

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018-09441 Filed 5-3-18; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Investment Advisers Act Release No. 4902/803-00239]

1112 Partners, LLC

May 1, 2018.

AGENCY: Securities and Exchange Commission (“Commission”).

ACTION: Notice.

Notice of application for an exemptive order under section 202(a)(11)(H) of the Investment Advisers Act of 1940 (“Advisers Act”).

Applicant: 1112 Partners, LLC (the “Applicant”).

Relevant Advisers Act Sections: Exemption requested under section 202(a)(11)(H) of the Advisers Act from section 202(a)(11) of the Advisers Act.

Summary of Application: The Applicant requests that the Commission issue an order declaring it to be a person not within the intent of Section 202(a)(11) of the Advisers Act, which defines the term “investment adviser.”

Filing Dates: The application was filed on January 17, 2017, and amended on May 8, 2017; September 15, 2017; and March 9, 2018.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission’s Secretary and serving the Applicant with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on May 25, 2018, and should be accompanied by proof of service on the Applicant, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to Rule 0-5 under the Advisers Act, hearing requests should state the nature of the writer’s interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Commission’s Secretary.

ADDRESSES: Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549. Applicant, 1112 Partners, LLC, c/o Ingrid R. Welch, Esq.,

Cozen O’Connor, One Liberty Place, 1650 Market Street, Suite 2800, Philadelphia, PA 19103.

FOR FURTHER INFORMATION CONTACT:

James D. McGinnis, Senior Counsel, at (202) 551-3025 or Holly L. Hunter-Ceci, Assistant Chief Counsel, at (202) 551-6825 (Division of Investment Management, Chief Counsel’s Office).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained via the Commission’s website either at <http://www.sec.gov/rules/iareleases.shtml> or by calling (202) 551-8090.

Applicant’s Representations:

1. The Applicant is a recently-formed, multi-generational single-family office that provides or intends to provide services to the family and descendants of William Render Ford. The Applicant is wholly-owned by Family Clients and is exclusively controlled (directly and indirectly) by one or more Family Members and/or Family Entities in compliance with Rule 202(a)(11)(G)–1 (the “Family Office Rule”). For purposes of the application, the term “Ford Family” means the lineal descendants of William Render Ford, their spouses or spousal equivalents, and all other persons and entities that qualify as “Family Clients” as defined in paragraph (d)(4) of the Family Office Rule. Unless otherwise indicated, capitalized terms herein have the same meaning as defined in the Family Office Rule.

2. The Applicant provides both advisory and non-advisory services (collectively, “Services”) to members of the Ford Family. Any Service provided by the Applicant that relates to investment advice about securities or may otherwise be construed as advisory in nature is considered an “Advisory Service.”

3. Prior to forming the Applicant, 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 Applicant, and among these accounts were accounts of the Additional Family Clients (as defined below). Effective as of October 1, 2016, David B. Ford, Jr.’s association with RIA was terminated. Commencing October 1, 2016, the advisory accounts of the Family Clients managed by RIA were transitioned to the Applicant.

4. The Applicant represents that: (i) Each of the persons served by the Applicant is a Family Client (*i.e.*, the

Applicant has no investment advisory clients other than Family Clients as required by paragraph (b)(1) of the Family Office Rule); (ii) the Applicant is owned and controlled in a manner that complies in all respects with paragraph (b)(2) of the Family Office Rule; and (iii) the Applicant 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 the application, the Applicant represents that Family Members account for approximately 100% of the natural persons to whom the Applicant provides Advisory Services.

5. In addition to the Family Clients, the Applicant desires to provide Services (including Advisory Services) to the parents of a spouse of a lineal descendant of William Render Ford (“Parents-in-Law”), the brother of a spouse of a lineal descendant of William Render Ford 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”).

6. The Additional Family Clients do not have an ownership interest in the Applicant. The Applicant represents that the assets 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 Applicant provides Advisory Services.

7. The Applicant represents that the Parents-in-Law and Brother-in-Law have important familial ties to and are an integral part of the Ford Family. The Applicant maintains that including the Additional Family Clients in the “family” simply recognizes and memorializes the familial ties and intra-familial relationships that already exist, and have existed for fifteen (15) years and that the inclusion of the Additional Family Clients as members of the Ford Family for which the Applicant may provide Services would be consistent with the existing familial relationship among the family members.

The Applicant’s Legal Analysis

1. 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. . . .”

2. The Applicant falls within the definition of an investment adviser

¹⁸ 17 CFR 200.30-3(a)(12).

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

3. The Applicant submits that its proposed relationship with the Additional Family Clients does not change the nature of the office into that of a commercial advisory firm. In support of this argument, the Applicant notes that if the Parents-in-Law and Brother-in-Law were the parents and sibling, respectively of a lineal descendant, rather than the parents and sibling, respectively, of a spouse of a lineal descendant, 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. The Applicant states that in requesting the 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. Although the Additional Family Clients do not fall within the definition of Family Member, the Applicant represents that the Additional Family Clients for the last fifteen (15) years and to this day were and continue to be considered and treated as members of the Ford Family, and that prior to forming the Applicant, the RIA had for some time provided services to the Additional Family Clients. Additionally, the Applicant represents that 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%. From the perspective of the Ford Family, allowing the Applicant to provide Services to the Additional Family Clients is consistent with the family's previous experience with investment management services provided by the RIA and the existing family relationship among family members.

4. The Applicant also submits that there is no public interest in requiring the Applicant to be registered under the Advisers Act. The Applicant states that the office is a private organization that

was formed to be the "family office" for the Ford Family, and that the office does not have any public clients. The Applicant maintains that the office's Advisory Services are exclusively tailored to the needs of the Ford Family and the Additional Family Clients. The Applicant argues that the provision of Advisory Services to the Additional Family Clients, who have been receiving Advisory Services from the 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.

5. The Applicant argues that, although the Family Office Rule largely codified the exemptive orders that the Commission had previously issued before the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Commission recognized in proposing the rule that the exact representations, conditions, or terms contained in every exemptive order could not be captured in a rule of general applicability. The Commission noted that family offices would remain free to seek a Commission exemptive order to advise an individual or entity that did not meet the proposed family client definition, and that certain situations may raise unique conflicts and issues that are more appropriately addressed through an exemptive order process where the Commission can consider the specific facts and circumstances, than through a rule of general applicability.

6. The Applicant maintains that, based on its unusual circumstances—desiring 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—an exemptive order is appropriate based on the Applicant's specific facts and circumstances.

7. For the foregoing reasons, the Applicant requests an order declaring it to be a person not within the intent of Section 202(a)(11) of the Advisers Act. The Applicant 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 Applicant's Conditions

1. The Applicant 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, Family Members for purposes of paragraph (b)(1) and for purposes of paragraph (d)(4)(vi) of the Family Office Rule.

2. The Applicant 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 Applicant provides Advisory Services.

4. The Applicant 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.

For the Commission, by the Division of Investment Management, under delegated authority.

Eduardo A. Aleman,

Assistant Secretary.

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SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #15499 and #15500; ALABAMA Disaster Number AL–00088]

Presidential Declaration of a Major Disaster for Public Assistance Only for the State of Alabama

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is a notice of the presidential declaration of a major disaster for public assistance only for the state of Alabama (FEMA–4362–DR), dated 04/26/2018.

Incident: Severe Storms and Tornadoes.

Incident Period: 03/19/2018 through 03/20/2018.

DATES: Issued on 04/26/2018.

Physical Loan Application Deadline Date: 06/25/2018.