered to cease and desist from committing violations of Section 17(a)(2) of the Securities Act of 1933 ("Securities Act"), and ordered to pay disgorgement and a civil penalty in the administrative action In the Matter of Founding Partners Capital Management Company and William Gunlicks. Administrative Proceeding 3-12896, Advisers Act Release No. 2680, Dec. 3, 2007.

2. In April 2009, the Commission sued Founding Partners and Gunlicks, among others in United States District Court, and sought the appointment of a Receiver over Founding Partners. The Court appointed a Receiver who assumed full control over the company that same month.

3. On August 4, 2014, a final judgment was entered by consent (from the Receiver) against Founding Partners, permanently enjoining it from violations of Sections 17(a) of the Securities Act, Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Exchange Act Rule 10b-5, and Sections 206(1) and 206(2) and 206(4) of the Advisers Act and Advisers Act Rule 206(4)-8, in the civil action entitled Securities and Exchange Commission v. Founding Partners Capital Management Co., et al., Case No. 2:09-cv-229, in the United States District Court for the Middle District of Florida.

4. The Commission's Complaint alleged that from 2004 until 2009, Founding Partners and Gunlicks solicited investors to invest in the hedge funds it managed and a Cayman Islands mutual fund by falsely representing that two factoring companies the hedge funds loaned money to would use the money to buy short-term, investment grade receivables and that the loans to those companies were fully secured by the receivables. In reality, Founding Partners knew the factoring companies were using the funds in ways that were not disclosed to investors and, in certain instances, in ways contrary to the disclosures Founding Partners made to investors. Founding Partners and Gunlicks further misrepresented the availability of audited financial statements for the hedge funds, misused investor money, and failed to disclose the prior Commission administrative proceeding.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(e) of the Advisers Act that Founding Partners' investment adviser registration be, and hereby is, revoked.

By the Commission.

Jill M. Peterson
Assistant Secretary