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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
whether there has been a violation
of the Securities Act of Washington by:

Ashland Partners L.P.;
Killarney Partners, L.P.;
James Timothy Rodgers,

Respondents.

Order Number S-10-279-12-SC01

STATEMENT OF CHARGES AND
NOTICE OF INTENT TO ISSUE AN
ORDER TO CEASE AND DESIST, DENY
FUTURE REGISTRATIONS, IMPOSE
FINES, AND CHARGE COSTS

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THE STATE OF WASHINGTON TO:

Ashland Partners L.P.
Killarney Partners, L.P.
James Timothy Rodgers

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STATEMENT OF CHARGES

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Please take notice that the Securities Administrator of the State of Washington has reason to believe that the Respondents Ashland Partners L.P.; Killarney Partners, L.P.; and James Timothy Rodgers have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator against each to cease and desist from such violations pursuant to RCW 21.20.390, to deny future securities registration applications pursuant to RCW 21.20.110(1), to impose a fine pursuant to RCW 21.20.395, and to recover costs under RCW 21.20.390.

1 **TENTATIVE FINDINGS OF FACT**

2 Respondents

3 1. Ashland Partners L.P. (“Ashland Partners”) is a limited partnership, formed initially in Delaware
4 in September 1999, that is active in the state of California. Ashland Partners has a last known principal
5 place of business at 8721 Santa Monica Blvd., Suite 1201, Los Angeles, California.

6 2. Killarney Partners, L.P. (“Killarney Partners”) was a Delaware limited partnership formed in
7 March 2005. Killarney Partners had a last known principal place of business at 40 East Chicago Ave.,
8 Suite 394, Chicago, Illinois. Killarney Partners was administratively dissolved in approximately March
9 2010.

10 3. James Timothy Rodgers (“Rodgers”) is an individual believed to reside in Beaverton, Oregon.
11 Rodgers began his career in the financial services industry as a securities salesperson for several broker-
12 dealers. He was employed by Dain Bosworth Incorporated from December 1987 to May 1991, Everen
13 Securities, Inc. from May 1991 to May 1993, Painewebber Incorporated from May 1993 to July 1994,
14 and Wedbush Morgan Securities Inc. from July 1994 to October 1998. Subsequently, Rodgers was
15 employed in the investment advisory business. He was employed with James T. Rodgers dba Brentwood
16 Capital Advisors from approximately 1999 to 2001 and Ashland Research, LLC from September 2000 to
17 January 2010. Rodgers was registered with the Washington Securities Division at all of his previous
18 employers except for James T. Rodgers dba Brentwood Capital Advisors and Ashland Research, LLC.
19 When he was employed at Ashland Research, LLC, Rodgers was registered solely with the state of
20 California as an investment adviser representative. Rodgers was the founder of Ashland Partners and is

1 believed to have founded Killarney Partners. Rodgers has a Central Registration Depository (“CRD”) number of 1801965.

3 Other Related Parties

4 4. James T. Rodgers dba Brentwood Capital Advisors (“Brentwood Capital Advisors”) was a sole proprietorship established by Rodgers in 1998, with a principal place of business in Los Angeles, California. Brentwood Capital Advisors was in the business of providing asset management services to a small number of high net worth individuals. Brentwood Capital Advisors was registered as an investment adviser with the state of California from 1999 to March 2001. Brentwood Capital Advisors was never registered in any capacity with the Washington Securities Division.

10 5. Ashland Research, LLC (“Ashland Research”) is an active California limited liability company formed in September 2000, which is believed to be founded by Rodgers. Ashland Research had a last known principal place of business at 40 East Chicago Ave., Suite 394, Chicago, Illinois. Ashland Research was formerly known as Target Research & Management, LLC until June 2005. Ashland Research was registered as an investment adviser with the state of California from January 2001 until January 2010. Ashland Research was never registered in any capacity with the Washington Securities Division. Ashland Research has a CRD number of 128901.

17 Nature of the Conduct

18 *Introduction*

19 6. From approximately 1999 to 2008, Respondent Rodgers raised at least \$5.7 million dollars from at least five Washington residents. The investments were in the form of limited partnership interests. Between approximately 1999 and 2005, Respondent Rodgers offered and sold interests in the Ashland

1 Partners hedge fund to at least five Washington residents. Subsequently, in 2008 Respondent Rodgers
2 offered and sold a limited partnership interest in the Killarney Partners hedge fund to at least one
3 Washington resident who had previously invested in Ashland Partners.

4 *Sale of Ashland Partners Limited Partnership Interests*

5 7. In September 1999, Rodgers founded the Ashland Partners hedge fund. The hedge fund would
6 pool investor funds to invest primarily in publicly traded high quality growth stocks, using a quantitative
7 stock selection process. The minimum investment amount for a limited partnership interest in the hedge
8 fund was \$500,000. At the inception of the fund, it is believed that Brentwood Capital Advisors was the
9 General Partner of Ashland Partners.

10 8. Rodgers is believed to have founded Ashland Research in September 2000, which then became
11 the General Partner of Ashland Partners. Around this time, a partner joined Rodgers as co-owner and
12 co- Managing Member of Ashland Research. Starting in approximately April 2001, the partner acted
13 primarily as portfolio manager of the fund.

14 9. Between approximately 1999 and 2002, Rodgers solicited at least five Washington residents that
15 were friends or acquaintances of his to invest in Ashland Partners. Rodgers solicited three friends he
16 knew from college, including a friend that he played college football with. He also solicited the parents
17 and sister of another friend from college. At least two residents had established brokerage accounts with
18 Rodgers when he was previously employed as a securities salesperson.

19 10. Rodgers told at least one investor that he could beat the S&P index, which was making an 11-
20 13% annual return at the time. Rodgers told at least one other investor that he could make 5-10% above
21 the S&P index. Rodgers also represented that the investment would be diversified because he would not
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1 put more than 10% of the funds in any single investment. Four of the five residents solicited by Rodgers
2 ultimately invested in Ashland Partners.

3 11. Depending on the date of their investment, the initial investors received either an Offering
4 Memorandum dated September 15, 1999, January 1, 2001, or March 1, 2002. According to the offering
5 materials, Ashland Research, as General Partner, would receive an annual management fee of 1% of
6 each limited partner's capital account. Ashland Research would also receive an incentive fee of 20% of
7 the net capital appreciation of each limited partner's capital account.

8 12. The four Washington residents invested a total of at least \$3.2 million dollars between 1999 and
9 2002, with at least one of the residents making repeat investments over this time period. Investors paid
10 either via check or wire transfer.

11 13. In approximately June 2004, Rodgers' partner sold his ownership interest in Ashland Research to
12 him. Rodgers became the sole owner of Ashland Research. Soon after, in January 2005, Rodgers
13 started soliciting additional investments for Ashland Partners.

14 14. Rodgers solicited three of the current investors to invest additional funds. Rodgers also solicited
15 the Washington resident that had previously declined to invest. Rodgers told this potential investor that
16 an interest in the fund was available because a limited partner wanted to liquidate their investment, and
17 that the hedge fund would be diversified because not more than 10% would be invested in one fund.
18 This potential investor was also told that the goal of the hedge fund was to meet or beat the Russell
19 and/or S&P indexes. All four residents decided to invest.

20 15. Investors received a Confidential Offering Memorandum dated June 2005. According to the
21 offering materials, as before, the fund would primarily be invested in publicly traded high growth stocks.
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1 Also, the fund would attempt to maintain a portfolio with no down years and outperform its benchmark
2 by 10-20%.

3 16. Between January and June 2005, the four Washington residents invested a total of approximately
4 \$1.5 million dollars in Ashland Partners. As before, investors paid either via check or wire transfer.

5 *Sale of Killarney Partners Limited Partnership Interest*

6 17. Killarney Partners was a hedge fund formed in approximately 2005. According to offering
7 materials, Killarney Partners used a bottom-up fundamental analysis as its core strategy, focusing on
8 emerging companies with disruptive product offerings or business models. The objective of the fund
9 was to achieve equity rates of return with less risk than equity markets. The minimum investment
10 amount was \$250,000.

11 18. In 2008, Rodgers solicited two Washington residents who had previously invested in Ashland
12 Partners. Only one of the residents was interested in investing. Rodgers represented to this resident that
13 Killarney Partners would have more flexibility than Ashland Partners, as there would be fewer members
14 and he would not have the 10% diversification restriction. Rodgers further told the resident that the fund
15 would do better than the S&P index.

16 19. Rodgers provided the resident with a Confidential Offering Memorandum for Killarney Partners
17 that was dated March 2005. According to the offering materials, Ashland Research was the General
18 Partner of the fund. As General Partner, Ashland Research would receive a quarterly management fee of
19 0.25% of each limited partner's capital account. Ashland Research would also receive an incentive fee
20 of 20% of the net profit allocated to each limited partner during the year.

1 20. Beginning in approximately October 2008, the Washington resident invested a total of \$1 million
2 dollars in Killarney Partners. The resident liquidated a bond fund and transferred the funds to Killarney
3 Partners.

4 21. In approximately 2009, Rodgers sent a letter to the Washington investor regarding Ashland
5 Partners' fourth quarter 2008 performance. In the letter, Rodgers indicated that there was an opportunity
6 to invest additional funds in Killarney Partners that quarter. Rodgers said he planned to call investors to
7 discuss how to participate in this capital raise.

8 *Account Statements Provided to Investors*

9 22. As a registered investment adviser with the state of California, Ashland Research indicated on its
10 annual Form ADVs that the custodian would send clients quarterly statements showing all disbursements
11 from the custodian account. However, Ashland Research did not arrange for Washington investors to
12 receive statements from the custodian of the fund.

13 23. The Ashland Partners investors received quarterly statements from Ashland Research. The
14 Killarney Partners investor received statements less frequently from Ashland Research, only receiving a
15 statement once or twice. The quarterly statements contained few details, including the beginning and
16 ending value for the time period listed, and the net amount of gain or loss. Although the statement
17 indicated that the net amount of gain or loss reflected the amount after any incentive fee withdrawn by
18 the General Partner, the actual amount withdrawn by the General Partner was not specified.

19 24. At least one Ashland Partners investor noticed that their statements did not always correspond
20 correctly from one period to the next, as there would be a different ending value and starting value for
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1 consecutive periods. In addition, beginning in approximately 2008 or 2009 at least one investor did not
2 receive quarterly statements for every quarter, or received statements that arrived late.

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4 *2009 Events*

5 25. Beginning in at least 2009, Rodgers failed to fulfill investor requests to withdraw funds from
6 Ashland Partners. Previously, in 2002, one investor was able to withdraw \$15,000 of his funds and from
7 2005-2008 another investor withdrew over \$1 million dollars of his funds. However, in January 2009,
8 one investor notified Rodgers that she wanted to withdraw her account balance. Rodgers talked this
9 investor into leaving her funds in the account until the end of the year. In August 2009, another investor
10 notified Rodgers that she wanted to withdraw her investment funds. Rodgers indicated that he would
11 honor the request, but soon asked if the investor could limit their withdrawal to half of their funds.
12 Neither investor had their request to withdraw funds fulfilled.

13 26. The last quarterly statements received by Ashland Partners investors were in either March, June,
14 September, or December 2009. The March, June and September 2009 statements showed positive
15 account balances. However, the December 2009 statement that at least one investor received showed the
16 investment value at zero. Rodgers sent at least one Ashland Partners investor a letter dated September
17 2010, stating that the performance of the fund in the fourth quarter of 2009 was devastating. Investors
18 received a Schedule K-1 for 2009 which listed the value of their investment as zero.

19 27. The Killarney Partners investor last received an account statement for the period ending
20 September 30, 2009, which showed his account value at \$1,140,058. This was the last communication
21 the resident received regarding his investment in Killarney Partners.

1 28. On December 23, 2009, Ashland Research filed a Form ADV-W in order to withdraw its
2 investment adviser registration with California. Ashland Research stated that its reason for withdrawal
3 was that it was no longer located in California, and listed June 1, 2004 as the date it ceased conducting
4 advisory business in California. In January 2010, California permitted Ashland Research to withdraw its
5 registration.

6 29. The Ashland Partners and Killarney Partners investors have attempted repeatedly to contact
7 Respondent Rodgers for more information about their investments, but have failed to receive a response.

8 Misrepresentations and Omissions

9 30. Respondent Rodgers failed to provide a reasonable basis for the performance projections, and
10 limitations on the performance projections, that he told Ashland Partners investors.

11 31. Respondents Ashland Partners and James Rodgers failed to provide material information to the
12 new Ashland Partners investor in 2005, including financial statements and prior performance
13 information of the fund.

14 32. Respondents Ashland Partners and James Rodgers failed to provide a reasonable basis for the
15 performance projection included in the Ashland Partners Offering Memorandum dated June 2005.

16 33. In the Ashland Partners Offering Memorandums dated March 1, 2002 and June 2005, and the
17 Killarney Partners Offering Memorandum, Rodgers represented that in 1998 he started his own
18 registered investment adviser firm called Brentwood Capital Advisors. Rodgers failed to disclose that in
19 March 2001 the investment adviser registration for Brentwood Capital Advisors was revoked by the state
20 of California due to non-payment of renewal fees.

1 34. In the Ashland Partners and Killarney Partners Offering Memorandums, Rodgers represented that
2 he graduated from the University of Washington in 1985, and earned a bachelor's degree in Society and
3 Justice. However, the University of Washington Office of the Registrar has no record of a degree earned
4 by a James T. Rodgers.

5 35. In the Killarney Partners Offering Memorandum it is represented that Rodgers' former partner in
6 Ashland Research is the portfolio manager of Killarney Partners. However, his former partner had no
7 involvement in Killarney Partners.

8 36. Respondent Rodgers failed to provide a reasonable basis for the performance projection, and
9 limitations on the performance projection, that he told the Killarney Partners investor.

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11 Registration Status

12 37. Ashland Partners L.P. claimed an exemption from registration for an offering under Regulation D
13 Rule 506 with a notice filing submitted to the Securities Administrator on October 27, 1999.

14 38. Killarney Partners, L.P. was not registered to sell limited partnership interests in the State of
15 Washington during the relevant period.

16 39. James Timothy Rodgers is not currently registered as a securities salesperson or broker-dealer in
17 the State of Washington and was not registered during the relevant period.

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20 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:
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1 **CONCLUSIONS OF LAW**

2 1. The offer and/or sale of the limited partnership interests, as described above, constitutes the offer
3 and/or sale of a security as defined in RCW 21.20.005(14) and (17).

4 2. The offer and/or sale of Killarney Partners limited partnership interests were in violation of RCW
5 21.20.140 because no registration for such offer and sale is on file with the Securities Administrator.

6 3. The offer and/or sale of the Killarney Partners limited partnership interests were made in
7 violation of RCW 21.20.040 because James Timothy Rodgers offered and/or sold said securities while
8 not registered as a securities salesperson or broker-dealer in the State of Washington.

9 4. The offer and/or sale of said securities were made in violation of RCW 21.20.010 because, as set
10 forth in the Tentative Findings of Fact, Ashland Partners L.P., Killarney Partners, L.P., and James
11 Timothy Rodgers made untrue statements of material fact and omitted to state material facts necessary in
12 order to make the statements made, in light of the circumstances under which they were made, not
13 misleading.

14 **NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST**

15 Pursuant to RCW 21.20.390(1), and based upon the above Tentative Findings of Fact and
16 Conclusions of Law, the Securities Administrator intends to order that the Respondent Ashland Partners
17 L.P. shall cease and desist from violations of RCW 21.20.010; Respondent Killarney Partners, L.P.
18 shall cease and desist from violations of RCW 21.20.140 and RCW 21.20.010; and James Timothy
19 Rodgers shall cease and desist from violations of RCW 21.20.040, RCW 21.20.140, and RCW
20 21.20.010.

1 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
2 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

3 If a Respondent does not request a hearing, the Securities Administrator intends to adopt the above
4 Tentative Findings of Fact and Conclusions of Law as final, and as described above, enter a permanent
5 order to cease and desist, deny future securities registration applications, and impose the fines and costs
6 sought.

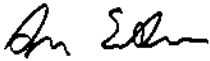
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8 DATED AND ENTERED this 21st day of October, 2013.

9 By:

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11 _____
12 William M. Beatty
13 Securities Administrator

14 Approved by:

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16 _____
17 Suzanne Sarason
18 Chief of Enforcement

Presented by:

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20 _____
21 Bridgett Fisher
22 Enforcement Attorney

23 Reviewed by:

24 

20 Robert Kondrat
21 Financial Legal Examiner Supervisor