

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER



JOHN R. MORGAN
DEPUTY SECURITIES COMMISSIONER

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Texas State Securities Board

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MEMBER

IN THE MATTER OF THE
INVESTMENT ADVISER REGISTRATION
OF WINDWARD PARTNERS, L.L.C.

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Order No. IC07-SUS-16

TO: Steven Cline Gammage, President
Windward Partners, L.L.C. (CRD No. 135698)
2480 Times Blvd., Suite 207
Houston, TX 77005

DISCIPLINARY ORDER

Be it remembered that Windward Partners, L.L.C. ("Respondent"), by and through Steven Cline Gammage ("Gammage"), its President, appeared before the Deputy Securities Commissioner of the State of Texas and consented to the entry of this Order and the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2006) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2000 & Supp. 2006) ("Administrative Procedure Act").
2. On or about July 7, 2005, Respondent registered with the Securities Commissioner as an investment adviser, which is currently effective.
3. On or about July 7, 2005, Gammage registered with the Securities Commissioner as an investment adviser representative of Respondent, which is currently effective.
4. Respondent requires each prospective client to review and sign Respondent's investment management agreement ("IA Agreement") prior to establishing a client-adviser relationship. The IA Agreement contains two signature lines for situations where there are joint clients.

5. Assets that Respondent manages for each of its clients may be held in the custody of a third-party custodian broker-dealer (the "Custodian"). Respondent's clients complete and sign the Custodian's proprietary account opening documentation ("Account Opening Form") in order to maintain an account or accounts with the Custodian.
6. The Custodian requires that Respondent provide a copy of the signed IA Agreement for each client account opened with the Custodian before such account is opened.
7. In or about November 2005, Respondent received two (2) IA Agreements from a family of clients that did not contain the necessary signatures. However, the Account Opening Forms did contain the necessary signatures.
8. In or about November 2005, Gammage copied the signatures of three (3) individuals from the Account Opening Forms, and affixed the signature copies to the two IA Agreements that lacked the necessary signatures. One of the individuals was a co-client on both of these IA Agreements.
9. Respondent submitted the two IA Agreements with the copied client signatures to the Custodian via facsimile. Respondent did not notify the Custodian that the signatures on the two IA Agreements were actually copied from the Account Opening Forms and pasted to the IA Agreements by Gammage. Thereafter, these two IA Agreements were placed and maintained in the relevant client files in Respondent's office.
10. On or about October 12, 2006, the staff of the Texas State Securities Board (the "Staff") conducted an inspection of Respondent's business activity. During the inspection, the Staff discovered the copying and pasting of the client signatures.
11. As of the October 12, 2006, Respondent had not notified the clients of the fact that Gammage had copied their signatures from the Account Opening Forms and affixed the signatures to the IA Agreements. Furthermore, as of October 12, 2006, Respondent had not requested or obtained IA Agreements with the clients' original signatures.
12. Pursuant to § 116.10 of the Rules and Regulations of the Texas State Securities Board (the "Board Rules"), a registered investment adviser "shall 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." Section 116.10 of the Board Rules further states that "Supervisory systems must be written and available for inspection in either print or electronic format."
13. Respondent has not established a written supervisory system that is reasonably designed to achieve compliance with the Texas Securities Act or Board rules.

14. The Staff has not found that a client was harmed as a result of the fact that Respondent accepted, and forwarded to the Custodian, two IA Agreements with signatures that were copied from the Account Opening Forms.

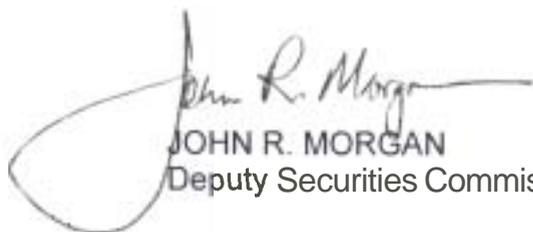
CONCLUSIONS OF LAW

1. By accepting the two IA Agreements which contained pasted copies of client signatures from three Account Opening Forms, Respondent engaged in an inequitable practice in the rendering of services as an investment adviser.
2. Respondent's submission to the Custodian of the two IA Agreements with copies of signatures pasted to them constitutes an inequitable practice in the rendering of services as an investment adviser.
3. Respondent's failure to establish a written supervisory system constitutes a violation of § 116.10 of the Board Rules.
4. Pursuant to Sections 14.A(3) and 14.A(6) of the Texas Securities Act, the foregoing inequitable practices in rendering services as an investment adviser and violation of a Board Rule constitute bases for the issuance of an order suspending Respondent's registration with the Securities Commissioner.
5. Pursuant to Section 23-1 of the Texas Securities Act, the foregoing violation of a Board Rule constitutes a basis for the issuance of an order assessing an administrative fine against Respondent.

ORDER

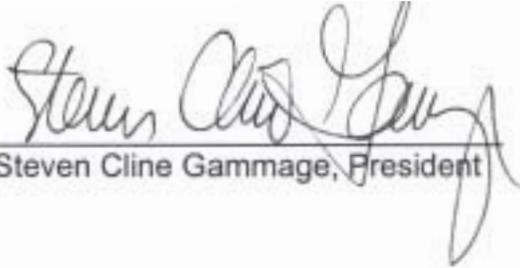
1. It is therefore ORDERED that Windward Partners, L.L.C. is hereby SUSPENDED for a period of fifteen (15) business days.
2. It is further ORDERED that Windward Partners, L.L.C. is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of Ten Thousand Dollars (\$10,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Ten Thousand Dollars (\$10,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED BY THE DEPUTY SECURITIES COMMISSIONER this
29th day of June, 2007.


JOHN R. MORGAN
Deputy Securities Commissioner

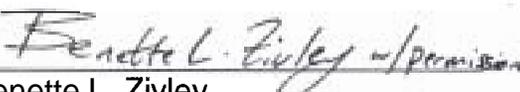
Respondent:

Windward Partners, L.L.C.



By: Steven Cline Gammage, President

Approved as to Form:



Benette L. Zivley
Director
Inspections and Compliance Division



Ronak V. Patel
Attorney
Inspections and Compliance Division

ACKNOWLEDGMENT

On the 26th day of JUNE, 2007, Windward Partners, L.L.C. ("Respondent"), by and through Steven Cline Gammage, its President, personally appeared before me, executed the foregoing Order, and acknowledges that:

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



[affix notary seal here]

John Michael Lee
Notary Public in and for
the State of Texas

My commission expires on: 04/18/2009