

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 80392 / April 6, 2017

ADMINISTRATIVE PROCEEDING

File No. 3-16829

In the Matter of

**WILLIAM B. FRETZ, JR., JOHN P.
FREEMAN, COVENANT CAPITAL
MANAGEMENT PARTNERS, L.P.,
AND COVENANT PARTNERS, L.P.,**

Respondents.

**NOTICE OF PROPOSED PLAN
OF DISTRIBUTION AND
OPPORTUNITY FOR COMMENT**

Notice is hereby given, pursuant to Rule 1103 of the United States Securities and Exchange Commission's (the "Commission") Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1103, that the Division of Enforcement has submitted to the Commission a proposed Plan of Distribution ("Plan") for the distribution of the funds collected and any future funds collected directly or indirectly from William B. Fretz, Jr. ("Fretz"), John P. Freeman ("Freeman"), Covenant Capital Management Partners, L.P. ("CCMP"), and Covenant Partners, L.P. ("Covenant") (collectively, the "Respondents"), plus any accrued interest in the above-captioned matter.

On September 23, 2015, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21C of the Securities Exchange Act of 1934, Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the "Administrative Order")¹ against Respondents. The Respondents consented to the Administrative Order without admitting or denying the findings, except as to jurisdiction. In the Administrative Order, the Commission found that, from 1999 through 2014, Fretz and Freeman raised approximately \$7.3 million through the sale of Covenant partnership interests (the "Fund") to more than 50 limited partners by misrepresenting to investors that Covenant would primarily invest in direct marketing companies, only pay the adviser performance fees if certain conditions were met, and that Fretz and Freeman would act as fiduciaries in the best interests of the Fund. The Commission found that, instead, Fretz and Freeman, through CCMP, used the majority of Covenant investor funds for their own purposes and benefit, in breach of their fiduciary duties. The Commission found that Fretz, Freeman, and CCMP willfully violated, and

¹ Securities Act Rel. No. 9925 (Sept. 23, 2015).

Covenant violated Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder; and that Fretz, Freeman, and CCMP willfully violated Sections 206(1), 206(2), and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-8 thereunder. The Commission ordered the Respondents, jointly and severally, to pay disgorgement of \$5,476,928 and prejudgment interest of \$353,582, and Fretz and Freeman to each pay civil penalties of \$500,000.

OPPORTUNITY FOR COMMENT

Pursuant to this Notice, all interested persons are advised that they may obtain a copy of the Plan from the Commission's public website at <http://www.sec.gov/litigation/fairfundlist.htm>. Interested persons may also obtain a written copy of the Plan by submitting a written request to Catherine E. Pappas, Senior Adviser, United States Securities and Exchange Commission, One Penn Center, 1617 JFK Blvd., Ste. 520 Philadelphia, PA 19103. All persons who desire to comment on the Plan may submit their comments, in writing, no later than thirty (30) days from the date of this Notice:

1. to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090;
2. by using the Commission's Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or
3. by sending an e-mail to rule-comments@sec.gov.

Comments submitted should include "Administrative Proceeding File No. 3-16829" in the subject line. Comments received will be publicly available. Persons should submit only information that they wish to make publicly available.

THE PLAN

As of February 7, 2017, the Distribution Fund² is comprised of \$2,393,090.72 in disgorgement and prejudgment interest paid by, or collected from, the Respondents, plus accrued interest. The Plan provides for the distribution of the Net Distribution Fund on a *pro rata* basis to certain harmed investors, to be identified by the Commission staff from the records of the Trustee, records provided to the Commission staff by Covenant, or records obtained through the Plan Notice process. The Plan provides for one or more subsequent distributions, if additional funds are received and it is determined feasible to make one or more subsequent distributions in accordance with the Plan.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields
Secretary

² All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Plan.