

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 2 TO
APPLICATION FOR AN ORDER UNDER SECTION 202(a)(11)(H) OF THE
INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT")
DECLARING THE APPLICANTS TO BE
PERSONS NOT WITHIN THE INTENT OF THE ADVISERS ACT

1112 PARTNERS, LLC

925 W. Lancaster Ave, Suite 250
Bryn Mawr, PA 19010

All communications, notices, and orders to:

Ingrid R. Welch, Esq.
Cozen O'Connor
One Liberty Place
1650 Market Street, Suite 2800
Philadelphia, PA 19103

This Amendment No. 2 to Application (including Exhibits) consists of [____] pages.

UNITED STATES OF AMERICA

BEFORE THE

SECURITIES AND EXCHANGE COMMISSION

In the Matter of)	
)	
)	AMENDMENT NO. 2 TO
)	APPLICATION FOR AN ORDER
1112 PARTNERS, LLC)	UNDER SECTION 202(a)(11)(H) OF THE
925 W. Lancaster Ave, Suite 250)	INVESTMENT ADVISERS ACT OF
Bryn Mawr, PA 19010)	1940 DECLARING THE APPLICANTS
)	TO BE PERSONS NOT WITHIN THE
)	INTENT OF THE ADVISERS ACT
File No. – 803-00239)	

1112 PARTNERS, LLC, a Delaware limited liability company (the “Office” or the “Applicant”), hereby files this Amendment No. 2 to the application (“Application”) for an Order of the Securities and Exchange Commission (“Commission”) under Section 202(a)(11)(H) of the Investment Advisers Act of 1940 (“Advisers Act”) declaring the Office to be a person not within the intent of the Advisers Act to the extent that the Office cannot satisfy all of the conditions to be a “family office” (as defined in Commission Rule 202(a)(11)(G)-1, the “Family Office Rule”) under the Advisers Act. For the reasons discussed below, the Office believes that the Order requested is fully consistent with the policies and purposes of the Advisers Act and the Family Office Rule.

I. BACKGROUND

A. The Office

The Office is a recently-formed, multi-generational single-family office which provides or intends to provide services to the family and descendants of William Render Ford (“Common Ancestor”). The Office is located in Bryn Mawr, Pennsylvania, is wholly owned (directly or indirectly) by Family Clients, and is exclusively controlled by one or more Family Members and/or Family Entities in compliance with the Family Office Rule¹. Specifically, the Office is owned by David B. Ford, Jr. (a direct lineal descendant of Common Ancestor) and his wife, Anne Ford (a spouse of a lineal descendant of Common Ancestor). For purposes of this Application, the “Ford Family” or “Family” means and refers to the lineal descendants of Common Ancestor, their spouses or spousal equivalents, and other persons and entities that qualify as “Family Clients” as defined in paragraph (d)(4) of the Family Office Rule.

¹ Unless otherwise indicated, all capitalized terms used in this Application have the respective meanings ascribed to such terms in the Family Office Rule.

The Office provides or intends to provide both advisory and non-advisory services, including asset allocation advice, investment due diligence and investment management; assistance with recordkeeping, cash management, federal and state tax preparation, financial accounting, and bill payment; coordination of professional relationships with accountants, attorneys and unaffiliated discretionary wealth managers; management and administration of the various Ford Family investment entities and trusts for the Ford Family members (including providing trustees); as well as numerous other responsibilities (collectively, the “Services”) to members of the Ford Family. Any Service provided by the Office that relates to investment advice about securities or may otherwise be construed as advisory in nature is considered an “Advisory Service.”

Currently, the Office complies with the three general conditions of the Family Office Rule for exclusion from the definition of "investment adviser" and regulation under the Advisers Act, including: (i) each of the persons served by the Office is a Family Client (*i.e.*, the Office has no investment advisory clients other than the Family Clients as required by paragraph (b)(1) of the Family Office Rule); (ii) the Office is owned and controlled in a manner that complies in all respects with paragraph (b)(2) of the Family Office Rule, and (iii) the Office does not hold itself out to the public as an investment adviser as required by paragraph (b)(3) of the Family Office Rule. At the time of this Application, Family Members account for approximately 100% of the natural persons to whom the Office provides Advisory Services.

B. Additional Family Clients

In addition to the Family Clients, the Office desires to provide Services (including Advisory Services) to the Parents of a spouse of a lineal descendant of Common Ancestor ("Parents-in-Law"), the brother of a spouse of a lineal descendant of Common Ancestor and his spouse and children ("Brother-in-Law") and retirement plan accounts of the Parents-in-Law or Brother-in-Law (collectively, the "Additional Family Clients").² The Office estimates that, if the Additional Family Clients' assets were managed by the Office, the assets owned by the Additional Family Clients would represent approximately five percent (5%) of the Office's assets under management. The Additional Family Clients do not have an ownership interest in the Office.

Prior to forming the Office, David B. Ford, Jr. was associated with a third party registered investment adviser ("RIA") that for approximately eleven (11) years managed substantially all of the advisory accounts of the Ford Family managed or intended to be managed by the Office, and among those accounts were accounts of the Additional Family Clients. Effective as of October 1, 2016, David B. Ford, Jr.'s association with RIA was terminated. Commencing October 1, 2016, the advisory accounts of Family Clients managed by RIA were transitioned to the Office as the Office ramped up its advisory business. As of the time of this filing, all Family Client accounts previously managed by RIA were terminated and new accounts for such Family Clients established with the Office. There are approximately 19 Family Clients accounts that were transitioned to the Office. If the relief requested in this Application is granted, the Office also intends to open accounts for the Additional Family Clients. The assets

² The term "Additional Family Client" includes the estate of the Parents-in-Law and Brother-in-Law in the event of their death.

beneficially owned by Family Members and/or Family Entities (excluding the Additional Family Clients) would make up at least 90% of the total assets for which the Office provides Advisory Services. The Parents-in-Law and Brother-in-Law have important familial ties to and are an integral part of the Ford Family. They have been considered and treated as close family members of the Ford Family for purposes of intra-familial affection, trust, and communications for over fifteen (15) years. They are invited to and welcome at every family gathering surrounding birthdays and appropriate religious and secular holidays, and attend those events that are convenient. In turn, they consider the other members of the Ford Family to be immediate family, with the attendant intra-familial affection, trust, and respect. The members of the Ford Family that manage the Office believe that they have the same kind of standard of care and loyalty to the Additional Family Clients as they believe they owe to the other members of the Ford Family. Therefore, including the Additional Family Clients into the definition of "family" for this purpose simply recognizes and memorializes the familial ties and intra-familial relationships that already exist, and have existed for fifteen (15) years. If the relief requested in this Application is granted, the inclusion of the Additional Family Clients as members of the Ford Family for which the Office may provide Services would be consistent with the existing familial relationship among the Family members.

II. REQUEST FOR AN ORDER

Section 202(a)(11) of the Advisers Act defines the term "investment adviser" to mean "any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities ... "

The Office falls within the definition of an investment adviser under Section 202(a)(11). The Family Office Rule provides an exclusion from the definition of investment adviser for which the Office would be eligible but for the provision of Advisory Services to the Additional Family Clients. Because the Office has regulatory assets under management of more than \$100 million, it is not prohibited from registering with the Commission under Section 203A(a) of the Advisers Act.

In sum, absent relief, the Office would be required to register under Section 203(a) of the Advisers Act, notwithstanding that (i) the Office does not hold itself out to the public as an investment adviser and does not market non-public offerings to persons or entities that are not Family Clients, (ii) the Office is wholly owned and controlled by members of the Ford Family, in accordance with paragraph (b)(2) of the Family Office Rule; and (iii) the Office is a "family office" for the Ford Family and will not offer its Advisory Services to anyone other than Family Clients and the Additional Family Clients. The Office requests that the Commission issue it an Order pursuant to Section 202(a)(11)(H) declaring it not to be a person within the intent of the Advisers Act.

III. DISCUSSION

A. Relationship with the Additional Family Clients Does Not Change the Nature of the Office into that of a Commercial Advisory Firm

The proposing release for the Family Office Rule states that in defining the term "family member," the Commission distinguished between offices that serve members of a single family and those family-run offices that serve multiple families and are more commercial in nature.³ However, the adopting release for the Family Office Rule clarified that the Advisers Act was not designed to "regulate the interactions of family members in the management of their own wealth" or apply to family offices that are "unlikely to involve commercial advisory activities."⁴

The Office submits that its proposed relationship with the Additional Family Clients does not change the nature of the family office into that of a commercial advisory firm. The Office believes that its circumstances are consistent with the rationale of the Family Office Rule described in the Proposing Release and Adopting Release. Prior to forming the Office, the RIA had for some time provided services to the Additional Family Clients who do not fall within the definition of Family Member, but who for the last fifteen (15) years and to this day were and continue to be considered and treated as members of the Ford Family. For example, these individuals continue to include each other in important family events (such as weddings), celebrate holidays and vacation together. In addition, if the Parents-in-Law and Brother-in-Law were the parents and sibling, respectively, of a lineal descendent of Common Ancestor, rather than the parents and sibling, respectively, of a spouse of a lineal descendent, there would be no question that each of them would be a Family Member, and their retirement assets would similarly fall within the definition of Family Client.

In requesting this Order, the Office is not attempting to expand its operations or engage in any level of commercial activity to which the Advisers Act is designed to apply. The number of natural persons who are not Family Members as a percentage of the total natural persons to whom the Office would provide Advisory Services if relief were granted would be less than 9%. The Office estimates that if the Additional Family Clients' assets were managed by the Office, the assets owned by the Additional Family Clients would represent approximately five percent (5%) of the Office's assets under management. Rather, from the perspective of the Ford Family, allowing the Office to provide Services to the them is consistent with the Family's previous experience with investment management services provided by the RIA and the existing familial relationship among Family members. The Office believes that none of the concerns the Commission mentioned in the Proposing Release and Adopting Release regarding an overly broad application of the Family Office Rule would materialize if the Office received the Order requested herein. The granting of the relief requested herein simply will enable the Office to provide Advisory Services to this limited universe of those the Ford Family considered to be family members - those to whom the RIA had been providing Services for eleven (11) years. Therefore, the Office is requesting that the Commission declare the Additional Family Clients to be members of the Family ("Extended Ford Family") for the purposes of the Family Office Rule.

B. There Is No Public Interest in Requiring the Office to Be Registered Under the Advisers Act

The Office is a private organization that was formed to be the "family office" for the Ford Family. The Office's clients are comprised solely of Family Clients and, if the requested

³ Family Offices, Investment Advisers Act Release. No. 3098 (Oct. 12, 2010) ("Proposing Release").

⁴ Id; see also, Family Offices, Investment Advisers Act Release. No. 3220 (June 22, 2011) ("Adopting Release").

relief is granted, the Additional Family Clients who are members of the Extended Ford Family. The Office does not have any public clients. Indeed, the Office's Services are exclusively tailored to the needs of the Extended Ford Family. The provision of Advisory Services to the Additional Family Clients, who have been receiving Advisory Services from RIA in the same manner as other Family members for eleven (11) years, does not create any public interest that would require the Office to be registered under the Advisers Act that is different in any manner than the considerations that apply to a "family office" that complies in all respects with the Family Office Rule.

IV. PRECEDENT

The Commission issued certain of the existing "family office" orders before the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act⁵ and the adoption of the Family Office Rule.⁶ The Commission did not, however, rescind those orders upon adoption of the Rule,⁷ and the Office believes that those orders may provide guidance on matters that were not addressed by, do not contradict, and are consistent with the policies and goals of the Family Office Rule.⁸ In addition, since adoption of the Family Office Rule, the Commission issued several family office exemptive orders based on applications similar to this Application. Specifically, the Office believes that the following exemptive orders issued in recent years reflect circumstances comparable to those of the Office:

In March 2015, the Commission issued an exemptive order to DW Investments LLC,⁹ a family office that provided advisory services to the sister-in-law of a spouse of a lineal descendant of the family's common ancestor and to an irrevocable trust of which the sister-in-law was a beneficiary. In January 2015, the Commission issued an exemptive order to William E. Simon & Sons LLC and New Vernon Advisors, Inc.,¹⁰ a family office that provided advisory services to the sibling of a former spouse of a lineal

⁵ Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 211-203, 124 Stat. 1376 (2010).

⁶ See, e.g., *WLD Enterprises, Inc.*, Investment Advisers Act Release Nos. 2804 (Oct. 17, 2008) [73 FR 63218 (Oct. 23, 2008)] (notice) and 2807 (Nov. 14, 2008) (order); *Parkland Management Company, L.L.C.*, Investment Advisers Act Release Nos. 2362 (Feb. 24, 2005) [70 FR 10155 (Mar. 2, 2005)] (notice) and 2369 (Mar. 22, 2005) (order); *Longview Management Group LLC*, Investment Advisers Act Release Nos. 2008 (Jan. 3, 2002) [67 FR 1251 (Jan. 9, 2002)] (notice) and 2013 (Feb. 7, 2002) (order).

⁷ See the Adopting Release, at Section II. B.

⁸ The Office notes that the Commission has stated that certain issues would be more appropriately addressed through an application seeking an exemptive order than through a rule of general applicability. See Adopting Release, at n. 34; see also Proposing Release at Section II (as a rule of general applicability, the definition of family office could not match the exact representations, conditions or terms contained in every exemptive order that had been issued because each of those orders necessarily varied to accommodate the particular circumstances of each applicant.)

⁹ See, In the Matter of D-W Investments LLC, Investment Advisers Act Release No. 4066 (April 20, 2015) (Notice) and Release No. 4090 (May 19, 2015) (Order).

¹⁰ See, In the Matter of William E. Simon & Sons, LLC and New Vernon Advisors, Inc., Investment Advisers Act Release No. 3990 (December 22, 2014) (Notice) and Release No. 4001 (January 20, 2015) (Order).

descendant of the family's common ancestor and a private foundation funded exclusively by the sibling. In July 2014, the Commission issued an exemptive order to Gruss & Co. Inc.,¹¹ a family office that provided advisory services to two sisters of a spouse of a lineal descendant of the family's common ancestor and each sister's respective spouse and children. In July 2014, the Commission issued an exemptive order to Duncan Family Office,¹² a family office that provided advisory services to the mother-in-law of a spouse of a lineal descendant of the family's common ancestor and certain related foundations. In each of these exemptive orders, the Commission granted exemptions on facts that are comparable to the facts presented by Office in this Application, namely the ability to provide advisory services to relatives that are in-laws of a spouse of a lineal descendant of the common ancestor who do not meet the definition of Family Clients under the Family Office Rule.

These orders recognize unique circumstances in which an entity provides advisory services to a slightly broader spectrum of individuals, but the entity remains focused on a single family's needs and its operations do not become commercial in nature. The same is true for Office, which as described above in Section I. provides services to Family Clients and desires to provide Services to certain Additional Family Clients, who are relatives that have been considered and treated as family members for fifteen (15) years and whose status as clients of the Office would not change the nature of the Office's operations to that of a commercial advisory business based on the Office's specific facts and circumstances. The Office submits that an exemptive order is appropriate based on the Office's specific facts and circumstances.

V. PROCEDURAL MATTERS

Pursuant to Rule 0-4(f) under the Advisers Act, the Office states that its address is indicated on the first page of this Application. The Office further states that all written or oral communications concerning this Application should be directed to:

Ingrid R. Welch, Esq.
Cozen O'Connor
One Liberty Place
1650 Market Street, 28th Floor
Philadelphia, PA 19103
Email: iwelch@cozen.com
Phone: (215) 665-4616

All requirements for the execution and filing of this Application on behalf of the Office have been complied with and are in accordance with the Limited Liability Company Agreement of the Office, and the undersigned officer of the Office is fully authorized to execute this Application. The Office adopted the Resolutions attached as Exhibit A authorizing the filing of the Application. The Verifications required by Rule 0-4(d) under the Advisers Act are attached

¹¹ See, In the Matter of Gruss & Co. Inc., Investment Advisers Act Release No. 3866 (July 1, 2014) (Notice) and Release No. 3883 (July 29, 2014) (Order).

¹² See, In the Matter of Duncan Family Office, Investment Advisers Act Release No. 3867 (July 1, 2014) (Notice) and Release No. 3882 (July 29, 2014) (Order).

as Exhibit B and the Proposed Notice of the proceeding initiated by the filing of this Application, required by Rule 0-4(g) under the Advisers Act, is attached as Exhibit C.

VI. REQUEST FOR ORDER OF EXEMPTION

For the foregoing reasons, the Office requests that the Commission issue an Order under Section 202(a)(11)(H) of the Advisers Act declaring it not to be a person within the intent of the Advisers Act, provided that the Office complies with the following conditions:

1. The Office will offer and provide Advisory Services only to Family Clients and to the Additional Family Clients, who generally will be deemed to be, and be treated as if they were, Family Clients; provided, however, that the Additional Family Clients will be deemed to be, and treated as if they were, a Family Members for purposes of paragraph (b)(1) and for purposes of paragraph (d)(4)(vi) of the Family Office Rule.
2. The Office will at all times be wholly owned by Family Clients and exclusively controlled (directly or indirectly) by one or more Family Members and/or Family Entities (excluding the Additional Family Clients' Family Entities) as defined in paragraph (d)(5) of the Family Office Rule.
3. At all times the assets beneficially owned by Family Members and/or Family Entities (excluding the Additional Family Clients' Family Entities) will account for at least 90% of the assets for which the Office provides Advisory Services.
4. The Office will comply with all the terms for exclusion from the definition of investment adviser under the Advisers Act set forth in the Family Office Rule except for the limited exception requested by this Application.

The Office submits that the Order is necessary and appropriate, in the public interest, consistent with the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Advisers Act.

The Office submits that, pursuant to the authority granted to the Office's officers, the undersigned, who has signed and filed this Amendment No. 2 to the Application on behalf of the Office, is fully authorized to do so.

Dated: September ____, 2017

David B. Ford, Jr., Managing Member