

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO  
APPLICATION FOR AN ORDER UNDER SECTION 202(a)(11)(H) OF THE  
INVESTMENT ADVISERS ACT OF 1940 (“ADVISERS ACT”)  
DECLARING THE APPLICANT TO BE  
A PERSON NOT WITHIN THE INTENT OF THE ADVISERS ACT

EDMUNDS PRIVATE CAPITAL, LLC  
10831 Ridgefield Parkway  
Richmond, Virginia 23233

All communications, notices, and orders to:

S. Brian Farmer, Esq.  
Hirschler Fleischer, P.C.  
2100 E. Cary Street  
Richmond, Virginia 23223

This Amendment No. 1 to Application (including Exhibits) consists of 17 pages.

UNITED STATES OF AMERICA

BEFORE THE

SECURITIES AND EXCHANGE COMMISSION

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In the Matter of	)	
	)	AMENDMENT NO. 1 TO
	)	APPLICATION FOR AN ORDER
EDMUNDS PRIVATE CAPITAL, LLC	)	UNDER SECTION 202(a)(11)(H) OF THE
10831 Ridgefield Parkway	)	INVESTMENT ADVISERS ACT OF
Richmond, Virginia 23233	)	1940 DECLARING THE APPLICANT
	)	TO BE A PERSON NOT WITHIN THE
	)	INTENT OF THE ADVISERS ACT
File No. – 803-_____	)	

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Edmunds Private Capital, LLC, a Virginia limited liability company (the “Office” or the “Applicant”), hereby files this Amendment No. 1 to the application filed on April 12, 2018 (“Application”) for an Order of the Securities and Exchange Commission (“Commission”) under Section 202(a)(11)(H) of the Investment Advisers Act of 1940, as amended (“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 (the “Order”). For the reasons discussed below, the Office believes that the Order requested is consistent with the policies and purposes of the Advisers Act and the Family Office Rule.

I. BACKGROUND

A. The Office

The Office is a multi-generational, single-family office which provides investment management and other services to the family and descendants of Paul C. Edmunds II (“Mr. Edmunds” or the “Common Ancestor”). The Office is located in Henrico County, Virginia, is wholly owned by Mr. Edmunds, and is exclusively controlled by Mr. Edmunds in compliance with the Family Office Rule<sup>1</sup>. Specifically, the Office is owned by Mr. Edmunds. For purposes of this Application, the “Edmunds Family” or “Family” means and refers to the lineal descendants of the 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.

The Office provides both advisory and non-advisory services, including asset allocation, investment due diligence, investment management, recordkeeping and tax reporting assistance, federal and state, coordination of professional relationships, management and administration of trusts, as well as other responsibilities (collectively, the “Services”) to members of the Edmunds Family. Any Service provided by the Office that relates to investment advice

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

about securities or may otherwise be construed as advisory in nature is considered an “Advisory Service.”

The Office complies with the three (3) 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, with the limited exception that the Office provides Advisory Services solely to the Additional Family Clients (defined below); (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.

#### B. Additional Family Clients

In addition to the Family Clients, the Office provides Services (including Advisory Services) to the parents of the spouse of Mr. Edmunds (“Parents-in-Law”) (the “Additional Family Clients”). The assets owned by the Additional Family Clients represent approximately thirteen percent (13%) 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, for approximately twenty-three (23) years, Mr. Edmunds was associated with a broker-dealer and afterwards a registered investment adviser (“Predecessor RIA”) that managed substantially all of the advisory accounts of the Edmunds Family, and among those accounts were accounts of the Additional Family Clients. Effective as of September 2015, Mr. Edmunds terminated the Predecessor RIA and formed the Office. Commencing as of October 2015, the advisory accounts of Family Clients and the Additional Family Clients managed by the Predecessor RIA were transitioned to the Office.

The Parents-in-Law have important familial ties to, and are an integral part of, the Edmunds Family. They have been considered and treated as close family members of the Edmunds Family for purposes of intra-familial affection, trust, and communications for over twenty-five (25) 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 Edmunds Family to be immediate family, with the attendant intra-familial affection, trust, and respect. The members of the Edmunds Family that manage the Office believe that they have the same standard of care and loyalty to the Additional Family Clients as they believe they owe to the other members of the Edmunds 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 over two (2) decades. If the relief requested in this Application is granted, the inclusion of the Additional Family Clients as members of the Edmunds Family for which the Office provides Services will 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.

In sum, absent relief, the Office will, upon reaching the required level of regulatory assets under management (which is anticipated to occur in the near future), be subject to possible registration with the Commission<sup>2</sup>, 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 Edmunds Family, in accordance with paragraph (b)(2) of the Family Office Rule; and (iii) the Office is a “family office” for the Edmunds Family and does 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.<sup>3</sup> 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.”<sup>4</sup>

The Office submits that its 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, Mr. Edmunds has for some time provided Services to the Additional Family Clients, who do not fall

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<sup>2</sup> Under Section 203A of the Advisers Act, the Office is currently subject to the relevant state regulatory authority, assuming it meets the definition of “investment adviser” under the Securities Act of the Commonwealth of Virginia (the jurisdiction in which the Office is located) and the Advisers Act.

<sup>3</sup> Family Offices, Investment Advisers Act Release No. 3098 (Oct. 12, 2010) (“Proposing Release”).

<sup>4</sup> Id; see also Family Offices, Investment Advisers Act Release No. 3220 (June 22, 2011) (“Adopting Release”).

within the definition of Family Member, but who for the last twenty-five (25) years and to this day were and continue to be considered and treated as members of the Edmunds 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 were the parents of the Common Ancestor, rather than the parents of the spouse of the Common Ancestor, 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 Parents-in-Law are the only non-Family Members to whom the Office is and will be providing Advisory Services, assuming relief is granted. The Office estimates that the assets owned by the Additional Family Clients currently represent approximately thirteen percent (13%) of the Office's assets under management. Rather, from the perspective of the Edmunds Family, allowing the Office to provide Services to the Additional Family Clients is consistent with the Family's previous experience with investment management services provided by Mr. Edmunds 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 Edmunds Family considers to be family members - those whose accounts Mr. Edmunds has managed for twenty-three (23) years. Therefore, the Office is requesting that the Commission declare the Additional Family Clients to be members of the Family ("Extended Edmunds 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 formed to be the "family office" for the Edmunds Family. The Office's clients are comprised solely of Family Clients and the Additional Family Clients, who are members of the Extended Edmunds Family. The Office does not have any public clients. Indeed, the Office's Services are exclusively tailored to the needs of the Extended Edmunds Family. The provision of Advisory Services to the Additional Family Clients, who have been receiving Advisory Services from Mr. Edmunds in the same manner as other Family members for twenty-three (23) 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 Act<sup>5</sup> and the

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

adoption of the Family Office Rule.<sup>6</sup> The Commission did not, however, rescind those orders upon adoption of the Rule,<sup>7</sup> 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.<sup>8</sup> 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,<sup>9</sup> 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.,<sup>10</sup> a family office that provided advisory services to the sibling of a former spouse of a lineal 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.,<sup>11</sup> 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,<sup>12</sup> 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 May 2018, the Commission issued an exemptive order to 1112 Partners, LLC,<sup>13</sup> a family office that wished to provide advisory services to the parents-in-law and brother-in-law of a spouse of a lineal descendant of the family's common ancestor. In each of these exemptive orders, the Commission granted exemptions on facts that are comparable to the facts presented by the Office in this Application, namely the ability to provide advisory services to relatives who are in-laws

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<sup>6</sup> 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).

<sup>7</sup> See the Adopting Release, at Section II. B.

<sup>8</sup> 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.)

<sup>9</sup> 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).

<sup>10</sup> 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).

<sup>11</sup> 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).

<sup>12</sup> 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).

<sup>13</sup> See, In the Matter of 1112 Partners, LLC, Investment Advisers Act Release No. 4902 (May 1, 2018) (Notice) and Release No. 4917 (May 29, 2018) (Order).

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 are not commercial in nature. The same is true for the Office which, as described above in Section I., provides services to Family Clients and to certain Additional Family Clients, who are relatives who have been considered and treated as family members for twenty-three (23) years and whose status as clients of the Office does 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:

S. Brian Farmer, Esq.  
Hirschler Fleischer, P.C.  
2100 E. Cary Street  
Richmond, Virginia 23223  
Email: [bfarmer@hf-law.com](mailto:bfarmer@hf-law.com)  
Phone: (804) 771-9504

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 Articles of Organization and Operating 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 hereto authorizing the filing of the Application. The Verifications required by Rule 0-4(d) under the Advisers Act are attached as Exhibit B hereto 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 hereto.

#### 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 are, Family Clients; provided, however, that the Additional Family Clients will be deemed to be, and treated as if they are, 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

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 seventy-five percent (75%) 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, and consistent with the protection of investors and 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. I to the Application on behalf of the Office, is fully authorized to do so.

Dated:           October 16          , 2018

Edmunds Private Capital, LLC

By: 

Name: Paul C. Edmunds II

Title: Managing Member and  
Chief Investment Officer



**EXHIBIT A**

**EDMUNDS PRIVATE CAPITAL, LLC**

**CONSENT OF SOLE MEMBER  
IN LIEU OF SPECIAL MEETING**

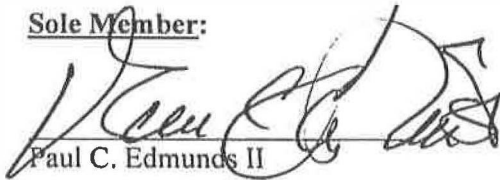
The undersigned being the sole member of Edmunds Private Capital, LLC, a Virginia limited liability company (the “Company”), hereby approves and adopts the following actions by written consent in lieu of a special meeting:

**RESOLVED**, that the sole member of the Company and any officer of the Company is hereby authorized and directed, individually and severally, to prepare, execute and file, or to cause to be prepared, executed and filed, by and on behalf of the Company, with the Securities and Exchange Commission an application or applications, and any amendments thereto, pursuant to Section 202(a)(11)(H) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), or such other sections thereof or rules thereunder as may be necessary or appropriate, for an order or orders, or amended order or orders, declaring the Company to be a person not within the intent of the Advisers Act.

**FURTHER RESOLVED**, that the sole member of the Company and any officer of the Company is hereby authorized to take, or cause to be taken, such further action, and to make, or cause to be made, such representations, on behalf of the Company in any matters relating to or otherwise in connection with such application or applications or any amendment or amendments thereto as the sole member of the Company or any officer of the Company may approve or consider as necessary or desirable.

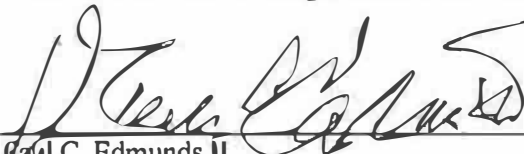
**EFFECTIVE DATE:**           October 16          , 2018

**Sole Member:**

  
Paul C. Edmunds II

**EXHIBIT B**  
**VERIFICATION**

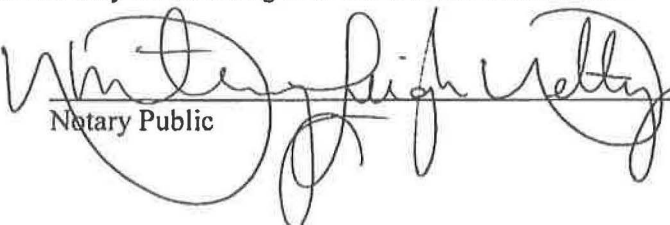
The undersigned states that (i) he has executed the attached Amendment No.1 to the previously filed application for an order pursuant to Section 202(a)(11)(H) of the Investment Advisers Act of 1940, as amended (“Advisers Act”), declaring the applicant to be a person not within the intent of the Advisers Act (“Application”) for and on behalf of Edmunds Private Capital, LLC (the “Company”); (ii) he is the sole member, Managing Member and Chief Investment Officer of Company; and (iii) all action by the sole member of the Company necessary to authorize the undersigned to execute and file such instrument has been taken. The undersigned also states that he is familiar with the Application, and the contents thereof, and that the facts set forth in the Application are true to the best of his knowledge, information, and belief.

  
\_\_\_\_\_  
Paul C. Edmunds II  
Managing Member and Chief Investment Officer  
Edmunds Private Capital, LLC

State of Virginia  
County/City of Henrico  
SS: 225-64-9230

Subscribed and sworn (affirmed) to me, a Notary Public, for the county/city and state aforesaid, by Paul C. Edmunds, II, said affiant(s), and he duly acknowledged to me the execution of the foregoing instrument.



  
\_\_\_\_\_  
Notary Public

**EXHIBIT C**

**PROPOSED FORM OF NOTICE**

SECURITIES AND EXCHANGE COMMISSION

[Release No. IA -                    ]

Edmunds Private Capital, LLC; Notice of Application

[Date                    ]

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: Edmunds Private Capital, 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 April 12, 2018, and an amendment filed on \_\_\_\_\_, 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 \_\_\_\_\_, 2018, and 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, D.C. 20549. Applicant, Edmunds Private Capital, LLC, c/o S. Brian Farmer, Esq., Hirschler Fleischer, P.C., 2100 E. Cary Street, Richmond, Virginia 23223.

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 multi-generational, single-family office that provides services to the family and descendants of Paul C. Edmunds II ("Mr. Edmunds"). 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 "Edmunds Family" means the lineal descendants of Mr. Edmunds, 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 Edmunds 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. In addition to the Family Clients, the Applicant provides Services (including Advisory Services) to the parents of the spouse of Mr. Edmunds (“Parents-in-Law”), and retirement plan accounts of the Parents-in-Law (collectively, the “Additional Family Clients”).

4. Prior to forming the Applicant, Mr. Edmunds was associated with a broker-dealer and afterwards a registered investment adviser (“Predecessor RIA”).<sup>14</sup> In those prior roles, Mr. Edmunds, for twenty-three (23) years, managed substantially all of the investment accounts of the Edmunds Family, including accounts of the Additional Family Clients. Effective as of September 2015, Mr. Edmunds terminated the Predecessor RIA and formed the Applicant. Commencing as of October 2015, the advisory accounts of the Family Clients and the Additional Family Clients managed by the Predecessor RIA were transitioned to the Applicant.

5. The Applicant represents that: (i) other than the provision of Services to the Additional Family Clients, 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.

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<sup>14</sup> Paul C. Edmunds II was an owner in Predecessor RIA.

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) currently make up at least eighty-five percent (85%) of the total assets for which the Applicant provides Advisory Services.

7. The Applicant represents that the Parents-in-Law have important familial ties to and are an integral part of the Edmunds 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 twenty-five (25) years and that the inclusion of the Additional Family Clients as members of the Edmunds Family for which the Applicant provides Services is 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 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 less than \$90 million, it is prohibited from registering with Commission under Section 203A(a) of

the Advisers Act. Absent relief, the Applicant would soon be expected to register under Section 203(a) of the Advisers Act, since the Applicant is nearing the level of regulatory assets under management at which it will be entitled or required to register with the Commission.

3. The Applicant submits that its proposed relationship with the Additional Family Clients does not change the nature of the Applicant to that of a commercial advisory firm. In support of this argument, the Applicant notes that if the Parents-in-Law were the parents of a lineal descendant, rather than the parents of the spouse of Mr. Edmunds, there would be no question that each of them would be a Family Member, and their investment assets would similarly fall within the definition of Family Client. The Applicant states that in requesting the order, the Applicant 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 are considered and treated as members of the Edmunds Family, whose investment accounts have been managed by Mr. Edmunds for the last twenty-three (23) years and to this day. Additionally, the Applicant represents that the assets of the Additional Family Clients being managed by the Applicant are currently estimated to be thirteen percent (13%) of the total assets being managed by the Applicant, and that percentage is expected to decrease with the passage of time. From the perspective of the Edmunds 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 Mr. Edmunds 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 Applicant is a private

organization formed to be the “family office” for the Edmunds Family, and that the Applicant does not have any public clients. The Applicant maintains that the Applicant’s Advisory Services are exclusively tailored to the needs of the Edmunds 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 Mr. Edmunds in the same manner as other family members for twenty-three (23) years, does not create any public interest that would require the Applicant 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 twenty-five (25) years and whose status as clients of the Applicant



does not change the nature of the Applicant'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, and is consistent with the protection of investors and 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 seventy-five (75%) 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  
Authorized Signatory

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