File No.803- _____

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

APPLICATION FOR AN ORDER OF EXEMPTION
PURSUANT TO SECTION 206A OF THE INVESTMENT ADVISERS ACT OF 1940
AND RULE 206(4)-5(E) THEREUNDER

Of

Quad-C Management, Inc.
(Exact name of applicant)

200 Garrett Street, Suite M
Charlottesville, Virginia 22902
(Address of principal executive offices)

Copies of all Communications, Notices and Orders to:

Nina Myers
Quad-C Management, Inc.
200 Garrett Street, Suite M
Charlottesville, Virginia 22902

Joel A. Wattenbarger, Esq.
Ropes & Gray LLP
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This Application (including Exhibits) consists of 31 pages.

UNITED STATES OF AMERICA

BEFORE THE
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

In the Matter of: QUAD-C MANAGEMENT, INC.	APPLICATION FOR AN ORDER OF EXEMPTION PURSUANT TO SECTION 206A OF THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED, AND RULE 206(4)-5(e) THEREUNDER, EXEMPTING QUAD-C MANAGEMENT, INC. FROM SECTION 206(4) OF THE INVESTMENT ADVISERS ACT OF 1940, AND RULE 206(4)-5(A)(1) THEREUNDER

SUMMARY

Quad-C Management, Inc. (the "**Applicant**") requests an exemptive order from the U.S. Securities and Exchange Commission (the "**Commission**") providing relief from the two-year ban on accepting compensation for investment advisory service because of contributions made to certain government officials in the Commonwealth of Virginia, in compliance with Rule 206(4)-5(a)(1) promulgated under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). The Applicant respectfully submits that certain contributions, as detailed further herein, were made without the intent to influence any investment by a government entity in funds advised by the Applicant. The Applicant requested that the contributions be returned before the investment by the government entity was made, and the contributions were subsequently returned in full. Finally, the Applicant details below the facts illustrating that the granting of the requested relief would be appropriate in the public interest, consistent with the protection of investors and would not contravene the purposes of the Advisers Act.

I. The Applicant

The Applicant is a Virginia corporation and an investment adviser that registered as such with the Commission effective March 30, 2012 pursuant to Section 203(a) of the Advisers Act. The Applicant is an investment adviser to private funds that invest in leading middle market companies in the building products, business services, consumer, healthcare, light industrial, packaging, specialty chemicals, specialty distribution and transportation and logistics industries.

II. Background

A. Introduction

The Applicant seeks exemptive relief pursuant to Section 206A of the Advisers Act and subsection (e) of Rule 206(4)-5 thereunder (the "**Political Contribution Rule**") relieving the Applicant from compliance with the two-year ban on compensation in subsection (a)(1) of the Political Contribution Rule based on the particular facts and circumstances described in this application (the "**Application**"). The Applicant requests the Commission exempt the Applicant from compliance with the Political Contribution Rule with respect to a $5,000 contribution to the Friends of Bill Bolling in support of Mr. Bill Bolling, Lieutenant Governor of the Commonwealth of Virginia (hereinafter, "**Virginia**"), and $25,000 (together with the $5,000 contribution, the "**Contributions**") to the Opportunity Virginia PAC in support of Mr. Bob McDonnell, the Governor of Virginia (together with Mr. Bill Bolling, the "**Candidates**") made by Mr. Terrence D. Daniels, the Chairman and Vice President of the Applicant (the "**Contributor**"). The Contribution to the Friends of Bill Bolling was made on April 5, 2011 and the Contribution to the Opportunity Virginia PAC was made on April 7, 2011. The Political Contribution Rule authorizes the Commission to grant exemptive relief from the two-year ban on compensation after a contribution triggering the ban has been made when such imposition of the ban under the Political Contribution Rule would be unnecessary to achieve the Rule's purpose.[1]

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[1] SEC Release No. IA-3043 (July 1, 2010), 75 Fed. Reg. 4108 (July 14, 2010) (the "**Adopting Release**"), at 114.

The Political Contribution Rule explicitly sets out the following factors to be considered, among other factors, by the Commission in granting exemptive relief:

"(1) Whether the exemption is necessary or 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 (15 U.S.C. 80b);

(2) Whether the investment adviser:

(i) Before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of this section; and

(ii) Prior to or at the time the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and

(iii) After learning of the contribution:

(A) Has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain a return of the contribution; and

(B) Has taken such other remedial or preventive measures as may be appropriate under the circumstances;

(3) Whether, at the time of the contribution, the contributor was a covered associate or otherwise an employee of the investment adviser, or was seeking such employment;

(4) The timing and amount of the contribution which resulted in the prohibition;

(5) The nature of the election (e.g., federal, state or local); and

(6) The contributor's apparent intent or motive in making the contribution which resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution."[2]

[2] 17 C.F.R. 275.206(4)-5(e).

The Applicant will show based on the facts set forth herein that the above factors provide a compelling reason for the Commission to grant the requested exemptive relief.

The Contributions were made to the political action committees supporting the Candidates' policy initiatives in Virginia (individually, a "**PAC**", and collectively, the "**PACs**"). Because the Contributions were made within two years of an investment by the Virginia Retirement System ("**VRS**") in a private equity fund advised by the Applicant, the Applicant believes that, absent exemptive relief, it is subject to the two-year ban for the period commencing on April 7, 2011 on compensation pursuant to subsection (a)(1) of the Political Contribution Rule.

The Applicant believes that an exemption from the consequences of the Political Contribution Rule in this instance is warranted under the applicable facts and circumstances. First, the Contributor has affirmed to the Applicant that the Contributions were not made with any intent to influence any government-entity investor. The Contributor was eligible to vote for the Candidates and at the time the Contributions were made, the Applicant believed it would not be soliciting or accepting investments from government entities in Virginia, as was reflected in the Applicant's Political Contributions Policy.

Second, the Applicant implemented and continues to maintain a robust and comprehensive Political Contributions Policy that is reasonably designed to prevent violations of the Political Contribution Rule. The procedures under this policy, as in effect from time to time, were followed at all times by the Contributor, and the two-year ban on compensation under the Political Contribution Rule only became applicable much later when circumstances surrounding the Applicant and VRS changed in a way not foreseen at the time of the Contributions.

Third, after the Applicant, in consultation with an unaffiliated placement agent, decided to solicit VRS in connection with an investment in a new fund, Quad-C Partners VIII, L.P., (the "**Fund**") and prior to the investment by VRS in the Fund, the Contributor requested a return of the Contributions from the PACs. Importantly, the Contributor requested such Contributions back *before* VRS invested and the Applicant disclosed to VRS the nature of the Contributions and

that the Contributor was requesting a return of the Contributions. The Contributions were subsequently returned by the PACs. In addition, the Applicant has waived compensation in accordance with the Political Contribution Rule pending the outcome of this Application.

We respectfully submit that the exemptive relief requested herein is necessary and appropriate in the public interest and consistent with the protection of investors and does not violate the purposes of the Political Contribution Rule.

B. Political Contributions Policy

The Applicant adopted a comprehensive Political Contributions Policy on March 14, 2011, the effective date of the Political Contribution Rule (the "**Original Policy**"), which required, among other things, that all contributions to political candidates be approved, prior to the contribution being made, by the Chief Compliance Officer (the "**CCO**") of the Applicant. When the Original Policy was adopted, the Applicant had no intention of soliciting investors from any government entities in Virginia. As a result, and in order to minimize the extent to which the Original Policy would disrupt legitimate participation by the Applicant's personnel in political activity in Virginia, the Original Policy stated that it was anticipated that the CCO would approve all contributions to officials in Virginia.[3]

At the time the Contributions were made, no investments by government entities in Virginia had been solicited or were anticipated to be solicited. Consistent with the Original Policy, the CCO granted permission for the Contributions to be made. Approximately four months after the Contributions were made, the Applicant, in consultation with an unaffiliated placement agent, decided to seek investments outside the Applicant's previous base of investors to raise capital for the Fund. At that time, the Applicant, in consultation with the unaffiliated placement agent, decided to solicit VRS. VRS has confirmed that it was unaware of the Contributions at the time meetings commenced between the Applicant and VRS concerning the possibility of an investment in the Fund. After solicitation of VRS began, the Applicant revised its Political

[3] Applicant's Political Contributions Policy (as of April 7, 2011), at 71.

Contributions Policy and removed the reference to contributions to political officials in Virginia to ensure continued compliance with the Political Contribution Rule. The revised Political Contributions Policy containing the above changes was adopted August 3, 2011 (the "**New Policy**").

Upon adoption of the New Policy, the Applicant communicated the revisions and reiterated the necessity to comply with the New Policy to all employees, including the Contributor. The New Policy, like the Original Policy, provides clear guidance regarding prohibited political contributions, stating in relevant part:

(i) "No employee or other personnel of the Firm may make a Contribution for the purpose of influencing the decision by any person or entity to invest in any pooled investment vehicle advised by the Firm (collectively, the "Funds") or to otherwise hire the Firm as an investment adviser or conduct business with the Firm or the Funds."

(ii) "In addition, all Contributions by Covered Persons and their Family Members are subject to pre-clearance, as described below. Any proposed Contribution may be permitted or prohibited in the Firm's Chief Compliance Officer's ("CCO") discretion."

(iii) "Any Covered Persons and their Family Members are prohibited from coordinating or soliciting any person or political action committee to make (including, but not limited to causing the Firm or a Fund to make) (A) any Contribution to an official of a Government Entity or candidate for office of a Government Entity (including any election committee for such official or candidate), or (B) any payment (including any gift, loan, advance or anything of value) to a political party of a state or locality. Firm employees and other personnel should note that coordinating or soliciting Contributions can include actions that can be interpreted as supporting an official or political party, including, but not limited to the use of the Firm's name or Covered Person's name on fundraising literature for a candidate, or the Firm or a Covered Person

sponsoring a meeting or conference which features an official or candidate as an attendee or guest speaker and which involves fundraising for the official or candidate."[4]

The New Policy defines the "**Covered Persons**" to which the New Policy applies broadly to include the Applicant, any general partner, managing member or executive officer of the Applicant, any employee of the Applicant and any political action committee controlled by the Applicant. In addition, the Applicant makes the New Policy applicable to any spouse or domestic partner of each Covered Person and any minor children or other dependents residing with a Covered Person. The Applicant also applies the definition of Covered Person to any officer, director or employee of an affiliate of the Applicant that supervises any employee of the Applicant or solicits a government entity for the Applicant. Every quarter, each Covered Person must acknowledge to the CCO that such person is aware of the New Policy and the CCO is required to verify all contributions made in the past quarter by each Covered Person.

C. The Fund

The Applicant provides investment advice to Quad-C Partners VIII, L.P., a private equity fund, that had approximately $679 million in total capital commitments as of its final closing date, December 31, 2012. VRS invested in the Fund at its final closing, and represents approximately 11.0417% of the Fund's total capital commitments. VRS meets the definition of a "government entity" as set forth in the Political Contribution Rule. Solely for purposes of this Application, the Applicant stipulates that both of the Candidates qualify as "officials" of a "government entity" as those terms are used in the Political Contribution Rule.[5]

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[4] *Id.* at 66.

[5] Subsection (f)(6) of the Political Contribution Rule defines "official" to mean "any person (including any election committee for the person) who was, at the time of the contribution, an incumbent, candidate or successful candidate for elective office of a government entity, if the office: (i) is directly or indirectly responsible for, or can influence the outcome of, the hiring of an investment adviser by a government entity; or (ii) has authority to appoint any person who is directly or indirectly responsible for, or can influence the outcome of, the hiring of an investment adviser by a government entity." The Applicant believes that Mr. Bob McDonnell meets this definition of "official" because, as Governor of Virginia, he may appoint five members of the Board of Trustees, which is responsible for the hiring of an investment adviser for VRS. As lieutenant governor, Mr. Bill Bolling has no authority to appoint any person responsible for, or who can influence, the hiring of an investment adviser by VRS. Mr. Bolling is also not directly or indirectly

D. The Contributor and the Contributions

The Contributor founded the Applicant in 1989 and is responsible for the investment philosophy and strategic direction of the firm. In addition to his twenty-three years of experience at Quad-C Management, Inc., he also has experience negotiating over $4 billion of acquisitions and divestitures and operating responsibilities for over 100 individual business located in over 40 countries.

The Contributor made the Contributions on April 5, 2011 to Friends of Bill Bolling, a PAC for Mr. Bill Bolling, and on April 7, 2011 to Opportunity Virginia PAC, a PAC for Mr. Bob McDonnell. Mr. Bob McDonnell was Governor of the Commonwealth of Virginia at the time of the Contributions, and retains that position on the date of this Application. Mr. Bill Bolling was Lieutenant Governor of Virginia at the time of the Contributions, and retains that position on the date of this Application.

The Contributions were made relatively soon after the Applicant adopted the Original Policy. At the time, the Applicant had no contact with, nor any intent to contact, VRS or any other government entity within Virginia regarding the possibility of VRS or any other government entity within Virginia investing in any funds advised by the Applicant. In addition, the Applicant had never previously solicited VRS or any other government entity within Virginia.

The Contributor submitted his proposed contributions to the CCO pursuant to the Original Policy for pre-clearance. Pre-clearance was granted by the CCO for the Contributions. The Contributor has confirmed that the Contributions were not made with the intent to influence any investor or any other person, but rather to support the Candidates' political platforms, which the Contributor believes are in the best interest of Virginia. The Contributor has previously made contributions to federal, state and local candidates for political office where the Contributor

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responsible for hiring an investment adviser by VRS. The Applicant does not opine on whether Mr. Bolling can or cannot influence the hiring of an investment adviser by VRS, but will stipulate that Mr. Bolling is an "official" under the Political Contribution Rule solely with respect to this Application.

supported such candidates. The profile of the Candidates and characteristics of the PACs are similar in nature to the Contributor's other substantial political donations.

E. Actions of the Applicant

The Applicant has used its best efforts to ensure compliance with the Original Policy and the New Policy in order to comply with the Political Contribution Rule. Since the adoption of the Original Policy, no contribution has been made by any person subject to the Political Contribution Policy, other than the Contributions, that would result in a violation of the Political Contribution Rule by the Applicant. At the time of the Contributions, the two-year ban on compensation of the Political Contribution Rule was not applicable to the Applicant, because no investments in any of the Applicant's other funds had been made by government entities in Virginia. The two-year ban on compensation only became applicable due to a change in circumstances not foreseen at the time the Contributions were made.

Promptly after determining that VRS might invest in the Fund, the Applicant amended its Political Contributions Policy to remove the presumption that political contributions to political entities in Virginia would be approved by the CCO. The Applicant conducts quarterly reviews of its Covered Persons to ensure no political contributions have been made that would violate the New Policy or could result in a violation of the Political Contribution Rule, and each Covered Person acknowledges continuing knowledge and acceptance of the New Policy.[6]

In addition, subsequent to beginning negotiations regarding investment by VRS in the Fund, the Applicant requested that the Contributor request the Contributions be returned by the Candidates, which was done on December 18, 2012. The Friends of Bill Bolling contribution was returned on January 7, 2013. The Opportunity Virginia PAC contribution was returned on March 20, 2013. The Applicant also disclosed to all of the limited partners of the Fund the circumstances of the Contributions and the proposed investment in the Fund by VRS, and sought

[6] The Applicant instituted quarterly reviews on March 30, 2012 after registering with the Commission as an investment adviser.

the consent of the limited partners to amend the limited partnership agreement to provide for a waiver of compensation in connection with VRS's investment, as well as a provision for the subsequent payment of such waived compensation if the Commission granted an exemption under subsection (e) of the Political Contribution Rule. The limited partners subsequently approved the proposed amendment in accordance with the terms of the Fund's limited partnership agreement. Since the launch of the Fund, the Applicant has waived $884,590 in fees.

III. Request for Order Exempting the Applicant from Certain Provisions of the Political Contribution Rule

A. Applicable Law

Subsection (e) of the Political Contribution Rule provides the Commission with the Authority to exempt investment advisers from the two-year ban on compensation pursuant to subsection (a)(1). In the Adopting Release, the Commission stated that such a provision was intended to "provide advisers with an additional avenue by which to seek to cure the consequences of an inadvertent violation by the adviser that falls outside the limits of the rule's de minimis exception and exception for returned contributions."[7]

This catch-all exemptive power allows the Commission to exempt violations of the Political Contribution Rule in situations where the intent and purpose of the rule is not subverted and "avoid consequences disproportionate to the violation."[8] The Applicant believes this is such a situation, and the granting of relief would not violate the intent or purpose of the Political Contribution Rule and would remedy a consequence disproportionate to the conduct of the Applicant and the Contributor.

The Political Contribution Rule explicitly directs the Commission to consider the following factors, among other factors, in granting an exemption under subsection (e) of the Political Contribution Rule:

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[7] Adopting Release, at 114.
[8] *Id.* at 115.

"(1) Whether the exemption is necessary or 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;

(2) Whether the investment adviser:

(i) Before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of this section; and

(ii) Prior to or at the time the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and

(iii) After learning of the contribution:

(A) Has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain a return of the contribution; and

(B) Has taken such other remedial or preventive measures as may be appropriate under the circumstances;

(3) Whether, at the time of the contribution, the contributor was a covered associate or otherwise an employee of the investment adviser, or was seeking such employment;

(4) The timing and amount of the contribution which resulted in the prohibition;

(5) The nature of the election (e.g., federal, state or local); and

(6) The contributor's apparent intent or motive in making the contribution which resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution."[9]

The Applicant sets out its facts with regards to each factor below.

[9] 17 C.F.R. 275.206(4)-5(e).

B. Statements in Support of the Application

1. The exemption is necessary or 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 Applicant believes that the Political Contribution Rule's objective serves an important function in the protection of investors and it is not the purpose of the Applicant to subvert the intent of the Political Contribution Rule. The Applicant seeks exemptive relief because the Contributions made by the Contributor were, at the time, in compliance with the Original Policy and the Political Contribution Rule and with no effort or intent by the Applicant or the Contributor to influence VRS or any other person or to act in a manner adverse to the protection of investors and the purposes fairly intended by the policy and provisions of the Advisers Act.

The Commission stated in proposing the Political Contribution Rule that it sought to "prevent investment advisers from obtaining business from government entities in return for political contributions or fund raising."[10] An exemption for the Applicant is consistent with the purposes of the Political Contribution Rule, because the Contributions were not made to influence a government entity to invest, and no such investment by any government entity in Virginia was contemplated or foreseen at the time the Contributions were made.

At the time of the Contributions, the Applicant did not foresee that political contributions by Covered Persons to political officials in Virginia could result in a two-year ban on compensation under the Political Contribution Rule, because it was not contemplated at that time that the Applicant would solicit investments from any governmental entity in Virginia. The Applicant had never previously solicited or accepted investments from any governmental entity in Virginia and had no intention of soliciting such investments. After the Contributions had been made, the Fund's placement agent recommended that VRS be contacted to potentially solicit

[10] Adopting Release, at 11.

investments. Subsequently, such contacts occurred, although over a year elapsed before VRS made an investment in the Fund. VRS has confirmed to the Applicant that VRS was not aware of the Contributions to the Candidates prior to being informed of the Contributions by the Applicant, and that the Contributions were irrelevant to VRS's decision to invest in the Fund. The exemption requested by the Applicant is appropriate in the public interest and consistent with the protection of investors, because the investment by VRS was not contemplated at the time of the contributions and there is no evidence that the Contributor or the Applicant interfered with VRS's merit-based process for selection or retention of advisory services.

2. **The Applicant: (i) before the Contributions occurred adopted and implemented policies and procedures reasonably designed to prevent violations of the Political Contribution Rules; (ii) prior to or at the time the Contributions occurred had no actual knowledge of the Contributions; and (iii) after learning of the Contributions, (A) took all available steps to cause the Contributor to obtain a return of the Contributions and (B) has taken such other remedial or preventive measures as may be appropriate under the circumstances.**

The Applicant adopted the Original Policy on March 14, 2011, the effective date of the Political Contribution Rule, and such policy was communicated to the Contributor and all other personnel of the Applicant subject to such policy. The Original Policy prohibited any employee or other personnel of the Applicant from making a contribution for the purpose of influencing the decision by any person or entity to invest in any pooled investment vehicle advised by the Applicant. In addition, all contributions by Covered Persons are subject to pre-clearance from the Applicant's CCO.

The Contributor sought pre-clearance of the Contributions pursuant to the Original Policy, and because Virginia government entities were not invested in any fund managed by the Applicant at such time and were not expected to be considered as potential investors in the

Fund, permission for the Contributions was granted. The Original Policy, and the subsequent New Policy (collectively, the "**Policies**"), are clear and reasonably designed to prevent violations of the Political Contribution Rule. Since the adoption of the Original Policy, no contribution has been made by any person subject to the Political Contribution Policy, other than the Contributions, that would result in a violation of the Political Contribution Rule by the Applicant, and the current request for relief is necessary only based on a change in circumstance.

While the Applicant had actual knowledge of the Contributions at all times, prior to VRS's investment in the Fund, the Contributor took steps to obtain a return of the Contributions. The Contributor diligently followed up with the Candidates to effect a return of the Contributions. Both Contributions were returned by March 20, 2013. In addition, the Applicant revised its Policies to remove any presumption that contributions to political officials in Virginia ordinarily would be approved.

3. The Contributor was a covered associate of the Applicant.

The Contributor is, and at the time the Contributions were made was, the Chairman of the Applicant and qualifies as a "covered associate" as of the date of the Contributions.

4. The timing and amount of the contribution which resulted in the prohibition.

At the time the Contributions were made, the Applicant was not contemplating, and did not foresee, any investments from government entities in Virginia. Pursuant to the Original Policy, the Contributor sought pre-clearance for the Contributions and received permission to make the Contributions.

When the policy of the Applicant changed to allow for investments from government entities in Virginia, the Applicant revised its Policies to ensure that pre-clearance for contributions to Virginia political candidates would be reviewed in the same manner as political contributions to other state's political candidates. While the amounts of the contribution exceeded the de minimis amounts exempted from the Political Contribution Rule in subsection

(b), the Contributor ultimately received a full return of these Contributions, so that the net contribution to the Candidates was zero. Had the Contributions in any way influenced VRS's decision to invest in the Fund, the request for a return of the Contributions, and the eventual full return of such Contributions, would presumably have negated any goodwill generated by such Contributions.

It is important to note that Mr. Bolling, as lieutenant governor, has no direct or indirect responsibility for hiring an investment adviser by VRS, nor does he have authority to appoint a person who is directly or indirectly responsible for, or can influence the outcome of, the hiring of an investment adviser by VRS. Governor McDonnell's influence is limited to the power to appoint five of the trustees of VRS and all appointments must be confirmed by the Virginia General Assembly.

5. The nature of the election (e.g., federal, state or local).

Both Candidates held elected positions in the Commonwealth of Virginia at the time of the Contributions. The Contributions were made to PACs supporting the Candidates' political agendas and benefited the Candidates by supporting their policy initiatives in Virginia. The Contributor stated his intent in making the Contributions was to promote policies he perceived as a benefit to Virginia. The Contributor, as a resident of Virginia, was eligible to vote for the Candidates.

6. The Contributor's apparent intent or motive in making the Contributions, as evidenced by the facts and circumstances surrounding such contribution.

The Contributor clearly intended to support the Candidates because he believed their policies were in the best interest of Virginia and not to influence any person's investment decisions. He followed the Policies regarding his political contributions and when circumstances changed, he requested, and received, the Contributions back from the Candidates. This intent is clear, because it was only after the Applicant consulted with an unaffiliated placement agent

several months after the Contributions were made that the Applicant considered VRS as a potential investor. Based on this consultation, the Applicant decided to solicit VRS to invest in the Fund, because the Applicant concluded such an investment would be in the best interests of the Fund and its existing limited partners, as it would better enable the Applicant to pursue the Fund's investment program consistent with previous funds advised by the Applicant and would diversify the Fund's investor base.

Prior to VRS completing its subscription in the Fund, the Applicant undertook several measures to ensure the investment of VRS was in the best interest of all limited partners of the Fund, no improper conduct could be imputed to the Applicant due to the Contributions and no such subscription would result in a violation of the Political Contribution Rule. These measures included: (i) the Applicant requested that the Contributor request a return of the Contributions from the Candidates, which was completed on December 18, 2012, and such Contributions were subsequently returned by March 20, 2013; (ii) the Applicant disclosed to VRS that the Contributions had been made and that fees would have to be waived for the two year period starting April 7, 2011; and (iii) the Applicant disclosed the Contributions to all limited partners of the Fund, and amended (with the consent of the limited partners) the partnership agreement to add the fee waiver, and a provision requiring the payment of previously waived fees if the Commission agreed to exempt the Applicant from the two year ban on compensation.

The clear intent at the time the Contributions were made was to capitalize a private equity fund similar to previous funds organized by the Applicant, which did not include government entities from Virginia as limited partners. Only after consulting with an unaffiliated placement agent did the Applicant decide to solicit an investment from VRS. Based on the foregoing, the intent of the Contributions was to foster the Contributor's political beliefs that such policies promoted by the Candidates' PACs were for the benefit of Virginia.

IV. Request for Relief

For the foregoing reasons, the Applicant respectfully requests that the Commission enter an order exempting the Applicant from the two-year ban on compensation pursuant to Rule 206(4)-5(a)(1) for the two-year period beginning on the date the last Contribution was made, April 7, 2011, and ending on April 6, 2013. If the requested order is granted, the Applicant agrees to comply with the following conditions:

(1) The Applicant will maintain a log of any interactions with any "government entity" client or prospective client for which the Candidate is an "official" as defined in Rule 206(4)-5(f)(6) in accordance with the retention requirements set forth in Rule 204-2(e) of the Advisers Act until after the Virginia gubernatorial election of 2013 on November 5, 2013.

(2) The Contributor will receive a written notification of these conditions and will provide a quarterly certification of compliance until one year from the date this Application is granted. Copies of the certifications will be maintained by the Applicant in accordance with the retention requirements set forth in Rule 204-2(e) of the Advisers Act.

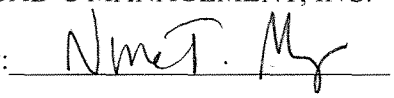
The Applicant respectfully requests the Commission's expeditious review of this Application.

* * *

The verification required by Rule 0-4(d) under the Advisers Act is attached hereto as Exhibit A. A form of proposed notice for the order of exemption requested by this Application is attached hereto as Exhibit B. In addition, a form of proposed order of exemption requested by this Application is set forth as Exhibit C.

Pursuant to Rule 0-4(c)(1) under the Advisers Act, the Applicant declares that the Application is signed on its behalf by an authorized officer of the Applicant pursuant to the Articles of Incorporation of the Applicant in effect on the date hereof, which authorizes the undersigned to execute and deliver any document on behalf of the Applicant. The Applicant states that the undersigned has been fully authorized to sign and file this Application and any amendments thereto as are deemed appropriate.

QUAD-C MANAGEMENT, INC.

By: 

Name: Nina T. Myers

Title: Chief Financial Officer

Dated: November 12, 2013

EXHIBIT A

COMMONWEALTH OF VIRGINIA

CITY OF CHARLOTTESVILLE, SS:

The undersigned being duly sworn deposes and says that she has duly executed the attached application for an order for exemptive relief pursuant to Section 206A of the Investment Advisers Act of 1940, as amended, and Rule 206(4)-5(e) thereunder dated November 12, 2013 for and on behalf of Quad-C Management, Inc.; that she is the Chief Financial Officer of such entity; and that all action by stockholders, directors, and other bodies necessary to authorize deponent to execute and file such instrument has been taken. Deponent further says that she is familiar with such instrument, and the contents thereof, and that the facts therein set forth are true to the best of her knowledge, information and belief.

QUAD-C MANAGEMENT, INC.

By: Nina T. Myers

Name: Nina T. Myers

Title: Chief Financial Officer

Subscribed and sworn to before me the Chief Financial Officer this 12th day of November, 2013.

Virginia Ann Miller

[OFFICIAL SEAL]

My commission expires: 3·31·17

VIRGINIA ANN MILLER
NOTARY PUBLIC
REGISTRATION # 7548123
COMMONWEALTH OF VIRGINIA
MY COMMISSION EXPIRES
MARCH 31, 2017

EXHIBIT B

SECURITIES AND EXCHANGE COMMISSION

Investment Advisers Act Release No. _____ File No. 803-[ ]

[_____ __, 2013]

Agency: Securities and Exchange Commission (the "**Commission**").

Action: Notice of Application for Exemption under Section 206A of the Investment Advisers Act of 1940 (the "**Advisers Act**") and Rule 206(4)-5(e) thereunder.

Applicant: Quad-C Management, Inc. (the "**Applicant**") is a Virginia corporation and an investment adviser that registered as such with the Commission.

Summary of Application: The Applicant applies to the Commission for an Order pursuant to Section 206A of the Advisers Act and Rule 206(4)-5(e) thereunder exempting the Applicant from the two-year ban on compensation in paragraph (a)(1) of Rule 206(4)-5 promulgated under the Advisers Act.

Filing Date: The application (the "**Application**") was filed on November_, 2013.

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 [_], 2013, and should be accompanied by proof of service on the Applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state

the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

Addresses: Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, D.C. 20549-8549; Quad-C Management, Inc., 200 Garrett Street, Suite M, Charlottesville, Virginia 22902

Supplementary Information The following is a summary of the Application. The complete Application may be obtained for a fee at the Commission's Public Reference Branch, 100 F Street, NE, Washington, D.C. 20549-1520 (tel. (202) 551-5850).

Applicant's Representations:

1. The Applicant is a Virginia corporation and an investment adviser that registered as such with the Commission effective March 30, 2012. As a registered investment adviser, the Applicant is subject to the provisions of the Advisers Act, including the rules promulgated thereunder. Rule 206(4)-5 under the Advisers Act (the "**Political Contribution Rule**"), among other things, makes it unlawful for an investment adviser to provide investment advisory services for compensation to a government entity within two years after a contribution to an "official" of the "government entity" is made by the investment adviser or any "covered associate" of the investment adviser.

2. The Applicant currently provides investment advice to a private equity fund (the "**Fund**") that had approximately $679 million in total capital commitments as of its final closing date, December 31, 2012. The Virginia Retirement System ("**VRS**") meets the definition of "government entity" as set forth in the Political Contribution Rule. Several months after the Contributions, the Applicant, in consultation

with an unaffiliated placement agent, decided to solicit VRS in connection with an investment in the Fund. VRS invested in the Fund on December 31, 2012, and represents approximately 11.0417% of the Fund's total capital commitments.

3. Mr. Terrence D. Daniels (the "**Contributor**") made a $5,000 contribution on April 5, 2011 to Friends of Bill Bolling, a political action committee ("**PAC**") for Mr. Bill Bolling and a $25,000 contribution on April 7, 2011 to Opportunity Virginia PAC, a PAC for Mr. Bob McDonnell (the "**Contributions**"). Mr. Bob McDonnell was Governor of the Commonwealth of Virginia at the time of the Contributions, and retains that position on the date of this Application. Mr. Bill Bolling was Lieutenant Governor of Virginia at the time of the Contributions, and retains that position on the date of this Application. The Applicant stipulated in respect to its Application that Mr. Bolling and Mr. McDonnell (the "**Candidates**") meet the definition of an "official" of a "government entity" for the purposes of the Political Contribution Rule. Absent exemptive relief, the Applicant is prohibited from providing investment advisory services for compensation for two years to VRS beginning April 7, 2011, the date of the last Contribution, as the Contributor was a "covered associate" on the date such Contribution was made for the purposes of the Political Contribution Rule.

4. On March 14, 2011, the effective date of the Political Contribution Rule, the Applicant adopted a comprehensive Political Contributions Policy (the "**Original Policy**"), which required, among other things, that all contributions to political candidates be approved prior to the contribution being made by the Chief Compliance Officer (the "**CCO**") of the Applicant. When the Original Policy was adopted, the Applicant had no intention of soliciting VRS or any other government entities in Virginia. As a result, and in order to minimize the extent to which the Original Policy would disrupt legitimate participation by the Applicant's personnel in political activity in Virginia, the Original Policy stated that it was anticipated that the CCO would

approve all contributions to political entities in Virginia. After the Applicant decided to solicit VRS, the Applicant revised its Political Contributions Policy to remove any presumption that contributions to political officials in Virginia ordinarily would be approved (the "**New Policy**"). Both the Original Policy and the New Policy are robust and reasonably designed to prevent violations of the Political Contribution Rule. Both the Original Policy and the New Policy provide clear guidance regarding prohibited political contributions, both stating in relevant part: (i) "No employee or other personnel of the Firm may make a Contribution for the purpose of influencing the decision by any person or entity to invest in any pooled investment vehicle advised by the Firm (collectively, the "Funds") or to otherwise hire the Firm as an investment adviser or conduct business with the Firm or the Fund;" (ii) "In addition, all Contributions by Covered Persons and their Family Members are subject to pre-clearance, as described below. Any proposed Contribution may be permitted or prohibited in the Firm's Chief Compliance Officer's ("CCO") discretion;" and (iii) "Any Covered Persons and their Family Members are prohibited from coordinating or soliciting any person or political action committee to make (including, but not limited to causing the Firm or a Fund to make) (A) any Contribution to an official of a Government Entity or candidate for office of a Government Entity (including any election committee for such official or candidate), or (B) any payment (including any gift, loan, advance or anything of value) to a political party of a state or locality. Firm employees and other personnel should note that coordinating or soliciting Contributions can include actions that can be interpreted as supporting an official or political party, including, but not limited to the use of the Firm's name or Covered Person's name on fundraising literature for a candidate, or the Firm or a Covered Person sponsoring a meeting or conference which features an official or candidate as an attendee or guest speaker and which involves fundraising for the official or candidate."

5. At the time of the Contributions, the Contributor sought pre-clearance for the Contributions and was granted pre-clearance, because the Applicant had never previously solicited VRS or any other government entity within Virginia and did not contemplate that the Applicant would solicit investments from VRS or any governmental entity in Virginia. After the Contributions had been made, the Fund's placement agent recommended that VRS be contacted to potentially solicit investments in the Fund. The Applicant decided to solicit VRS, because the Applicant concluded such an investment would be in the best interests of the Fund and its existing limited partners, as it would better enable the Applicant to pursue the Fund's investment program consistent with previous funds advised by the Applicant and would diversify the Fund's investor base. Subsequently, such contacts occurred, although over a year elapsed before VRS made an investment in the Fund. VRS has confirmed to the Applicant that VRS was not aware of the Contributions to the Candidates prior to being informed of the Contributions by the Applicant, and that the Contributions were irrelevant to VRS's decision to invest in the Fund.

6. On December 18, 2012, the Contributor requested a return of the Contributions, which was prior to the investment by VRS on December 31, 2012. The Applicant notified VRS that the Contributor had requested a return of the Contributions. The Contributions were subsequently returned by March 20, 2013.

Applicant's Legal Analysis:

1. Subsection (e) of the Political Contribution Rule authorizes the Commission to grant exemptive relief from the Political Contribution Rule's two-year ban on compensation that prohibits an investment adviser from receiving compensation for providing investment advisory services to a government entity within two years after a triggering contribution has been made. As the Commission stated in the Adopting

Release[11] "[t]his provision will provide advisers with an additional avenue by which to seek to cure the consequences of an inadvertent violation by the adviser that falls outside the limits of the rule's de minimis exception and exception for returned contributions..."[12] This catch-all exemptive power allows the Commission to exempt violations of the Political Contribution Rule in situations where the intent and purpose of the rule is not subverted and "avoid consequences disproportionate to the violation."[13] The Applicant believes this is such a situation, and the granting of relief would neither violate the intent or purpose of the Political Contribution Rule and would remedy a consequence disproportionate to the conduct of the Applicant and the Contributor.

2. In determining whether to grant an exemption, the Political Contribution Rule directs the Commission to consider, among other factors: (i) whether the exemption is necessary or 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; (ii) whether the investment adviser, (a) before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of the Rule, (b) prior to or at the time the contribution which resulted in such prohibition was made, had no knowledge of the contribution, and (c) after learning of the contribution, took all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain a return of the contribution and took other remedial or preventive measures as may be appropriate under the circumstances; (iii) whether, at the time of the contribution, the contributor was a "covered associate" or otherwise an employee of the investment adviser, or was seeking such employment; (iv) the timing and amount of the contribution which resulted in the prohibition; (v) the nature of the election (e.g., Federal, State or local) and

[11] SEC Release No. IA-3043 (July 1, 2010), 75 Fed. Reg. 4108 (July 14, 2010) (the "**Adopting Release**").
[12] *Id.* at 114.
[13] *Id.* at 115.

(vi) and the contributor's apparent intent or motive in making the contribution which resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution.

3. The Applicant stated that it believes that the Political Contribution Rule's objective serves an important function in the protection of investors and it is not the purpose of the Applicant to subvert the intent of the Political Contribution Rule. The Applicant seeks exemptive relief because the Contributions were made by the Contributor in compliance with the Original Policy and the Political Contribution Rule and with no effort or intent by the Applicant or the Contributor to influence VRS or any other person or to act in a manner adverse to the protection of investors and the purposes fairly intended by the policy and provisions of the Advisers Act. The Applicant notes that in support of this assertion, Applicant only solicited VRS to invest in the firm after being informed that VRS was a potential investor by an unaffiliated placement agent months after the Contributions were made and that VRS was notified prior to investing in the Fund that the Contributor had requested the Contributions be returned.

4. Before the Contributions were made, the Applicant had in place a Political Contributions Policy that was clear and reasonably designed to prevent violations of the Political Contribution Rule. Since the adoption of the Original Policy, no contribution has been made by any person subject to the Political Contribution Policy, other than the Contributions, that would result in a violation of the Political Contribution Rule by the Applicant, and the current request for relief is necessary only based on a change in circumstance. In addition, at the time of the Contributions, the Applicant did not foresee the applicability of the Political Contribution Rule to its employee's Virginia political contributions, because at that time no Virginia political entities had invested in funds managed by the Applicant and the Applicant had no intention of soliciting

investments from government entities within Virginia. The procedures of Applicant's Political Contributions Policy were followed by the Contributor, and pre-clearance for the Contributions was provided by the CCO based on the Applicant's understanding that no investments were being accepted from government entities within Virginia.

5. For the purposes of the Political Contribution Rule, the Applicant stated the Contributor was a "covered associate" on the date of the Contribution.

6. Both Candidates held elected positions in the Commonwealth of Virginia at the time of the Contributions. The Contributions were made to PACs supporting the Candidates' political agendas and benefited the Candidates by supporting their policy initiatives in Virginia. The Contributor stated his intent in making the Contributions was to promote policies he perceived as a benefit to Virginia. The Contributor, as a resident of Virginia, was eligible to vote for the Candidates.

Applicant's Conditions:

(1) The Applicant will maintain a log of any interactions with any "government entity" client or prospective client for which the Candidate is an "official" as defined in Rule 206(4)-5(f)(6) in accordance with the retention requirements set forth in Rule 204-2(e) of the Advisers Act until after the Virginia gubernatorial election of 2013 on November 5, 2013.

(2) The Contributor will receive a written notification of these conditions and will provide a quarterly certification of compliance until one year from the date this Application is granted. Copies of the certifications will be maintained by the Applicant in accordance with the retention requirements set forth in Rule 204-2(e) of the Advisers Act.

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

Name:

_____

Title:

_____

Dated: [•], 2013

EXHIBIT C

SECURITIES AND EXCHANGE COMMISSION

Investment Advisers Act Release No. _____

IN THE MATTER OF

Quad-C Management, Inc.
200 Garrett Street, Suite M,
Charlottesville, Virginia 22902

ORDER UNDER SECTION 206A AND RULE 206(4)-5(e) OF THE INVESTMENT ADVISERS ACT OF 1940

Quad-C Management, Inc. (the "**Applicant**") filed an Application on October _, 2013 requesting an Order pursuant to Section 206A of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") and Rule 206(4)-5(e) thereunder, exempting the Applicant from the two-year ban on compensation under paragraph (a)(1) of Rule 206(4)¬5 promulgated under the Advisers Act, based on the particular facts and circumstances described in the Application and subject to and conditioned upon the representations and conditions set forth in the Application.

On [ ], 2013, a notice of filing of the Application was issued (Investment Advisers Act Release No. [_]). [The notice gave interested persons an opportunity to request a hearing and stated that an order on the Application would be issued unless a hearing was ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.]

The matter has been considered, and it is found, on the basis of the information set forth in the Application, that granting the requested exemption is necessary or 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. Accordingly,

IT IS ORDERED, that the requested exemption from the two-year ban on compensation under paragraph (a)(1) of Rule 206(4)-5 of the Advisers Act is hereby granted, effective immediately, subject to the conditions in the Application. •

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

Name:

_____

Title:

_____

Dated: [•], 2013