

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 5375 / September 27, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19539

In the Matter of

**THREE BRIDGE WEALTH
ADVISORS, LLC,**

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 203(k) OF THE INVESTMENT
ADVISERS ACT OF 1940, MAKING
FINDINGS, AND IMPOSING A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Three Bridge Wealth Advisors, LLC (“Three Bridge” or “Respondent”).

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, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

SUMMARY

1. In two separate instances in 2015, Three Bridge, a registered investment adviser, voted proxies with respect to client securities held in dozens of client accounts, notwithstanding Three Bridge's representations in its Form ADV Part 2A brochure and written advisory agreements that it did not accept proxy voting authority over client securities. In doing so, Three Bridge violated Section 206(2) of the Advisers Act.

RESPONDENT

2. Three Bridge has been registered with the Commission as an investment adviser since 2009 and is organized as a limited liability company under the laws of California and based in Portola Valley, California.

FACTS

3. On or about February 10, 2015, Three Bridge filed a Form ADV Part 2A brochure with the Commission in which Three Bridge stated that it does "not accept the proxy authority to vote client securities," that clients would receive proxies directly from the custodian or transfer agent, and that "[i]n the event that proxies are sent to [Three Bridge, it] will forward them on to [the client]." In its client advisory agreements in effect during the relevant period, Three Bridge similarly stated, in a paragraph titled "Proxies," that it is "precluded from . . . directing the manner in which proxies solicited by issuers of securities you beneficially own shall be voted," and from making "elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the securities in the Account."

4. On or about May 18, 2015, a representative of a registered broker-dealer ("Broker-Dealer A") contacted Three Bridge on behalf of four issuers that were affiliated with Broker-Dealer A and whose securities were held by a number of Three Bridge clients (hereinafter respectively referred to as "Issuer A," "Issuer B," "Issuer C," and "Issuer D," and collectively as the "Issuers"). Broker-Dealer A's representative requested that, as stated in his email to Three Bridge dated May 18, 2015, Three Bridge place its letterhead onto and execute a letter attached to the email in order to "get" its clients' "votes cast" for the proxies being solicited on behalf of the Issuers.

5. On May 19, 2015, Three Bridge returned the executed letter on its letterhead to Broker-Dealer A. As requested by Broker-Dealer A, the executed letter was addressed to the Issuers' sponsor and listed (i) eight Three Bridge client accounts that held Issuer A securities; (ii) 21 client accounts that held Issuer B securities; (iii) 45 client accounts that held Issuer C securities; and (iv) 29 client accounts that held Issuer D securities. As to each of the Issuers, the letter stated that Three Bridge (i) is the adviser to the listed client accounts; (ii) "do[es] have

authority to vote proxies for them;” and (iii) “choose[s] to vote in favor for the proxy solicited on behalf of [the applicable issuer] for all accounts listed below.” Three Bridge did not make any disclosure about the foregoing to any of the clients included in the letter prior to executing and returning the letter.

6. On or about September 17, 2015, a representative of Broker-Dealer A again contacted Three Bridge, this time just on behalf of Issuer C, and again requested that, as stated in his email to Three Bridge dated September 17, 2015, Three Bridge vote its clients’ securities in connection with “another proxy vote” being conducted by Issuer C. As before, attached to the email was a draft letter, coupled with the instruction that Three Bridge can “vote for [its] clients” by placing its company letterhead onto and executing the letter and returning it to Broker-Dealer A. On September 17, 2015, Three Bridge returned the executed letter on its letterhead to Broker-Dealer A. The executed letter was addressed to Issuer C’s sponsor, listed 82 Three Bridge client accounts and stated that Three Bridge (i) is the adviser to the listed client accounts; (ii) “do[es] have authority to vote proxies for them;” and (iii) “choose[s] to vote in favor for the proxy solicited on behalf of [Issuer C] for all accounts listed below.” Three Bridge did not make any disclosure about the foregoing to any of the clients included in the letter prior to executing and returning the letter.

VIOLATION

7. As a result of the conduct described above, Three Bridge violated Section 206(2) of the Advisers Act, which prohibits an investment adviser from “engag[ing] in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.” Proof of scienter is not required to establish a violation of Section 206(2) of the Advisers Act. *See Steadman v. SEC*, 603 F.2d 1126, 1134 (5th Cir. 1979), *aff’d on other grounds*, 450 U.S. 91 (1981) (citing *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 195 (1963)).

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Three Bridge’s Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 203(k) of the Advisers Act, Respondent cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act.

B. Respondent shall, within 10 days of the entry of this Order, pay a civil monetary penalty in the amount of \$60,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

C. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

D. Payments by check or money order must be accompanied by a cover letter identifying Three Bridge Wealth Advisors, LLC as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sanjay Wadhwa, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, 200 Vesey Street, Suite 400, New York, New York 10281.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary