

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 4629 / January 30, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17818

In the Matter of

**GL CAPITAL PARTNERS,
LLC,**

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
203(e) OF THE INVESTMENT ADVISERS
ACT OF 1940 AND NOTICE OF HEARING**

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 GL Capital Partners, LLC (“Respondent” or “GL Capital”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. GL Capital is an investment adviser registered with the Commission. From January 2012, until December 17, 2014, GL Capital was the sole investment adviser of the GL Beyond Income Fund (the “GL Fund”), a closed-end interval fund that focused its investments primarily in consumer debt to young professionals. GL Capital’s indirect majority owner is Daniel Thibeault (“Thibeault”). As GL Capital’s Managing Director, Thibeault controlled GL Capital and directed its day-to-day activities.

B. ENTRY OF THE INJUNCTION AGAINST GL CAPITAL

2. On December 23, 2016, a final judgment dated December 22, 2016 was entered against GL Capital, permanently enjoining it from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Daniel Thibeault, et al., Civil Action Number 1:15-CV-10050, in the United States District Court for the District of Massachusetts. The final judgment against GL Capital also ordered it to pay over \$16 million in disgorgement, representing the profits that it gained, and the GL Fund lost, as a result of the fraudulent scheme alleged in the complaint.

C. GL CAPITAL’S FRAUDULENT ACTIVITY

3. The Commission’s complaint alleged that, from early 2013 through 2014, GL Capital defrauded investors in the GL Fund by misappropriating at least \$15 million in Fund investments, using those assets to make about 40 fictitious loans to third party borrowers, and then falsely reporting those fictitious loans as assets of the Fund, when it knew that Thibeault had used the proceeds of the fictitious loans to operate his businesses, including GL Capital, and pay his personal expenses. GL Capital’s documentation for the fictitious loans contained false information concerning the purported third party borrowers on the loans such that GL Capital could not have conducted diligence on those borrowers to approve the GL Fund’s investment in those loans. GL Capital also made numerous false representations of material fact to GL Fund investors that the fictitious loans were assets held by the GL Fund as legitimate investments. In addition, the complaint alleged that GL Capital fraudulently overstated its assets under management in a Form ADV it filed with the Commission in September 2014. In an attempt to conceal the fraud at GL Capital and its related businesses, Thibeault, acting for himself and for GL Capital, made multiple misrepresentations to the Commission’s staff during the investigation that preceded the filing of the complaint.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(e) of the Advisers Act;

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 17 C.F.R. § 201.360(a)(2), the Administrative Law Judge shall issue an initial decision no later than 75 days from the occurrence of one of the following events: (A) The completion of post-hearing briefing in a proceeding where the hearing has been completed; (B) Where the hearing officer has determined that no hearing is necessary, upon completion of briefing on a motion pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250; or (C) The determination by the hearing officer that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155 and no hearing is necessary.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields
Secretary