



determine either liability or remedies in this case. In support of their Motion, the Respondents state the following:

#### Introduction

All of the charges brought by the SEC against the Respondents are highly technical alleged violations of the Exchange Act. The SEC does not--and cannot--allege that the Respondents engaged in any fraud or that there are any victims of the Respondents' conduct. The SEC alleges that SHCP acted as an unregistered broker-dealer from May 2009 through February 2010 because it received transaction based compensation from Rafferty Capital Markets, LLC ("Rafferty") for trades conducted by SHCP employees who were lawfully registered representative of Rafferty pursuant to an April 28, 2009 Contract ("April 2009 Rafferty Contract"). *See* Exhibit 1 attached hereto. As such, the SEC's claim that SHCP acted as an unregistered broker-dealer accrued on April 28, 2009 when Rafferty and SHCP executed the April 2009 Rafferty Contract.

Any compensation that flowed from the Rafferty Contract to SHCP periodically was, at worst, the ill effects of a single violation occurring on April 28, 2009 and not separate and distinct individual violations of Section 15(a). Consequently, since the SEC did not file its OIP until January 22, 2015 (5 years and nine months after the April 2009 Rafferty Contract was signed), the alleged violation of Section 15(a) is time barred and all evidence of it should be precluded as irrelevant and immaterial to this proceeding. It is undisputed that the SEC was aware of the April 2009 Rafferty Contract as earlier as March of 2013 (more than a year before the statute of limitation expired on the Section 15(a) claims) because the SEC used the April 2009 Rafferty Contract as an exhibit at various investigative depositions.

Alternatively, at the very least, this Court should exclude all evidence regarding trades and conduct that occurred prior to January 22, 2010 as it unquestionably occurred more than five years before the OIP was filed and is irrelevant and immaterial to determining liability and penalties under Section 15(a). As such, the SEC's Section 15(a) claim is limited to the time period between January 22, 2010 and February 26, 2010. During those 35 days, SHCP's employees, as registered representatives of Rafferty, conducted 23 trades that resulted in approximately \$450,000 of revenue to SHCP.

#### Facts

On April 28, 2009, SHCP and Rafferty signed the April 2009 Rafferty Contract. Pursuant to the April 2009 Rafferty Contract, several SHCP employees registered with FINRA as independent representatives of Rafferty ("SHCP Registered Representatives of Rafferty"). Ex. 1 (Attachment A) attached hereto. Further, the April 2009 Rafferty Contract stated that, in exchange for Rafferty providing clearing and processing services as well as compliance and review of the trades, SHCP would pay Rafferty 15% of all gross revenues for all trades settled and processed by Rafferty on behalf of SHCP. *Id.* Each and every trade, pursuant to the April 2009 Rafferty Contract, was executed by SHCP Registered Representatives of Rafferty. *See* OIP at ¶¶ 2, 14 attached hereto as Exhibit 2.

Additionally, on July 5, 2009, SHCP and Rafferty entered into a second agreement entitled "Advisory Services Agreement" ("July 2009 Rafferty Contract").<sup>1</sup> *See* Exhibit 3 attached hereto. The July 2009 Rafferty Contract obligated Rafferty to pay SHCP \$100,000 for July 2009 and \$75,000 per month thereafter for certain advisory and consulting services. *Id.* at (Attachment A). These monthly payments for consulting and advisory services were also tied to

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<sup>1</sup> The April 2009 Rafferty Contract and the July 2009 Rafferty Contract may collectively be referred to as the "2009 Rafferty Contracts."

the monthly amounts due to SHCP pursuant to the April 2009 Rafferty Contract. *Id.* Between June 2009 and February 2010, Rafferty made payments to SHCP pursuant to the 2009 Rafferty Contracts.

On January 20, 2012, the SEC opened its investigation into SHCM. *See* Exhibit 4 attached hereto. By March 2013, the SEC was in possession of the 2009 Rafferty Contracts as they were marked as investigative deposition exhibits on March 28, 2013. *See* Exhibits 1 & 3 (with deposition exhibit stickers) attached hereto. Moreover, as of March 2013, the SEC was in possession of documents regarding compensation remitted by Rafferty to SHCP. *See* Exhibit 5 attached hereto. Despite having all of this information, the SEC waited nearly two years until-- January 22, 2015--to issue its OIP. *See* Exhibit 2 attached hereto.

The SEC alleges that SHCP acted as an unregistered broker-dealer pursuant to the terms of the 2009 Rafferty Contracts by virtue of receiving transaction based compensation. *See* OIP at ¶¶10-18, 28. The OIP alleges that, pursuant to the 2009 Rafferty Contracts, between May 2009 and February 2010, SHCP introduced approximately 100 trades generating approximately \$3,740,000 in compensation for SHCP. *Id.* at ¶17.

The OIP does not--and cannot--allege that SHCP engaged in any fraudulent behavior. *Id.* Further, the OIP does not allege that there are any victims of SHCP's activities. *Id.* Indeed, the OIP does not allege that any trades were conducted by individuals other than the SHCP Registered Representatives of Rafferty. *Id.*

Argument

**I. ALL EVIDENCE RELATED TO SHCP IS IRRELEVANT AND MUST BE EXCLUDED BECAUSE THE PRIMARY CLAIM AGAINST SHCP--AND THE AIDING AND ABETTING CLAIMS AGAINST WHITE AND SHCH--ARE TIME BARRED PURSUANT TO THE FIVE YEAR STATUTE OF LIMITATION IMPOSED BY TITLE 28 U.S.C §2462 AS THE CAUSE OF ACTION ACCURED ON APRIL 28, 2009 WHEN THE APRIL 2009 RAFFERTY CONTRACT WAS SIGNED.**

A. Relevant statute of limitation.

28 U.S.C. §2462 imposes a five year statute of limitation on certain “actions, suits, or proceeding[s]” by the government of the United States including SEC enforcement actions. 28

U.S.C. §2462 states:

Except as otherwise provided by Act of Congress, an action, suit or proceeding for the enforcement of any civil fine, penalty, or forfeiture, pecuniary or otherwise, shall not be entertained unless commenced within five years from the date when the claim first accrued if, within the same period, the offender or the property is found within the United States in order that proper service may be made thereon.

In *Gabelli v SEC*, 133 S.Ct 1216, (2013), the United States Supreme Court unanimously held that an SEC enforcement claim accrues five years from the occurrence of the event that gives rise to the SEC’s charge. *Id.* at 1220-1121. As such, the Supreme Court held that SEC enforcement actions seeking civil penalties for claims that accrued more than five years before the date of commencement are barred by the five year statute of limitations imposed by 28 U.S.C. §2462. *Id.*

In *Gabelli*, the Supreme Court explained that statutes of limitations are important because they “set a fixed date when exposure to the specified government enforcement efforts ends, advancing the basic policies of all limitations provisions: repose, elimination of stale claims, and certainty about a plaintiff’s opportunity for recovery and a defendant’s potential

liabilities.” *Id.* at 1221 (internal quotation marks omitted). Moreover, the United States Supreme Court stated succinctly the inherent fairness of statutes of limitations as follows:

statutes of limitations are intended to promote justice by preventing surprises through the revival of claims that have been allowed to slumber until evidence has been lost, memories have faded, and witnesses have disappeared. They provide security and stability to human affairs. We have deemed them vital to the welfare of society, and concluded that even wrongdoers are entitled to assume that their sins may be forgotten.

*Id.* (internal quotation marks and citations omitted).

Indeed, following the United Supreme Court’s decision in *Gabelli*, the Southern District of Florida applied the same rationale to conclude that the five year statute of limitation imposed by 28 U.S.C. §2462 applies to SEC enforcement actions that seek disgorgement, injunctive and declaratory relief. *SEC v. Graham*, 21 F. Supp. 3d 1300 (S.D. FL 2014)(5 year statute of limitations imposed by §2462 applies to SEC actions seeking disgorgement).

B. The SEC’s claim against SHCP accrued on April 28, 2009 when the April 2009 Rafferty Contract was signed.

The April 2009 Rafferty Contract structured the fee split between SHCP and Rafferty and entitled SHCP to receive transaction based compensation. It is the April 2009 Rafferty Contract that forms the basis of the SEC’s claim that SHCP acted as an unregistered broker-dealer. After the execution of the April 2009 Rafferty Contract, SHCP did not engage in any further purported broker-dealer activities and, instead, simply received compensation periodically from Rafferty as a result of the lawful trades executed by the SHCP Registered Representatives of Rafferty. Consequently, the claim that SHCP acted as an unregistered broker-dealer accrued on April 28, 2009 when the April 2009 Rafferty Contract was signed and SHCP became entitled to receive transaction based compensation.

Courts have held that each category of remedy sought by the SEC in this case are “penalties” that are subject to the five year statute of limitations. *See Gabelli*, 133 S.Ct at 1220 (civil penalties are subject to 5 year statute of limitation); *SEC v. Graham*, 21 F. Supp. 3d 1300 (S.D. FL 2014)(disgorgement and injunctive relief are subject to 5 year statute of limitation); *Johnson* F.3d at 484, 488-492 (D.C. Cir. 1996)(suspension of an individual is subject to a 5 year statute of limitation); *SEC v. Bartek*, 484 Fed.Appx. 949, 956-57 (5th Cir. 2012)(bars of an individual subject to a 5 year statute of limitation). Since each of the remedies sought herein is subject to the five year statute of limitations--which expired prior to the filing of the OIP--the alleged conduct cannot be considered for the purposes of liability or remedies.

**II. EVEN IF THE EXECUTION OF THE APRIL 2009 RAFFERTY CONTRACT IS NOT THE DATE UPON WHICH THE CLAIM ACCRUED AGAINST SHCP, TRADES--AND CONDUCT--THAT OCCURRED BEFORE JANUARY 22, 2010 (MORE THAN FIVE YEARS BEFORE THE OIP WAS FILED) CANNOT BE CONSIDERED BECAUSE IT IS TIME BARRED.**

Alternatively, if this Court were to hold that the SEC’s claim against SHCP did not accrue upon the execution of the April 2009 Rafferty Contract, all evidence of trades and conduct that occurred prior to January 22, 2010 cannot be considered because that conduct is time barred pursuant to the five year statute of limitations imposed by §2462. In its OIP, the SEC alleges that between May 2009 and February 2010 SHCP introduced approximately 100 trades. *See Exhibit 2 at ¶¶3, 17.* While this contention is inaccurate, as these trades were all introduced and executed by SHCP Registered Representatives of Rafferty, all but 23 of the trades occurred before January 22, 2010 (five years prior to the commencement of the OIP). As such, evidence relating to trades, or SHCP’s conduct, prior to January 22, 2010 is time barred and irrelevant to this case. *See SEC v. Radius Capital Corp.*, 2013 WL 3716394 \*2 (M.D. FL July 15, 2013) (following *Gabelli*, Court barred the SEC, with the SEC’s agreement, from

seeking civil penalties for five of the fifteen securities subject to the SEC's claims as those five securities were issued more than five years before the SEC filed its action). Further, since the five year statute of limitations applies to all remedies sought by the SEC (and not just to liability), all evidence of trades and other conduct occurring before January 22, 2010 is time barred and irrelevant to the remedies to be fashioned in this case.

Pursuant to Rafferty's trade blotter, the SHCP Registered Representatives of Rafferty executed 23 trades between January 22, 2010 and February 26, 2010 generating approximately \$450,000 in revenue to SHCP. *See* Div. Proposed Exhibits 181, 137, 244 attached hereto as Exhibit 6 (relevant portions only have been appended). 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 that generated approximately \$450,000 in revenue to SHCP. All other evidence regarding SHCP trades and conduct prior to January 22, 2010 is irrelevant and immaterial to the SEC's claim that SHCP violated Section 15(a) of the Exchange Act and should be excluded.

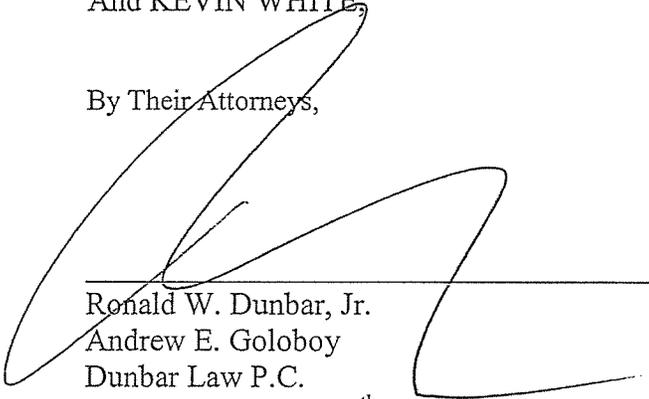
#### Conclusion

For the foregoing reasons, the Respondents motion should be granted and all evidence relating to the SEC's 15(a) charge should be excluded, or, in the alternative, all evidence of trades and conduct prior to January 22, 2010 should be excluded as irrelevant and immaterial.

Respectfully Submitted,

SPRING HILL CAPITAL PARTNERS, LLC,  
SPRING HILL CAPITAL MARKETS, LLC,  
SPRING HILL CAPITAL HOLDINGS, LLC  
And KEVIN WHITE,

By Their Attorneys,



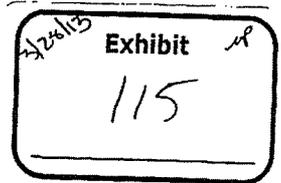
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Ronald W. Dunbar, Jr.  
Andrew E. Goloboy  
Dunbar Law P.C.  
197 Portland Street, 5<sup>th</sup> Floor  
Boston, MA 02114  
(617) 244-3550 (telephone)  
(617) 248-9751 (facsimile)  
dunbar@dunbarlawpc.com  
goloboy@dunbarlawpc.com

Dated: April 27, 2014

CERTIFICATE OF SERVICE  
I hereby certify that on this day  
a true copy of the above document  
was served upon the attorney of  
record for each party by mail ~~by hand~~ *and e-mail*  
Dated: 4/27/14  
*[Signature]*  
Ronald W. Dunbar, Jr.

EXHIBIT 1

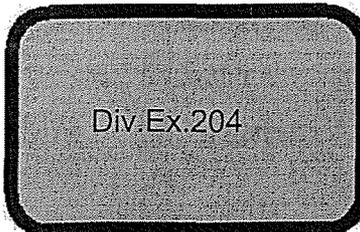


**From:** John Fernando <jfernando@springhillcap.com>  
**Sent:** Tuesday, July 14, 2009 1:41 PM  
**To:** Keith Fell; Barbara Martens  
**Attachments:** executed services and cost sharing agreement.pdf; original attachment A.doc; Revised Attachment A to Services and Cost Sharing Agreement.doc; Blacklined Exhibit A.doc

<<...>> Attached please find the following

1. The old executed Services and Cost sharing Agreement
2. The original Exhibit A to the Services and Cost Sharing Agreement
3. A clean new Exhibit A
4. A blacklined Exhibit A. <<...>> <<...>> <<...>>

John Fernando  
Partner  
Spring Hill Capital Partners  
30 Rockefeller Plaza  
41st Floor  
New York, NY 10112  
917-388-8311



## Services and Cost Sharing Agreement

This Services and Cost Sharing Agreement (hereinafter "Agreement") is between Rafferty Capital Markets, LLC ("RCM") a New York corporation and, Spring Hill Capital Partners LLC ("Spring Hill") a Delaware corporation, and when signed by both parties shall be deemed effective as of April 28, 2009 ("Effective Date").

WHEREAS, RCM and Spring Hill have determined to enter into this Agreement for their mutual benefit to provide market information, settlement, clearing and execution services for certain securities transactions; and

WHEREAS, during the term of this Agreement RCM shall provide administrative and support services to Spring Hill with respect to certain securities transactions. Additionally, certain Spring Hill employees shall be registered representatives of RCM, as that term is defined by FINRA, and shall enter into trades between counterparties which trades shall be processed by employees of RCM;

Now, therefore, in consideration of the foregoing and the mutual covenants contained herein, the Parties agree as follows.

### 1. Purpose

The purpose of this Agreement is to facilitate transactions initiated by Spring Hill with clients in order to accommodate the administration, clearance and settlement of these trades. .

### 2. Term and Termination

This Agreement shall remain in force until April 28, 2010.

A. Termination for convenience. Either party may terminate this Agreement or any service hereunder, for any or no reason by providing the other party no less than three months advance written notice. In such event, both parties shall make good faith reasonable efforts to facilitate an orderly and mutually satisfactory disengagement of the affected service(s).

B. Termination by mutual consent. This Agreement or any service hereunder may be terminated at any time with the express consent of both parties.

C. Termination for cause. Either party may terminate this Agreement upon notice to the other in the event the non-terminating party materially breaches its obligations under this Agreement (including, without limiting the foregoing, all financial obligations) and fails to cure such breach within 10 days after receiving written notice thereof by the non-breaching party.

D. Termination for insolvency. Either party may terminate this Agreement upon notice to the other in the event the non-terminating party becomes the subject of bankruptcy, assignment for the benefit of creditors, or any similar proceedings (whether voluntary or involuntary), or if the non-terminating party otherwise ceases to do business as a going concern.

### 3. Definition of Services

RCM will provide such Services to Spring Hill as are listed in Attachment A hereto. The Services listed in Attachment A may be modified at any time with both parties' written consent. Attachment A shall in any event be reviewed and modified as necessary at least semiannually, unless terminated earlier, to ensure its accuracy, completeness, and fairness to both parties.

Notwithstanding anything in this Agreement or Attachment A to the contrary, RCM reserves the right to discontinue any service provided to Spring Hill hereunder upon 30 days advance notice to Spring Hill in the event that RCM ceases to provide that service generally, or in the event that such service is no longer available to RCM. In such event, RCM shall provide Spring Hill a commercially reasonable level of assistance to facilitate an orderly cessation of service and/or migration to another service provider.

### 4. Monthly Settlement

Expenses allocable to Spring Hill hereunder shall be charged by RCM on a monthly basis in arrears as incurred, and shall be due and payable as the parties determine. Both parties shall exercise their best efforts to promptly resolve any payment or services dispute(s).

### 5. Charges and Methodologies

To the extent practical, all cost calculations, allocation formulae, settlement methodologies, and any other factors used to determine and apply the charges hereunder shall be specified in Attachment A, or such other document as the parties shall mutually agree upon. Notwithstanding the foregoing, in the event that both parties should expressly agree to subject to this Agreement any costs or Services of which the details are not adequately specified in Attachment A, then the charges related thereto shall be determined and allocated in accordance with customary generally accepted accounting principles.

## 6. Books and Records

The books and records of each party, as they pertain to this Agreement, shall be maintained in accordance with generally accepted accounting principles. In addition each party shall make and preserve books, accounts, records, memoranda, and correspondence in conformity with all applicable laws, rules, regulations and statements of policy promulgated there under and with FINRA Rules and as prescribed by SEC Rule 17a-3. The record keeping format, medium, and retention period shall comply with Rule 17a-4 under the Securities Exchange Act of 1934.

## 7. Proprietary Rights

Spring Hill retains exclusive rights of ownership to all work products produced solely and exclusively for Spring Hill by RCM, if any, under this Agreement. RCM retains exclusive rights to ownership of all other work products produced hereunder, except to the extent such rights are owned by third parties. "Work product" shall include: all documents, presentation materials, files, input materials, output materials, the media upon which they are located, and all software programs or packages (together with any related documentation, source codes, object codes, upgrades, revisions, modifications, and any other related materials) which are utilized or developed in the performance of the Services contracted for under this Agreement.

## 8. Confidentiality

Each party shall hold in trust and confidence all of the other party's Confidential Information to which it is exposed in connection with this Agreement, and shall not disclose such information to third parties except as may be authorized by the owner of such information or as required by law. Furthermore, neither party shall use the other party's Confidential Information for any purpose other than executing the transactions contemplated herein and shall limit internal access to such Confidential Information to those individuals necessary to further the purposes of this Agreement. "Confidential Information" means all information not in the public domain that belongs to or is the responsibility of each party to hold in confidence, including but not limited to information about that party's business affairs, clients, software and hardware systems and related documentation, existing or future research and development, work products, customers, employees, agents, contractors, and consultants, and information about or belonging to other entities with whom that party conducts business. Each party's Confidential Information shall include, without limitation, all consumer nonpublic personal information in that party's possession in any form, whether individually identifiable or anonymous information. In the event that either party discovers an unauthorized disclosure of the other party's Confidential Information, the discovering party shall immediately notify the affected party and take such remedial action(s) as may be required by law and/or prudent under the circumstances. The provisions of this paragraph shall survive any termination of this Agreement.

## 9. Indemnity

RCM is an independent contractor under this Agreement. All employees of RCM who provide Services hereunder, if any, shall remain employees of RCM and not employees of Spring Hill, regardless of whether their employment compensation is a factor in determining the amount charged to Spring Hill for a service hereunder. Notwithstanding the foregoing, in the event that a governmental authority determines that social security, withholding, or other employment-related tax or assessment related to the Services hereunder which has been paid by RCM should have been paid by Spring Hill on behalf of RCM, then Spring Hill agrees to indemnify and hold harmless RCM against any such liability, including any interest and penalties occasioned by such determination.

Spring Hill agrees to defend, indemnify, and hold harmless RCM against any and all loss, liability, cost or expense (including without limitation reasonable attorneys' fees) arising from or related in any way whatsoever to the Services provided hereunder, except to the extent such liability is expressly assumed by RCM hereunder or is solely caused by RCM's gross negligence or willful misconduct.

## 10. General

A. Applicable Law. This Agreement shall be governed by and interpreted under the laws of the State of New York.

B. Severability. Any invalidity, in whole or in part, of any provision of this Agreement shall not affect the validity of any other of its provisions.

C. Notices. Any notice or other communication hereunder shall be in writing addressed to the parties' chief executive officer.

D. Waiver. No term or provision hereof shall be deemed waived or breach excused unless such waiver is in writing and signed by the party claimed to have waived or consented.

E. Assignment. Neither party may assign, sell, transfer, or subcontract any of its rights or obligations under this Agreement without the other party's prior written consent, which shall not be unreasonably withheld.

F. Modification. This Agreement may not be modified except by written Agreement of both parties.

G. Force Majeure. Neither party shall be liable to the other for any delay in its performance hereunder caused by circumstances beyond its reasonable control.

11. Entire Agreement

This Agreement, including Attachment A and any other attachments hereto and as may be modified from time to time as provided herein, constitutes the entire Agreement between RCM and Spring Hill regarding the Services and costs and other subject matter referred to herein, and as of the effective date hereof terminates, replaces, and supersedes all prior Agreements and other communications between the parties with respect to this subject matter, regardless of whether in written, oral, or any other form.

Rafferty Capital Markets, LLC

By: Keith Full  
Its: Managing Director  
Dated: 4/28/09

Spring Hill Capital Partners LLC

By: [Signature]  
Its: Partner  
Dated: 4/28/09

## ATTACHMENT A

I. Services Provided:

RCM shall provide clearing and trade processing for trades introduced by Spring Hill;  
RCM will make available certain of its employees to ensure that said trades are processed on a timely basis;  
RCM shall provide the necessary compliance and review associated with such trades.

II. Registered Personnel:

RCM agrees to register certain Spring Hill employees as registered representatives of its broker-dealer. All such registered representatives shall be deemed to be independent representatives of the broker-dealer and not employees of RCM.  
Spring Hill's offices will be registered as a Non-OSJ branch office of RCM.

III. Compensation for Transactions:

1. For the above Services performed Spring Hill agrees to pay RCM 15% of all gross revenues for trades settled and processed by RCM on behalf of Spring Hill. Such amount shall be calculated on a monthly basis and be payable to RCM within 5 business days of month-end;

IV. Other Fees

1. All third party costs associated with registering and maintaining securities licenses with FINRA on behalf of Spring Hill employees;
2. RCM shall charge Spring Hill a monthly charge of \$500 for costs associated with maintaining and supervising electronic record retention and email compliance.

## ATTACHMENT A

- I. **Services Provided:**  
RCM shall provide clearing and trade processing for trades introduced by Spring Hill;  
RCM will make available certain of its employees to ensure that said trades are processed on a timely basis;  
RCM shall provide the necessary compliance and review associated with such trades.
- II. **Registered Personnel:**  
RCM agrees to register certain Spring Hill employees as registered representatives of its broker-dealer. All such registered representatives shall be deemed to be independent representatives of the broker-dealer and not employees of RCM.  
Spring Hill's offices will be registered as a Non-OSJ branch office of RCM.
- III. **Compensation for Transactions:**
1. For the above Services performed Spring Hill agrees to pay RCM 15% of all gross revenues for trades settled and processed by RCM on behalf of Spring Hill. Such amount shall be calculated on a monthly basis and be payable to RCM within 5 business days of month-end;
- IV. **Other Fees**
1. All third party costs associated with registering and maintaining securities licenses with FINRA on behalf of Spring Hill employees;
  2. RCM shall charge Spring Hill a monthly charge of \$500 for costs associated with maintaining and supervising electronic record retention and email compliance.
  3. Any payments to Spring Hill pursuant to the Advisory Services Agreement effective July 5, 2009.

EXHIBIT 2

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 74119 / January 22, 2015**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 31426 / January 22, 2015**

**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.**

**ORDER INSTITUTING  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS, PURSUANT TO  
SECTIONS 15(b) AND 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AND SECTION 9(b) OF THE  
INVESTMENT COMPANY 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 and cease-and-desist proceedings be, and hereby are, instituted against Spring Hill Capital Markets, LLC (“SHCM”), Spring Hill Capital Partners, LLC (“SHCP”), Spring Hill Capital Holdings, LLC (“SHCH”), and Kevin D. White (“White”) pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”).

**II.**

After an investigation, the Division of Enforcement alleges that:

## Summary

1. These proceedings arise out of violations of the broker-dealer registration requirements of the Exchange Act by SHCP, an unregistered entity; violations of the net capital, record-keeping, and reporting requirements of the Exchange Act by affiliate SHCM, a registered broker-dealer; and the conduct of their parent company, SHCH, and founding CEO, Kevin White, to aid and abet and cause these and other violations.

2. At the direction of White, SHCP entered into a written agreement with an unaffiliated registered broker-dealer ("Company A") to allow SHCP to trade fixed income securities and earn transaction-based compensation. Beginning in 2009, SHCP began introducing trades in fixed income securities to Company A. Although five employees of SHCP became registered representatives of Company A and executed trades introduced by SHCP, SHCP itself never registered with the Commission.

3. At White's direction and for the most part under the management of SHCH, from May 2009 through February 2010, SHCP introduced approximately 100 trades in asset-backed securities that generated over \$4 million in compensation. Based on the agreement with Company A, SHCP retained 85 percent of this compensation, which totaled approximately \$3,740,000, and paid the balance, approximately \$640,000, to Company A for its provision of trade clearing and processing services.

4. In March 2010, White also directed a trader to withhold a trade ticket from Company A in order to conceal that Spring Hill did not have a customer for the transaction. This caused Company A's books and records to be inaccurate. Later that month, SHCM, which like SHCP was under the management of SHCH, executed an additional purchase without there being a customer. SHCM's blotter also contained incorrect trade dates for the two purchases so as to appear in each case that there was a customer as of the purchase date. The latter purchase resulted in SHCM having a net capital deficiency in violation of Section 15(c)(3) of the Exchange Act and Rule 15c3-1 thereunder, which SHCM failed to report to the Commission.

## Respondents

5. Spring Hill Capital Holdings, LLC ("SHCH"), a Delaware company headquartered in New York, New York, is a holding company that is the sole direct owner of Spring Hill Capital Partners, LLC ("SHCP"), Spring Hill Capital Markets, LLC ("SHCM"), and Spring Hill Management Company, LLC ("SHMC") (collectively, "Spring Hill" or the "Spring Hill Entities"). SHCH is majority owned by Kevin White. Pursuant to Spring Hill's operating agreements, SHCH acts as the "full and exclusive" manager of the business and affairs for each of its subsidiaries. SHCH has never been registered with the Commission in any capacity.

6. Spring Hill Capital Markets, LLC ("SHCM"), is a registered broker-dealer organized under the laws of Delaware and headquartered in New York, New York. It is majority owned, through SHCH, by Kevin White. SHCM's broker-dealer registration became effective on February 26, 2010. From March 2010 to January 2014, SHCM conducted fixed income trading through Company A.

7. Spring Hill Capital Partners, LLC (“SHCP”), a Delaware company headquartered in New York, New York, has never been registered with the Commission in any capacity. It is majority owned, through SHCH, by Kevin White. From May 2009 until the broker-dealer registration of SHCM became effective on February 26, 2010, SHCP traded securities in SHCP-designated customer accounts held by Company A. SHCP has had virtually no business activity since the effective date of SHCM’s registration with the Commission.

8. Kevin D. White, [REDACTED] resides in Ridgefield, CT. He founded the Spring Hill Entities and is their CEO. He holds Series 3, 7, 9, 10, 24, and 63 licenses. He previously was associated with three registered broker-dealers in a variety of capacities over the periods 1986 to 1988 and 1991-2008.

#### **Other Relevant Entities**

9. Company A, a New York company headquartered in Garden City, New York, is a broker-dealer registered with the Commission. During the relevant period, Company A provided trade clearing and processing services for trades introduced by SHCM and SHCP.

#### **SHCP Acts as Unregistered Broker-Dealer at White’s Direction**

10. In early 2009, SHCP entered into a business relationship with Company A to allow SHCP to trade fixed income assets. As White explained in investigative testimony, SHCP “joined the [Company A] platform, because it has the pipes and plumbing . . . required . . . to do our business.”

11. In an early email, an executive from Company A described the arrangement to White as follows: “We can act as B/D of record for your [*i.e.*, SHCP’s] registered reps. We would hold the licenses and assume those potential liabilities. We would keep a fair percentage of the commissions, I’d cover my own clearing personnel, you would be responsible for the associated clearing costs, and retain the remain[ing] commissions to pay the salesman and cover your overhead. Fails and/or mistakes (hooks) would be on your end. . . . we’d need to be comfortable with your personnel and you’d manage the business yourselves.”

12. White negotiated that SHCP would receive 85 percent of the compensation for trades conducted under this arrangement, with the 15 percent balance being paid to Company A for its services. In April 2009, SHCP and Company A memorialized their understanding by executing a “Services and Cost Sharing Agreement” to facilitate the “clearing and trade processing for trades introduced by [SHCP].” The agreement provided that certain SHCP employees would register as “independent” representatives of Company A.

13. Following the formation of SHCH as a holding company with the “full and exclusive right, power and authority to manage” SHCP’s business, SHCP and Company A reaffirmed their arrangement in July 2009 through an updated agreement that provided for continuation of the 85 percent/15 percent allocation of transaction-based compensation between the two firms.

14. Consistent with these agreements, several employees of SHCP registered as representatives of Company A and as directed by White, conducted trades for SHCP customers over a ten-month period from May 2009 through February 2010.

15. SHCP exercised control over these “independent” representatives of Company A, all of whom worked out of SHCP’s offices. SHCP had authority over their trading decisions and determined their compensation.

16. Despite the lack of registration, SHCP held itself out as a broker-dealer. White distributed marketing materials to industry contacts that described SHCP as a “Broker/Dealer [that] trades securities, focusing on highly structured consumer and non-consumer ABS, CMBS, and RMBS” and that “also originates new and existing securitizations.”

17. From May 2009 through February 2010, SHCP introduced approximately 100 trades in asset-backed securities, *i.e.*, approximately 100 purchases and 100 sales, that generated over \$4 million in compensation. SHCP received approximately \$3,740,000, including \$540,000 that it directed Company A to pay directly to the registered representatives.

18. SHCH directed SHCP to “side-stream” approximately \$2.6 million of revenues, earned primarily from trades conducted during this period, to affiliated entities including Spring Hill Management Company, LLC, an administrative services company that used the revenues largely to pay for SHCM’s payroll and operating expenses after SHCP ceased business activity.

#### **White’s Conduct Results in Net Capital and Books and Records Violations**

19. On March 1, 2010, White instructed a trader at Spring Hill to buy a bond but to delay submitting the trade ticket for the purchase to Company A to conceal that there was no customer for the transaction.<sup>1</sup> As a result, Company A failed to make and keep current its books and records by failing to timely reflect this transaction in its trade blotters.

20. SHCM’s trade blotter also contained an incorrect trade date for the transaction.

21. Ten days after the purchase, the Spring Hill trader sold the bond to a third-party, broker dealer.

22. White then instructed the trader to offer to repurchase the bond on behalf of SHCM, despite there again being no customer for the transaction and White’s knowledge of the same. By March 15, 2010, SHCM reached an “agreement in principle” on the purchase terms, and on the morning of March 16, executed the trade with the seller. At the time, SHCM was under the “full and exclusive” management of SHCH.

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<sup>1</sup> Although SHCM’s registration became effective February 26, 2010, SHCM does not appear to have commenced business until after it received authorization from FINRA to do so on March 4, 2010, after the date of this trade. Accordingly, the March 1, 2010 trade is not being charged as a net capital violation.

23. White directed the repurchase of the bond – a restricted nonconvertible debt security – because he expected that SHCM could eventually sell it to an interested party.

24. The transaction resulted in a net capital deficiency for SHCM of at least approximately \$1.2 - \$1.4 million. SHCM did not notify the Commission that it was out of compliance with its net capital requirements.

25. SHCM's blotter also contained an incorrect trade date for the purchase.

26. Approximately seven hours after purchasing the bond, SHCM agreed to sell it to a customer for a profit of \$414,375.

### Violations

27. As a result of the conduct described above, SHCP willfully violated Section 15(a) of the Exchange Act, which makes it illegal for a broker or dealer to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security unless the broker is registered with the Commission.

28. As a result of the conduct described above, SHCH and White willfully aided and abetted and caused SHCP's violations of Section 15(a) of the Exchange Act.

29. As a result of the conduct described above, SHCM willfully violated Section 17(a) of the Exchange Act and Rule 17a-3(a)(1) thereunder, which requires that each broker-dealer registered with the Commission make and keep current blotters (or other records of original entry) containing an accurate itemized daily record of all purchases and sales of securities.

30. As a result of the conduct described above, Company A violated Section 17(a) of the Exchange Act and Rule 17a-3(a)(1) thereunder.

31. As a result of the conduct described above, SHCH and White willfully aided and abetted and caused Company A's violations of Section 17(a) of the Exchange Act and Rule 17a-3(a)(1) thereunder.

32. As a result of the conduct described above, SHCM willfully violated Section 15(c)(3) of the Exchange Act and Rule 15c3-1 thereunder, which require a broker-dealer to maintain a certain minimum net capital at all times while effecting transactions in securities.

33. As a result of the conduct described above, SHCH and White willfully aided and abetted and caused SHCM's violations of Section 15(c)(3) of the Exchange Act and Rule 15c3-1 thereunder.

34. As a result of the conduct described above, SHCM willfully violated Section 17(a) of the Exchange Act and Rule 17a-11(b)(1) thereunder, which require a broker-dealer to notify the Commission the "same day" of the occurrence of a net capital deficiency.

35. As a result of the conduct described above, SHCH and White willfully aided and abetted and caused SHCM's violations of Section 17(a) of the Exchange Act and Rule 17a-11(b)(1) thereunder.

### 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 and cease-and-desist proceedings be instituted to determine:

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

B. What, if any, remedial action is appropriate in the public interest against Respondents SHCH, SHCP, SHCM, and White, pursuant to Section 15(b) of the Exchange Act, including, but not limited to, an accounting, disgorgement, and civil penalties pursuant to Section 21B of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondents SHCH, SHCP, SHCM, and White pursuant to Section 9(b) of the Investment Company Act, including, but not limited to, disgorgement, and civil penalties pursuant to Section 9 of the Investment Company Act;

D. Whether, pursuant to Section 21C of the Exchange Act, Respondent SHCP should be ordered to cease and desist from committing or causing violations of and any future violations of Section 15(a) of the Exchange Act, whether Respondent SHCP should be ordered to pay a civil penalty pursuant to Section 21B(a) of the Exchange Act, and whether Respondent SHCP should be ordered to provide an accounting and pay disgorgement pursuant to Section 21C(e) of the Exchange Act;

E. Whether, pursuant to Section 21C of the Exchange Act, Respondent White should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 15(a), 15(c), and 17(a) of the Exchange Act and Rules 15c3-1, 17a-3, and 17a-11(b)(1) thereunder, whether Respondent White should be ordered to pay a civil penalty pursuant to Section 21B(a) of the Exchange Act, and whether Respondent White should be ordered to provide an accounting and pay disgorgement pursuant to Section 21C(e) of the Exchange Act;

F. Whether, pursuant to Section 21C of the Exchange Act, Respondent SHCH should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 15(a), 15(c), and 17(a) of the Exchange Act and Rules 15c3-1, 17a-3, and 17a-11(b)(1) thereunder, whether Respondent SHCH should be ordered to pay a civil penalty pursuant to Section 21B(a) of the Exchange Act, and whether Respondent SHCH should be ordered to provide an accounting and pay disgorgement pursuant to Section 21C(e) of the Exchange Act; and

G. Whether, pursuant to Section 21C of the Exchange Act, Respondent SHCM should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 15(c) and 17(a) of the Exchange Act and Rules 15c3-1, 17a-3, and 17a-11(b)(1)

thereunder, whether Respondent SHCM should be ordered to pay a civil penalty pursuant to Section 21B(a) of the Exchange Act, and whether Respondent SHCM should be ordered to provide an accounting and pay disgorgement pursuant to Section 21C(e) of the Exchange 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 not earlier than 30 days and not later than 60 days from service of this Order 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 each 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 any 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 the Respondent 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 each Respondent as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

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.

By the Commission.

Brent J. Fields  
Secretary

EXHIBIT 3

3/28/13 Exhibit 118

Advisory Services Agreement

This Advisory Services Agreement (hereinafter, the "Agreement") is between Rafferty Capital Markets, LLC ("RCM") and Spring Hill Capital Partners, LLC ("Spring Hill"). When executed by both parties, this Agreement shall be deemed effective as of July 5, 2009 ("Effective Date").

WHEREAS, RCM desires Spring Hill to provide and Spring Hill wishes to provide to RCM certain advisory and consulting services; and

WHEREAS, RCM and Spring Hill have determined to enter into this Agreement for their mutual benefit;

Now, therefore, in consideration of the foregoing and of the mutual covenants contained herein, RCM and Spring Hill agree as follows:

1. Purpose

The purpose of this Agreement is to set forth the terms pursuant to which Spring Hill will RCM with certain advisory and consulting services, as set forth in Attachment A (as such Attachment may be modified from time to time by mutual consent of RCM and Spring Hill).

2. Term and Termination

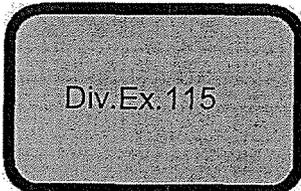
This Agreement shall remain in force until April 28, 2010. Notwithstanding the foregoing, this Agreement may be terminated at an earlier date under the following circumstances:

A. Termination for convenience. Either party may terminate this Agreement or any service hereunder, for any or no reason by providing the other party no less than three months advance written notice. In such event, both parties shall make good faith reasonable efforts to facilitate an orderly and mutually satisfactory disengagement of the affected service(s).

B. Termination by mutual consent. This Agreement or any service hereunder may be terminated at any time with the express consent of both parties.

C. Termination for cause. Either party may terminate this Agreement upon notice to the other in the event the non-terminating party materially breaches its obligations under this Agreement (including, without limiting the foregoing, all financial obligations) and fails to cure such breach within 10 days after receiving written notice thereof by the non-breaching party.

D. Termination for insolvency. Either party may terminate this Agreement upon



notice to the other in the event the non-terminating party becomes the subject of bankruptcy, assignment for the benefit of creditors, or any similar proceedings (whether voluntary or involuntary), or if the non-terminating party otherwise ceases to do business as a going concern.

### 3. Definition of Services

Spring Hill will provide such Services to RCM as are listed in Attachment A hereto. The Services and the compensation listed in Attachment A may be modified at any time with both parties' written consent to reflect the circumstances at such time. Attachment A shall in any event be reviewed and modified as necessary at least semiannually, unless terminated earlier, to ensure its accuracy, completeness, and fairness to both parties.

### 4. Monthly Settlement

Amounts due hereunder shall be charged by Spring Hill on a monthly basis on the 15<sup>th</sup> of each month and shall cover services from such date until the 15<sup>th</sup> of the following month. Both parties shall exercise their best efforts to promptly resolve any payment or services dispute(s).

### 5. Books and Records

The books and records of each party, as they pertain to this Agreement, shall be maintained in accordance with generally accepted accounting principles and any applicable laws and regulations, and shall be made available for audit and review by the other party upon reasonable notice.

### 6. Proprietary Rights

Spring Hill retains exclusive rights of ownership to all work product produced for RCM by Spring Hill and/or its employees, if any, under this Agreement. RCM retains exclusive rights to ownership of all other work product produced hereunder, except to the extent such rights are owned by third parties. "Work product" shall include: all documents, presentation materials, files, input materials, output materials, the media upon which such documents, files, or materials are located, and all software programs or packages (together with any related documentation, source codes, object codes, upgrades, revisions, modifications, and any other related materials) which are utilized or developed in the performance of the Services contracted for under this Agreement.

### 7. Confidentiality

Each party shall hold in trust and confidence any of the other party's Confidential Information (as defined below) to which it is exposed in connection with this Agreement, and shall not disclose such Confidential Information to third parties except as may be authorized by the owner of such Confidential Information or as required by law. Furthermore, neither party shall use the other party's Confidential Information for any purpose other than

providing or acting upon the Services contemplated herein, and shall limit internal access to such Confidential Information to those individuals necessary to further the purposes of this Agreement. "Confidential Information" means all information not in the public domain that belongs to or is the responsibility of each party to hold in confidence, including but not limited to information about either party's business affairs, clients, software and hardware systems and related documentation, existing or future research and development, work products, customers, employees, agents, contractors, and consultants, and information about or belonging to other entities with whom either party conducts business. Each party's Confidential Information shall include, without limitation, all consumer nonpublic personal information in that party's possession in any form, whether individually identifiable or anonymous information. In the event that either party discovers an unauthorized disclosure of the other party's Confidential Information, the discovering party shall immediately notify the affected party and take such remedial action(s) as may be required by law and/or are considered prudent under the circumstances. The provisions of this paragraph shall survive any termination of this Agreement.

#### 8. General

A. Applicable Law. This Agreement shall be governed by and interpreted under the laws of the State of New York.

B. Severability. Any invalidity, in whole or in part, of any provision of this Agreement shall not affect the validity of any other of its provisions.

C. Notices. Any notice or other communication hereunder shall be in writing addressed to the appropriate party's chief executive officer.

D. Waiver. No term or provision hereof shall be deemed waived or breach excused unless such waiver is in writing and signed by the party claimed to have waived or consented.

E. Assignment. Neither party may assign, sell, transfer, or subcontract any of its rights or obligations under this Agreement without the other party's prior written consent, which shall not be unreasonably withheld.

F. Modification. This Agreement may not be modified except by written Agreement of both parties.

G. Force Majeure. Neither party shall be liable to the other for any delay in its performance hereunder caused by circumstances beyond its reasonable control.

H. Counterparts. This Agreement may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or by e-mail image shall be

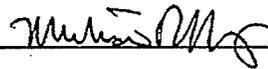
effective as delivery of a manually executed counterpart of this Agreement.

12. Entire Agreement

This Agreement, including Attachment A and any other attachments hereto and as may be modified from time to time as provided herein, constitutes the entire Agreement between RCM and Spring Hill regarding the Services and costs and other subject matter referred to herein, and as of the effective date hereof terminates, replaces, and supersedes all prior agreements and other communications between the parties with respect to this subject matter, regardless of whether in written, oral, or any other form.

Rafferty Capital Markets, LLC

Spring Hill Capital Partners LLC

By: 

By: 

Its: SVP

Its: Member

Dated: 7/16/09

Dated: 7/16/09

ATTACHMENT A

I. Services Provided: Spring Hill will provide to RCM certain advisory and consulting services, including business and transaction consulting and structuring services, execution advice, business analysis, research, valuation and other due diligence with respect to selected capital markets transactions, as may be requested by RCM. Spring Hill will make available certain of its employees to ensure that such Services are provided in a timely and efficient manner.

II. Compensation for Transactions: For the above Services performed, RCM agrees to pay Spring Hill an amount equal to \$100,000 for the first month and \$75,000 for each month thereafter. Such amount shall be payable to Spring Hill no later than 5 business days of the 15<sup>th</sup> of each month and shall cover Services from the 15<sup>th</sup> of such month until the following month. The parties agree to meet in person or telephonically each calendar quarter to review the services provided by Spring Hill. The parties will make appropriate mutually agreeable adjustments to the above amount as needed to reflect the value of the Services Spring Hill is providing and has provided to RCM.

In the event that the monthly payment set forth above exceeds the unpaid balance of Spring Hill's net revenues ("SH Balance") held by Rafferty for the benefit of Spring Hill pursuant to the Services and Cost Sharing Agreement, the monthly amount payable by RCM shall equal the SH Balance.

15118268.4.BUSINESS 7/16/2009 9:54 AM

EXHIBIT 4

**NON-PUBLIC**

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

January 20, 2012

**In the Matter of**

**Spring Hill Capital Markets, LLC,**

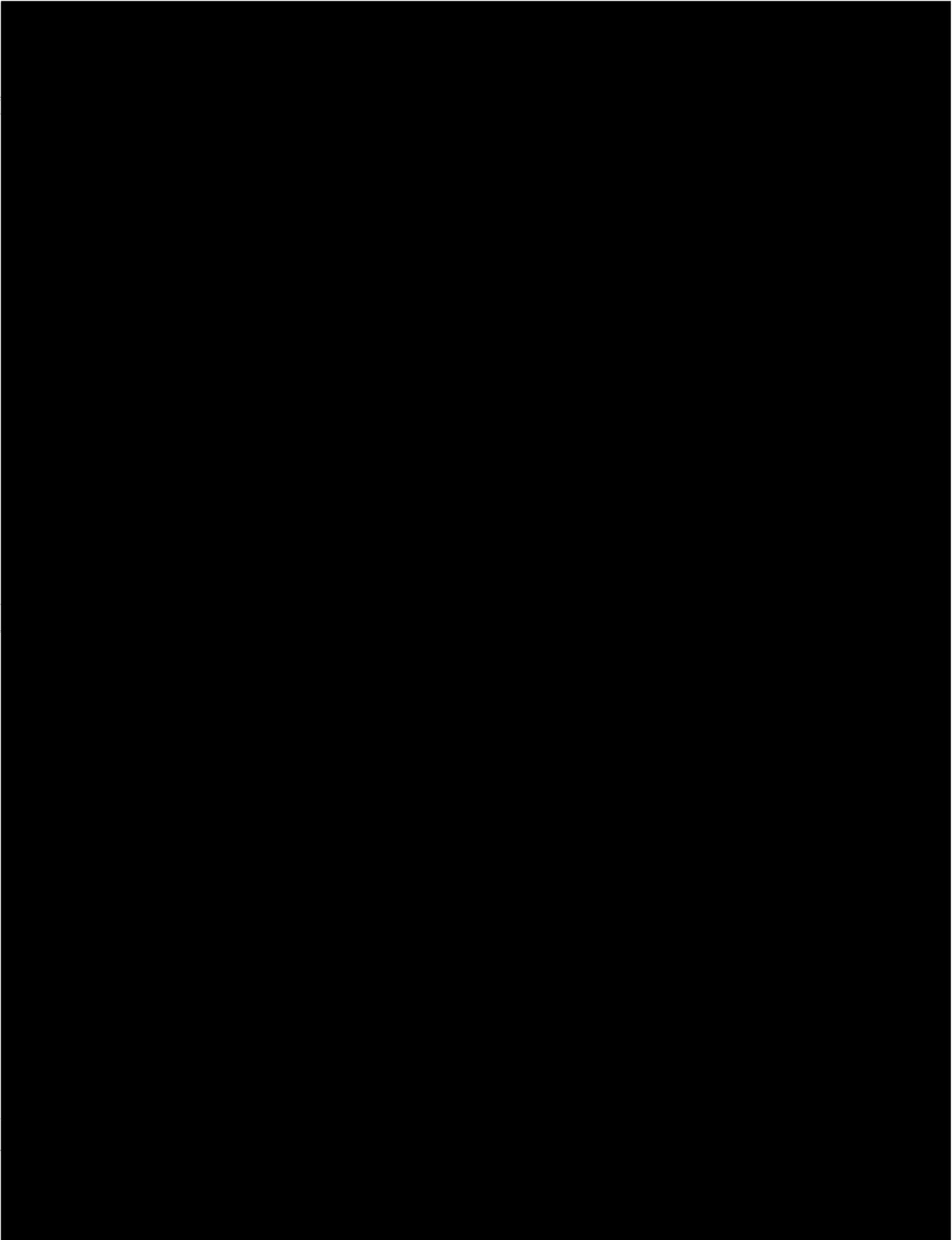
**NY-08690**

**ORDER DIRECTING PRIVATE  
INVESTIGATION AND  
DESIGNATING OFFICERS TO  
TAKE TESTIMONY**

**I.**

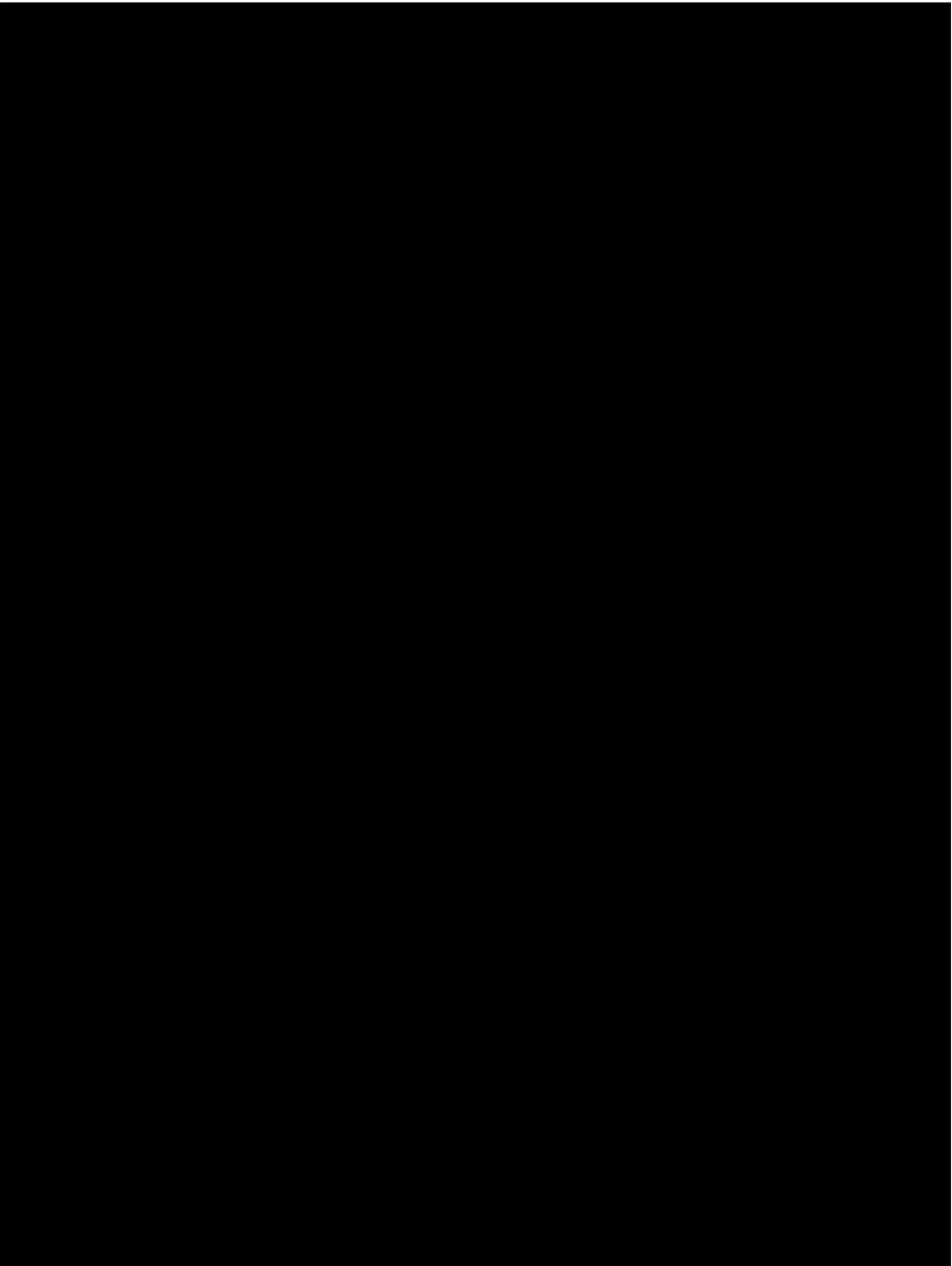
**REDACTED**

EXHIBIT 5









Page 1 of 1

**EXHIBIT 6**


**RAFFERTY CAPITAL MARKETS, LLC**

TradeDate	Time Stamp	Action	Quantity	Security Issue	Price
<b>1/5/2010</b>					
1/5/2010	1/5/2010 0:00	Sell	2000000	38741YDN6 :38741YDN6 MBS blotter	32
1/5/2010	1/5/2010 0:00	Buy	2000000	38741YDN6 :38741YDN6 MBS blotter	31.5
<b>1/11/2010</b>					
1/11/2010	1/11/2010 0:00	Buy	1500000	XS0284072468:XS0284072468 MBS blotter	72.5
1/11/2010	1/11/2010 0:00	Sell	1500000	XS0284072468:XS0284072468 MBS blotter	73
<b>1/12/2010</b>					
1/12/2010	1/12/2010 0:00	Sell	22512506	524708AA2 :524708AA2 MBS blotter	84.88
1/12/2010	1/12/2010 0:00	Buy	45025013	524708AA2 :524708AA2 MBS blotter	82
1/12/2010	1/12/2010 0:00	Sell	22512507	524708AA2 :524708AA2 MBS blotter	85
<b>1/14/2010</b>					
1/14/2010	1/14/2010 0:00	Buy	5000000	XS0301457478	74
1/14/2010	1/14/2010 0:00	Buy	2500000	XS0301457478	74.25
1/14/2010	1/14/2010 0:00	Sell	5000000	XS0301457478	74.25
1/14/2010	1/14/2010 0:00	Sell	2500000	XS0301457478	74.5
<b>1/15/2010</b>					
1/15/2010	1/15/2010 0:00	Sell	4500000	xs0269532270:xs0269532270 MBS blotter	43
1/15/2010	1/15/2010 0:00	Buy	4500000	xs0216228857:xs0216228857 MBS blotter	39.5
1/15/2010	1/15/2010 0:00	Buy	4500000	xs0269532270:xs0269532270 MBS blotter	41.5
1/15/2010	1/15/2010 0:00	Sell	4000000	xs0022349341:xs0022349341 MBS blotter	58.01
1/15/2010	1/15/2010 0:00	Sell	7000000	xs0293695184:xs0293695184 MBS blotter	68.6
1/15/2010	1/15/2010 0:00	Sell	7000000	xs0293695184:xs0293695184 MBS blotter	76.52
1/15/2010	1/15/2010 0:00	Buy	7000000	xs0293695184:xs0293695184 MBS blotter	75.5
1/15/2010	1/15/2010 0:00	Buy	4000000	xs0022349341:xs0022349341 MBS blotter	56.5
1/15/2010	1/15/2010 0:00	Buy	7000000	xs0293695184:xs0293695184 MBS blotter	67.5
1/15/2010	1/15/2010 0:00	Sell	4500000	xs0216228857:xs0216228857 MBS blotter	40
<b>1/19/2010</b>					
1/19/2010	1/19/2010 0:00	Buy	17000000	XS0294187991:XS0294187991 MBS blotter	44.25
1/19/2010	1/19/2010 0:00	Buy	2000000	xs0289824533:xs0289824533 MBS blotter	16.75
1/19/2010	1/19/2010 0:00	Sell	2000000	xs0289824533:xs0289824533 MBS blotter	17.5
1/19/2010	1/19/2010 0:00	Sell	17000000	XS0294187991:XS0294187991 MBS blotter	44.6
<b>1/20/2010</b>					

SH-AP-00000556

**2/17/2010**

TradeDate	Time Stamp	Action	Quantity	Security Issue	Price
2/17/2010	2/17/2010 0:00	Buy	2000000	38741YCK3	59.5
2/17/2010	2/17/2010 0:00	Sell	2000000	38741YCK3	59.75

**2/19/2010**

TradeDate	Time Stamp	Action	Quantity	Security Issue	Price
2/19/2010	2/19/2010 0:00	Sell	2000000	236032339	28.06
2/19/2010	2/19/2010 0:00	Sell	5000000	2924225187	52
2/19/2010	2/19/2010 0:00	Sell	5000000	243225488	53.3
2/19/2010	2/19/2010 0:00	Sell	5000000	192020an53	24
2/19/2010	2/19/2010 0:00	Sell	4700000	253964307	40.2
2/19/2010	2/19/2010 0:00	Buy	4700000	253964307	39
2/19/2010	2/19/2010 0:00	Buy	5000000	192020an53	23
2/19/2010	2/19/2010 0:00	Buy	5000000	2924225187	50.75
2/19/2010	2/19/2010 0:00	Buy	5000000	243225488	51.5
2/19/2010	2/19/2010 0:00	Buy	2000000	236032339	27

**2/22/2010**

TradeDate	Time Stamp	Action	Quantity	Security Issue	Price
2/22/2010	2/22/2010 0:00	Sell	1000000	xs0293695184:xs0293695184 MBS blotter	66
2/22/2010	2/22/2010 0:00	Sell	4000000		101.1
2/22/2010	2/22/2010 0:00	Buy	1250000	XS0251905302	100.75
2/22/2010	2/22/2010 0:00	Sell	1250000		101.1
2/22/2010	2/22/2010 0:00	Buy	1000000	xs0293695184:xs0293695184 MBS blotter	65
2/22/2010	2/22/2010 0:00	Buy	4000000	XS0272247171	100.75

**2/26/2010**

TradeDate	Time Stamp	Action	Quantity	Security Issue	Price
2/26/2010	2/26/2010 0:00	Sell	10000000	XS0277726500	39.15
2/26/2010	2/26/2010 0:00	Buy	6200000	XS0236025804	58
2/26/2010	2/26/2010 0:00	Sell	6200000	XS0236025804	59
2/26/2010	2/26/2010 0:00	Buy	5000000	XS0291705928	64.5
2/26/2010	2/26/2010 0:00	Sell	12400000		71
2/26/2010	2/26/2010 0:00	Buy	10000000	XS0277726500	39.05
2/26/2010	2/26/2010 0:00	Sell	5000000		65.25
2/26/2010	2/26/2010 0:00	Buy	12400000	US430871AB93	70.5

**3/4/2010**

TradeDate	Time Stamp	Action	Quantity	Security Issue	Price
3/4/2010	3/4/2010 0:00	Buy	1000000	xs0225549723	32.5
3/4/2010	3/4/2010 0:00	Sell	2000000	xs0248222225	29
3/4/2010	3/4/2010 0:00	Buy	2000000	xs0248222225	27.75
3/4/2010	3/4/2010 0:00	Sell	1000000	xs0225549723	34

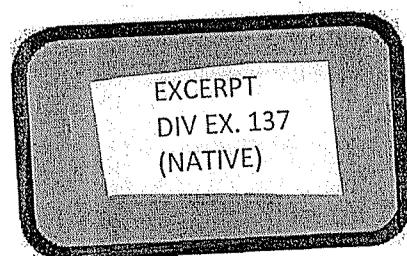
**3/9/2010**

TradeDate	Time Stamp	Action	Quantity	Security Issue	Price
3/9/2010	3/9/2010 0:00	Buy	10000000	XS0271944604	87.75

TRADE DETAILS												
Asset Class	TRADE DATE	SETTLE DATE	BUY/SELL	CUSIP/ISIN	SECURITY DESCRIPTION	SECURITY MATURITY	PRICE	ORIGINAL FACE	FACTOR	CURRENT FACE	PRINCIPAL VALUE	COUNTERPARTY
152 Euro CMBS	1/22/2010	1/27/2010	Buy	XS0234097128	PROMI 1 A1 B €€€	12/20/2032	87.25	8,505,000	0.675	5,740,875.00	5,008,913.44	Credit Suisse
153 Euro CMBS	1/22/2010	1/27/2010	Sell	XS0234097128	PROMI 1 A1 B €€€	12/20/2032	87.5	8,505,000	0.675	5,740,875.00	5,023,265.63	DB London
154 Euro CMBS	1/25/2009	1/28/2010	Buy	XS0289822677	MESDG CHAR B €€€	10/25/2019	60.375	3,000,000	0.914245	2,742,734.99	1,655,926.25	Bank of America
155 Euro CMBS	1/25/2009	1/28/2010	Sell	XS0289822677	MESDG CHAR B €€€	10/25/2019	60.525	3,000,000	0.914245	2,742,734.99	1,660,040.36	DB London
156 WBS	1/25/2009	1/28/2010	Buy	037898AB9	APPB 2007-1A A22A	12/20/2037	91.625	1,500,000.00	0.97333781	1,460,006.71	1,337,731.15	Barclays
157 WBS	1/25/2009	1/28/2010	Sell	037898AB9	APPB 2007-1A A22A	12/20/2037	93.5	1,500,000.00	0.97333781	1,460,006.71	1,365,106.28	KBW

COUNTERPARTY CONTACT	SHCM SALESMAN	TRADE REVENUE					CUMULATIVE REVENUE			FX Rate	Monthly Totals	BD Total
		Price Diff	Revs	Total Revs (\$)	Clearing Fee	Net Revenue	Total	Rafferty	SHCM			

Lisa Yahr	Tedeschl						1,752,646.98	262,897.05	1,489,749.94			
Gerard Hammond	Tedeschl	0.25	14,352.19	20,028.48	3,004.27	17,024.21	1,772,675.46	265,901.32	1,506,774.15	1.3955		
Steve Mayer	Tedeschl						1,772,675.46	265,901.32	1,506,774.15			
Gerard Hammond	Tedeschl	0.15	4,114.11	5,741.24	861.19	4,880.05	1,778,416.71	266,762.51	1,511,654.20	1.3955		
Tom Gonella	Tedeschl						1,778,416.71	266,762.51	1,511,654.20			
	Quinn	1.875	27,375.13	27,375.13	4,106.27	23,268.86	1,805,791.84	270,868.78	1,534,923.06	1	1,805,791.84	656,085.77



Spring Hill

Rafferty Monthly Report

Period: JEFFERIES 2/1/10-2/28/10 247.68  
Gross Trading Revenues: -MLBC \$606,624.38 ✓  
Total Revenues: 606,872.06 ~~\$606,624.38~~

Rafferty Allocation (15%): \$ 90,993.66 ✓  
Total Rafferty Allocation: \$ 90,993.66

SH Net Revenues: 515,878.40 \$ ~~515,630.72~~ ✓  
SH Previously Retained Revenues: 506,411.96 \$ ~~506,659.64~~ ✓

Total: \$ 1,022,290.36 ✓

SHCP Hard Expenses:

Vendor	Amount
	\$ -

Registered Representative Distribution Amounts:

RR Name	Amount
Paul Tedeschi	\$ 100,000.00
Total:	\$ 100,000.00

Consulting Payments:

	Amount
To be paid March, 2010	\$ 900,000.00
Total Payments to Registered Reps:	\$ 100,000.00
Total Payment to SHCP:	\$ 900,000.00
Remaining Balance:	\$ 22,290.36 ✓

PAID 3/11/10

