

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER

JOHN R. MORGAN
DEPUTY SECURITIES COMMISSIONER

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Texas State Securities Board

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MEMBER

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MEMBER

IN THE MATTER OF
MATTHEW B. BURNHAM AND
THE INVESTMENT ADVISOR REGISTRATION
OF CRUDEN BAY CAPITAL PARTNERS GP, LP

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§
§
§

Order No. IC08-CDO-13

TO: Peter S. Handy, President
Cruden Bay Capital Partners GP, LP (CRD No. 136875)
5080 Spectrum Drive, Suite 609E
Addison, TX 75001

Matthew B. Burnham
Cruden Bay Capital Partners GP, LP
5080 Spectrum Drive, Suite 609E
Addison, TX 75001

DISCIPLINARY ORDER

Be it remembered that Cruden Bay Capital Partners GP, LP ("Respondent Cruden Bay"), by and through Peter S. Handy, its President, and Matthew B. Burnham ("Respondent Burnham"), (collectively "Respondents"), appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and the Findings of Fact and the Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondents have waived (a) Respondents' right to notice and hearing in this matter; (b) Respondents' right to appear and present evidence in this matter; (c) Respondents' right to appeal this Order; and (d) all other procedural rights granted to Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 *et seq.* (Vernon 1964 & Supp. 2007) ("Texas Securities Act") and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 *et seq.* (Vernon 2000 & Supp. 2007) ("Administrative Procedure Act").
2. On or about June 9, 2006, Respondent Cruden Bay was registered with the Securities Commissioner as an investment adviser, which is currently effective.
3. The Staff of the Texas State Securities Board ("Staff") performed an inspection of Respondent Cruden Bay on or about April 1, 2008 ("Inspection").

4. During the course of the Inspection, Staff discovered that from on or about February 2005 until on or about June 8, 2006, Respondent Cruden Bay provided investment advisory services without first being registered with the Securities Commissioner as an investment adviser.
5. During the course of the Inspection, Staff discovered that from on or about February 2005 until the date of the Inspection, Respondent Cruden Bay did not maintain any procedures or a system regarding: supervision of its investment adviser representatives; compliance with the Gramm-Leach-Bliley Act; prevention of misuse of material nonpublic information; or records retention.
6. During the course of the Inspection, Staff discovered that from on or about June 19, 2006 until the date of the Inspection, Respondent Burnham acted as Managing Director of Respondent Cruden Bay and was responsible for executing trades, evaluating investment decisions, and soliciting investors on behalf of Respondent Cruden Bay without first being registered with the Securities Commissioner as an investment adviser representative due to a failure to confirm submission of his Form U-4 and registration status.
7. Pursuant to Section 12.B of the Texas Securities Act and § 116.1(b)(1)(A) of the Board Rules, no person shall render services as an investment adviser or investment adviser representative in this state without first being registered as required by the Texas Securities Act.
8. Pursuant to § 116.10 of the Board Rules, an investment adviser is required to establish and maintain a system to supervise the activities of its investment adviser representatives that is reasonably designed to achieve compliance with the Texas Securities Act and Board Rules.
9. Pursuant to § 116.14 of the Board Rules, an investment adviser is required to establish, maintain, and enforce written policies and procedures reasonably designed to prevent the misuse of material nonpublic information.
10. Pursuant to Section 14.A(5)(b) of the Texas Securities Act, the Securities Commissioner may reprimand a person registered under the Texas Securities Act if the person has engaged in rendering services as an investment adviser in this state through a representative who is not registered to perform services for that investment adviser.
11. Pursuant to Section 14.A(6) of the Texas Securities Act, the Securities Commissioner may reprimand a person registered under the Texas Securities Act if the person has violated any of the provisions of the Texas Securities Act or Board Rules.
12. Pursuant to Section 23.B of the Texas Securities Act, the Securities Commissioner may issue a cease and desist order to prohibit a person from acting as an investment adviser representative in violation of the Texas Securities Act.

13. Pursuant to Section 23-1 of the Texas Securities Act, the Securities Commissioner may assess an administrative fine against any person found to have engaged in an act or practice that violates the Texas Securities Act or Board Rules.

CONCLUSIONS OF LAW

1. Respondent Cruden Bay's providing investment advisory services without first being registered as required by the Texas Securities Act is a violation of Section 12.B of the Texas Securities Act and § 116.1(b)(1)(A) of the Board Rules.
2. Respondent Cruden Bay's failure to establish and maintain a system to supervise the activities of its investment adviser representatives that is reasonably designed to achieve compliance with the Texas Securities Act and Board Rules is a violation of § 116.10 of the Board Rules.
3. Respondent Cruden Bay's failure to establish, maintain, and enforce written policies and procedures reasonably designed to prevent the misuse of material nonpublic information is a violation of § 116.14 of the Board Rules.
4. Respondent Burnham's providing investment advisory services without first being registered as required by the Texas Securities Act is a violation of Section 12.B of the Texas Securities Act and § 116.1(b)(1)(A) of the Board Rules.
5. Respondent Cruden Bay's providing investment advisory services through a representative who was not registered to perform such services for Respondent Cruden Bay constitutes a basis for the issuance of an order reprimanding an investment adviser pursuant to Section 14.A(5)(b) of the Texas Securities Act.
6. Pursuant to Section 14.A(6) of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order reprimanding a registered investment adviser.
7. Pursuant to Section 23.B of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order prohibiting a person from acting as an investment adviser representative in violation of the Texas Securities Act.
8. Pursuant to Section 23-1 of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order assessing an administrative fine against a person found to have engaged in an act or practice that violates the Texas Securities Act or Board Rule.

ORDER

1. It is therefore ORDERED that Cruden Bay Capital Partners GP, LP is hereby REPRIMANDED.
2. It is further ORDERED that Matthew B. Burnham immediately CEASE AND DESIST from acting as an investment adviser representative in Texas until Matthew B. Burnham is registered with the Securities Commissioner or is acting pursuant to an exemption from registration under the Texas Securities Act.

3. It is further ORDERED that Cruden Bay Capital Partners GP, LP is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of Twenty Two Thousand Five Hundred Dollars (\$22,500.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Twenty Two Thousand Five Hundred Dollars (\$22,500.00), payable to the State of Texas, contemporaneously with the delivery of this Order.
4. It is further ORDERED that Matthew B. Burnham is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of Seven Thousand Five Hundred Dollars (\$7,500.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Seven Thousand Five Hundred Dollars (\$7,500.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 30th
day of September, 2008.


DENISE VOIGT CRAWFORD
Securities Commissioner

Respondent:

Cruden Bay Capital Partners GP, LP

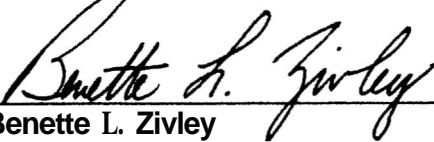
Nancy Phipps



Peter S. Handy, President


Matthew B. Burnham

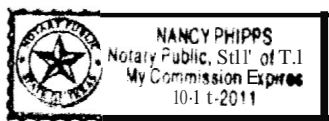
Approved as to Form:


Benette L. Zivley
Director
Inspections and Compliance Division

ACKNOWLEDGMENT

On the 24 day of September, 2008. Cruden Bay Capital Partners GP, LP. ("Respondent Cruden Bay"), by and through its President, Peter S. Handy, appeared before me, executed the foregoing Order, and acknowledged that:

1. Peter S. Handy IS duly authorized to enter into the foregoing Order on behalf of Respondent Cruden Bay:
2. Peter S. Handy has read the foregoing Order:
3. Respondent Cruden Bay has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act
4. Respondent Cruden Bay knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained herein; and
5. Respondent Cruden Bay, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]


Nancy Phipps
Notary Public in and for
The State of _____
My commission expires on: 10/11/01

A large, handwritten signature in cursive script, likely belonging to Peter S. Handy, the President of Cruden Bay mentioned in the document.

ACKNOWLEDGMENT

On the 19th day of SEPTEMBER, 2008, Matthew B. Burnham, ("Respondent Burnham"), appeared before me, executed the foregoing Order, and acknowledged that:

1. Respondent Burnham has read the foregoing Order;
3. Respondent Burnham has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent Burnham knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained herein; and
5. Respondent Burnham, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



Notary Public in and for
The State of ILLINOIS

[affix notary seal here]

My commission expires on: 11/28/11

