

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)
) **CEASE AND DESIST ORDER**
Paul Pomfret,)
PDP Management, LP)
(d/b/a “PDP Capital Investments”), and)
PDP Growth Fund, LP,)
) **File No. 11026**
Respondents.)
_____)

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”), after receiving information and pursuant to authority granted in the South Carolina Uniform Securities Act, S.C. Code Ann. § 35-1-101 *et. seq.* (Supp. 2010) (the “Act”), initiated an investigation into the activities of Paul Pomfret (“Pomfret”), PDP Management, LP (d/b/a “PDP Capital Investments”) (hereafter “PDP Capital”), and PDP Growth Fund, LP (“PDP Growth”) (collectively, “Respondents”) involving possible violations of the South Carolina Uniform Securities Act; and

WHEREAS, in connection with its investigation, the Division determined certain acts and practices constituting violations of the Act had occurred; and

WHEREAS, in connection with the investigation, the Division has determined that evidence exists to support the following findings and conclusions:

1. Respondent Pomfret is a Florida resident with a last known address of 168 Reef Road, Palm Beach, Florida, 33480.
2. Respondents PDP Capital and PDP Growth are businesses that operated from Florida during the relevant time period, and both listed a principal address of 223 Sunset Avenue, Palm

Beach, Florida, 33480 during the period.

3. Respondent PDP Capital served as General Partner of Respondent PDP Growth.
4. Respondent PDP Growth purported to be an investment fund which acts as a “fund of funds” holding a wider array of asset classes than traditional investments required to be registered under the Act. The fund was represented to be open only to accredited investors.
5. Respondent Pomfret was at all times herein in control of Respondents PDP Capital and PDP Growth.
6. Respondents Pomfret and PDP Capital offered an investment in Respondent PDP Growth to a South Carolina investor (“Investor A”) in early 2010. During the offering process, Respondent Pomfret, acting on behalf of himself and the other Respondents, directed phone calls and marketing materials and made at least one personal visit to Investor A in South Carolina.
7. Pre-investment, Respondent Pomfret, acting on behalf of himself and Respondents PDP Capital and PDP Growth, represented to Investor A that monies given to Pomfret for investment would be placed in Respondent PDP Growth and invested utilizing a strategy that employed a “Globally Diversified Multi-Manager Portfolio” consisting of five geographic teams of money managers.
8. Based on the representations in paragraph 8 above and other representations by Respondent Pomfret, on or around July 27, 2010, Investor A invested five hundred thousand dollars (\$500,000) with Respondents Pomfret and PDP Capital in Respondent PDP Growth.
9. In or around June or July 2010, at least two (2) prior investors asked to redeem their interests in Respondent PDP Growth.
10. The prior investors communicated their requests to redeem directly to Respondent Pomfret.

11. On or about August 13, 2010, despite Respondent Pomfret's representations to Investor A, approximately four hundred thousand dollars (\$400,000) of the money invested by Investor A with Respondents Pomfret and PDP Capital was used to partially redeem investments prior investors had with and through Respondents.
12. Prior to receipt of Investor A's investment, Respondent Pomfret was sued by a Florida resident who had previously invested in Respondent PDP Capital through Respondent Pomfret. On or around February 26, 2009, a jury verdict was rendered in the case. Respondent Pomfret lost the jury verdict and was ordered to pay the former investor two million nine hundred thousand dollars (\$2,900,000).
13. The verdict had not been paid at the time of Investor A's investment with Respondents.
14. Given the size of the verdict and the fact it involved a former investor and remained outstanding, the information was material and should have been disclosed to Investor A prior to his investment with Respondents.
15. Respondents failed to disclose the judgment referred to above to Investor A at any time during their solicitation of and/or prior to Investor A's investment with them.
16. On or around August 12, 2009, Respondent Pomfret, signing as "Managing Member" of Respondent PDP Capital, which previously had been both registered with the Florida Office of Financial Regulation ("FLOFL") as an investment adviser and under investigation by the FLOFL, entered into a "Stipulation and Consent Agreement" with the FLOFL.
17. As part of the Stipulation and Consent Agreement, Respondent PDP Capital, by and through its managing member, Respondent Pomfret, agreed to pay an administrative fine of \$10,000.00 and to terminate Respondent PDP Capital's investment adviser registration in the State of Florida.

18. The information concerning Respondent PDP Capital and Respondent Pomfret's prior interactions with the FLOFL was information that would be material to investors being solicited during the time period Investor A was being solicited.
19. Respondents Pomfret, PDP Management, and PDP Growth failed to disclose to Investor A at any time during the solicitation of and/or prior to Investor A's investment with Respondents either that (1) Respondent PDP Capital or (2) a business owned and/or controlled by Respondent Pomfret had been the subject of and/or entered any type consent agreement with the FLOFL.
20. On or about May 20, 2010, when asked by Investor A for references from other investors, Respondent Pomfret offered "Christina Wilson" as a reference, indicating to Investor A Christina Wilson ("Wilson") was an investor in Respondent PDP Growth.
21. At the time Respondent Pomfret offered Wilson as a reference to Investor A, Pomfret did not disclose to Investor A that Wilson was the manager of a limited liability company which received investor money from one or more Respondents in exchange for one or more unsecured promissory notes. Additionally, Wilson and her children, through one or more trusts controlled by her, purchased a home using money lent to the limited liability company by the "Special Situation Fund," a fund within Respondent PDP Growth which Respondent Pomfret later testified received a portion of Investor A's investment funds.
22. Wilson, through trusts established in her and her minor children's names, was intended to be a direct beneficiary of Investor A's investment and yet this information, which is material, was not disclosed either by Respondent Pomfret or by Wilson when Investor A verified Wilson as a reference.

23. The other large asset held by the Special Situation Fund, promissory notes to Westrock Group, Inc., went into default in or around February, 2010.
24. This material information was not disclosed to Investor A prior to his investment in July of 2010.
25. In or around December, 2010, Respondent Pomfret represented to Investor A that twenty percent (20%) of the assets in Respondent PDP Growth Fund were invested in a fund called the "Special Situation Fund."
26. On or about March 21, 2011, a manager of Respondent PDP Growth represented to Investor A that over eighty-five percent (85%) of Investor A's investment was held in the "Special Situation Fund."
27. On June 15, 2011, Respondent Pomfret testified under oath that Investor A's money was it invested as he had represented to Investor A it would be.
28. Documentary evidence and witness testimony contradict Respondent Pomfret's testimony concerning the use of Investor A's funds.

WHEREAS, the Commissioner has jurisdiction over this matter pursuant to Section 35-1-180 of the Act; and

WHEREAS, the interest in PDP Growth offered to Investor A by Respondents Pomfret and PDP Capital is a "security" within the meaning of S.C. Code Ann. § 35-1-102(29); and

WHEREAS, Respondents' offer and sale of the security occurred in the State of South Carolina; and

WHEREAS, Respondents Pomfret and PDP Capital, as described above, acted as agents by effecting the sale of securities in the State of South Carolina for Respondent PDP Growth; and

WHEREAS, in connection with the offer and sale of a security to Investor A, the Respondents, by and through their agent Respondent Pomfret, made untrue statements of material fact and/or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

WHEREAS, in connection with the investigation into Respondents' activities, Respondent Pomfret testified falsely and/or in a misleading manner; and

WHEREAS, based on the foregoing, the Division has determined that the Respondents have engaged, are engaging, and/or are about to engage in acts and practices which violate S.C. Code Ann. §§ 35-1-501 and 35-1-505.

WHEREAS, after due deliberation, the Division finds that it is necessary and appropriate, in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act to issue the following Order:

CEASE AND DESIST ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), IT IS HEREBY ORDERED that Respondents and every successor, affiliate, control person, agent, servant, and employee of Respondents, and every entity owned, operated, or indirectly or directly controlled by or on behalf of the Respondents:

- a. Immediately cease and desist from transacting business in this State in violation of the Act, and in particular, S.C. Code Ann. §§ 35-1-501 and 35-1-505 thereof; and
- b. Specifically, cease and desist (i) soliciting new investments in or from South Carolina, (ii) offering any other securities in or from South Carolina, and (iii) collecting fees in or from South Carolina, and

- c. Pay a civil penalty in the amount of thirty thousand dollars (\$30,000) on behalf of Respondent PDP Capital, thirty thousand dollars (\$30,000) on behalf of Respondent PDP Growth, and fifty thousand dollars (\$50,000) on behalf of Respondent Pomfret if this Order becomes effective by operation of law, or, if any Respondent seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed ten thousand dollars (\$10,000) for each violation of the Act by that Respondent, and the actual cost of the investigation or proceeding.

REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

The Respondents are hereby notified that they have the right to a hearing on the matters contained herein. To schedule such a hearing, a Respondent must file with the Securities Division, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina 29211-1549, attention: Thresechia Navarro, within thirty (30) days after the date of service of this Order a written Answer specifically requesting that a hearing be held to consider rescinding the Order.

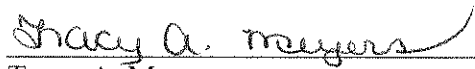
In the written Answer, the Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation of the Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. If the Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, he shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty (30) day period stated above shall be deemed a waiver by that Respondent of his right to such a hearing. Failure of a Respondent to file an Answer, including a request for a hearing,

shall result in this Order, including the stated civil penalty, becoming final as to that Respondent by operation of law.

CONTINUING TO ENGAGE IN ACTS DETAILED BY THIS ORDER AND/OR SIMILAR ACTS MAY RESULT IN THE DIVISION'S FILING ADDITIONAL ADMINISTRATIVE ACTIONS AND/OR SEEKING FURTHER ADMINISTRATIVE FINES. WILLFUL VIOLATION OF THIS ORDER COULD RESULT IN CRIMINAL PROSECUTION. REGARDING MATTERS DESCRIBED HEREIN, THIS ORDER DOES NOT PRECLUDE THE FILING OF PRIVATE CAUSES OF ACTION OR THE FILING OF CRIMINAL CHARGES UNDER S.C. CODE ANN. § 35-1-508 OR ANY OTHER APPLICABLE CODE SECTION.

SO ORDERED, this 27th day of July, 2011.



Tracy A. Meyers
Senior Assistant Attorney General
Securities Division
Office of the Attorney General
Rembert C. Dennis Building
1000 Assembly Street
Columbia, S. C. 29201