

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007007256802**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: G.C. Andersen Partners Capital, LLC Respondent
BD No. 44631

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, G.C. Andersen Partners Capital, LLC, ("GCA" or the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

GCA has been a member of FINRA (f/k/a National Association of Securities Dealers or NASD) since August 6, 1998. The firm is authorized to engage in private placements. The firm employs approximately 13 registered representatives. GCA operates pursuant to the (k)(2)(i) exemptive provision of SEC Rule 15c3-3 and has a minimum net capital requirement of the greater of \$5,000 or 6 2/3% of its aggregate indebtedness.

GCA has no relevant formal disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

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OVERVIEW

In connection with the firm's participation in six private placements, during the period from June 2005 through November 2006, the firm, acting through a former employee BO, failed to provide for appropriate escrow accounts, in violation of SEC Rule 15c2-4 and NASD Conduct Rule 2110. As a result of the firm's escrow-related violation, the firm's minimum net capital requirement increased and it failed to maintain its minimum net capital requirement on at least two occasions, in violation of SEC Rule 15c3-1 and NASD Conduct Rule 2110. The firm also, acting through BO, failed to maintain the requisite books and records in connection with the private placements in violation of SEC Rule 17a-3, and NASD Conduct Rules 3110 and 2110.

In addition, from August 8, 2003, through December 31, 2006, the firm did not have an adequate email retention system and therefore failed to adequately preserve emails as required, in violation of SEC Rule 17a-4(b)(4) and NASD Conduct Rules 3110, 3010, and 2110.

Finally, the firm failed to establish and maintain a supervisory system reasonably designed to ensure compliance with applicable laws, rules and regulations in connection with the private placements conducted by the firm, and the firm failed to retain a written record of the dates upon which reviews and inspections of its office located in Ponte Vedra Beach, FL, were conducted, in violation of NASD Conduct Rules 3010(a), 3010(c), and 2110.

FACTS AND VIOLATIVE CONDUCT

1. During the period from June 2005 through November 2006, GCA, acting through BO, participated in at least six private placements which were contingent upon receiving a minimum and/or a maximum of investor funds. Specifically: (a) In June 2005, GCA participated in a private placement offering of stock of Montecito Provence Limited Partnership, a Florida limited partnership. The private placement was contingent upon receiving subscription agreements and investor funds for a minimum of \$10,600,000, with a maximum of \$11,000,000; (b) In June 2005, GCA participated in a private placement offering of stock of Allegiance Tuscany, LLLP, a Florida limited liability limited partnership. The private placement was contingent upon receiving subscription agreements and investor funds for a minimum of \$4,800,000, with a maximum of \$5,800,000; (c) In September through October 2005, GCA participated in a private placement offering of stock of Palencia Commons Limited Partnership, a Florida limited partnership. The private placement was contingent upon receiving subscription agreements and investor funds for a minimum of \$2,000,000, with a maximum of \$3,300,000; (d) In January through March 2006, GCA participated in a private placement offering of stock of Sweetgrass Real Estate Limited Partnership, a Florida limited partnership. The private placement was contingent upon receiving

subscription agreements and investor funds for a minimum of \$3,660,000, with a maximum of \$5,000,000; (e) In April 2006, GCA participated in a private placement offering of stock of Riverside Square LLC, a Florida limited liability company. The private placement was contingent upon receiving subscription agreements and investor funds for a minimum of \$2,500,000, with a maximum of \$3,500,000; and (f) In November 2006, GCA participated in a private placement offering of stock of Montecito Medical Investment Company, LLC, a Delaware limited liability company. The private placement was contingent upon receiving subscription agreements and investor funds for a minimum of \$15,000,000, with a maximum of \$35,000,000. During the offering periods of the respective private placements, the firm failed to transmit investor funds to a bank which had agreed in writing to hold all such funds in escrow for the investors until the offering contingency was met. Instead, investor funds were held in an account over which the firm's employee, BO, had control as escrow agent. The firm thereby violated SEC Rule 15c2-4 and NASD Conduct Rule 2110.

2. As a result of the firm's control over the funds held in connection with the above-referenced private placements, the firm was deemed to be in control of customer funds which resulted in an increase in the firm's net capital requirement to \$250,000 for the period from June 2005 through November 2006. On at least two occasions during this time period, the firm was found to be deficient in its net capital while conducting a securities business. Specifically, on September 30, 2005, the firm's minimum net capital requirement was \$250,000. However, the firm maintained net capital of \$22,833, and was thereby deficient in net capital by \$227,167. On February 28, 2006, the firm's minimum net capital requirement was \$250,000. However, the firm maintained net capital of \$60,284.10, and was thereby deficient in net capital by \$189,715.90. The firm thereby violated SEC Rule 15c3-1 and NASD Conduct Rule 2110.

3. In connection with the above-referenced private placements, the firm, acting through BO, failed to maintain a Cash/Checks Received and Forwarded Blotter or an equivalent record to reflect the receipt and/or forwarding of funds as required by SEC Rule 17a-3. The firm thereby violated SEC Rule 17a-3 and NASD Conduct Rules 3110 and 2110.

4. From at least August 2003, through December 2006, the firm did not have an adequate email retention system and therefore failed to adequately preserve emails as required. While the firm backed up its email on a daily basis, it did not have a specific system whereby it could retain emails that were double-deleted. That is, the firm did not have a system to retain, and did not retain, emails that had been deleted from the Deleted Items folders. The firm thereby violated SEC Rule 17a-4(b)(4) and NASD Conduct Rules 3110, 3010, and 2110.

5. The firm failed to establish and maintain a supervisory system reasonably designed to ensure compliance with applicable laws, rules and regulations in connection with the six above-referenced private placements conducted by the firm, and the firm failed to retain a written record of the dates upon which reviews and inspections of the Florida office were conducted. The firm thereby violated NASD Conduct Rules 3010(a), 3010(c), and 2110.

B. Respondent also consents to the imposition of the following sanctions:

- A censure; and
- A fine of \$65,000.

Respondent agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. Respondent has submitted an Election of Payment form showing the method by which Respondent proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that Respondent is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against Respondent;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of NASD Rule 9143 or the separation of functions prohibitions of NASD Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and
 - 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression

that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that Respondent may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Respondent certifies that it has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than

the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce Respondent to submit it.

Respondent G.C. Andersen Partners Capital, LLC

11/20/08
Date

By: [Signature]
G. Chris Andersen, Chief Executive Officer

Reviewed by:

[Signature]
Robert Zito, Esq.
Counsel for Respondent
Carter Ledyard & Milburn LLP
2 Wall Street
New York, NY 10005
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Accepted by FINRA:

December 19, 2008
Date

Signed on behalf of the
Director of ODA, by delegated authority

[Signature]
Christina J. Kang
Principal Regional Counsel
FINRA Department of Enforcement
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