

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4019 / February 4, 2015**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16373**

**In the Matter of**

**MICHAEL R. DRILLING,**

**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO SECTION 203(f) 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(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Michael R. Drilling (“Respondent” or “Drilling”).

**II.**

In anticipation of the institution of these proceedings, Respondent 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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Sections III.1, III.2, and III.3 below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) 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 Respondent's Offer, the Commission finds that:

1. From January 2010 through February 2014, Drilling, operating as Financial Advisory Partners LLC, was an unregistered investment adviser. Drilling, 47 years old, is presently on supervised release awaiting sentencing by the United District Court for the District of Minnesota.

2. On April 17, 2014, Drilling pled guilty to one count of securities fraud before the United States District Court for the District of Minnesota, in United States of America v. Michael Robert Drilling, (Cause No. 0:14-cr-00100-ADM). He is currently on supervised release awaiting sentencing.

3. The count of the criminal information to which Drilling pled guilty alleged, inter alia, that Drilling, in connection with the offer and sale of securities, by the use of means and instrumentalities of interstate commerce, directly and indirectly, employed a scheme and artifice to defraud, in violation of Sections 17(a) and 24 of the Securities Act of 1933 [15 U.S.C. §§ 77q(a) and 77x]. Specifically, the criminal information filed against Drilling alleged, inter alia, that, from January 2010 through February 2014, Drilling knowingly and intentionally devised and executed a scheme and artifice to defraud and to obtain money and property from investment advisory clients by means of material false and fraudulent pretenses, representations and promises. The criminal information also alleged that Drilling (i) diverted over \$5.6 million in investment funds from thirteen investment advisory clients for his own use; (ii) falsely represented to these clients that he was placing their money in a larger pool of funds which he could manage more efficiently; and (iii) provided false information to his clients regarding their investment holdings, balances and performance.

### IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent Drilling be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Brent J. Fields  
Secretary