

ADMINISTRATIVE PROCEEDING
BEFORE THE
INVESTOR PROTECTION DIRECTOR OF DELAWARE

OCT 30 2015

IN THE MATTER OF: :
: :
CIVITAS PARTNERS, LLC; WILLIAM : Investor Protection Case 15-10-01
DANIEL YOUNG; and GREGORY B. :
COVERDALE :
Respondents. :

**SUMMARY ORDER TO SUSPEND REGISTRATION
AND CEASE AND DESIST**

Based upon a preliminary investigation conducted by the staff of the Investor Protection Unit of the Delaware Department of Justice, pursuant to Title 6, §§ 73-304(c) and 73-601(c) of the Delaware Code of 1974, as amended, the Investor Protection Unit (“IPU”) has determined that evidence exists to support the following findings and conclusions:

1. Civitas Partners, LLC (“Civitas”), CRD # 156450, is a registered investment advisor in the State of Delaware reporting a principal place of business at:

Civitas Partners, LLC
187 Christina Landing Drive
Wilmington, DE 19801

2. Civitas’ most recent Form ADV does not indicate that their investment advisory business is being conducted at any location other than the principal place of business, and indicates that no books or records are being maintained at any location other than the principal place of business.

3. As of October 14, 2015, Civitas operates out of the following locations:

Civitas Partners, LLC
187 Christina Landing Drive
Wilmington, DE 19801

Civitas Partners, LLC
Redacted

4. Civitas has two employees, William Daniel Young (“Young”) and Gregory B. Coverdale (“Coverdale”), who are both control persons by virtue of their roles as Managing Principles.
5. Young is properly registered as an investment adviser representative, CRD # 4012476, and lives at the following address:

William Daniel Young
Redacted

6. Coverdale is not currently registered as an investment advisor representative as required by the Delaware Securities Act (the “Act”). Coverdale’s registration as an investment adviser representative terminated in conjunction with his departure from his former job as an investment advisor with Capitol One in August of 2015. He has since applied for registration with the IPU as an investment advisor representative, but his application has not been approved. Coverdale lives at the following address:

Gregory B. Coverdale
Redacted ;

7. Despite not being registered, Coverdale continues to hold himself out as an investment advisor representative and to receive compensation for investment advisory services.
8. Prior to being employed by Capitol One, Coverdale was a registered investment advisor representative with Civitas. His registration terminated when his

employment relationship with Civitas ended, and he moved to Capitol One. Despite the fact that Coverdale was no longer registered with or employed by Civitas, neither he nor Civitas made any arrangements for his client accounts to transfer to his new employer. As a result, those accounts remained at Civitas and were not being monitored by a registered investment advisor representative.

9. On October 14, 2015, the IPU conducted an unannounced exam of Civitas at their principal place of business identified in paragraph 1 above.
10. Civitas was unable to produce books and records they are required to maintain by the Act and the Rules Pursuant to the Delaware Securities Act. Specifically, Civitas could not produce the following:
 - a. Financial records of Civitas;
 - b. Any records related to clients being advised by Young;
 - c. Originals of written communications received and copies of all written communications sent by such investment adviser relating to any recommendation made or proposed to be made and any advice given or proposed to be given, any receipt, disbursement or delivery of funds or securities, or the placing or execution of any purchase or sell any security;
 - d. A list or other record of all accounts in which the investment adviser is vested with any discretionary power with respect to the funds, securities or transactions of any client;
 - e. All written agreements or copies thereof entered into by the investment adviser with any client or otherwise relating to the business of such investment adviser as such; and

f. A copy of each written statement and each amendment or revision thereof, given or sent to any client or prospective client of such investment adviser in accordance with the provisions of Rule 709(a)(17), and a record of the dates that each written statement, and each amendment or revision thereof, was given, or offered to be given, to any client or prospective client who subsequently becomes a client.

11. Civitas was also unable to produce any written policies or procedures, including written supervisory procedures and written policies and procedures designed to prevent the misuse of material nonpublic information.

WHEREAS, Civitas is an investment advisor within the meaning of § 73-103(a)(8) of the Delaware Securities Act;

WHEREAS, Young is an investment advisor representative within the meaning of § 73-103(a)(9) of the Delaware Securities Act;

WHEREAS, Coverdale is an investment advisor representative within the meaning of § 73-103(a)(9) of the Delaware Securities Act;

WHEREAS, Coverdale has transacted business in Delaware since August 2015 as an investment advisor representative of Civitas Partners without being registered in wilful violation of § 73-301(c) of the Delaware Securities Act;

WHEREAS, Civitas and Young have employed Coverdale as an investment advisor representative since August 2015 while he was not registered in wilful violation of § 73-301(d) of the Delaware Securities Act;

WHEREAS, Civitas, Young and Coverdale have failed to maintain certain records in wilful violation of § 73-303(a) of the Delaware Securities Act and Rule 706 of the Rules Pursuant to the Delaware Securities Act;

WHEREAS, Civitas, Young and Coverdale have engaged in acts and practices in violation of § 73-304(a)(7) of the Delaware Securities Act and Rules 709(a)(4) and 709(a)(17) of the Rules Pursuant to the Delaware Securities Act;

WHEREAS, Civitas has engaged in acts and practices in violation of § 73-304(a)(10) of the Delaware Securities Act; and

WHEREAS, after due deliberation, the Division find that it is necessary and appropriate, in the public interest, for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of the Delaware Securities Act to issue the following Order:

NOW, THEREFORE, by the authority of §§ 73-304(c) and 73-601(c) of the Delaware Securities Act IT IS ORDERED that:

The registrations of Civitas and Young and the application for registration of Coverdale are suspended until further notice.

During the period of suspension, Civitas, Young and Coverdale must refrain from transacting business in the State of Delaware that would require registration under the Act, except for the limited purpose of effecting a liquidating transaction(s) in a customer account.

Civitas, Young and Coverdale, and every successor, affiliate, control person, agent, servant, and employee of them, and every entity owned, operated, or indirectly or directly controlled or hereinafter organized by or on behalf of them, shall immediately CEASE AND DESIST from engaging in acts and practices that violate the Delaware Securities Act.

Within twenty five (25) days of receipt of written notification that this Order has been issued, Respondent(s) desiring to have this Order vacated or modified may file a written request for a hearing on the matter with the IPU at the IPU's Wilmington office.

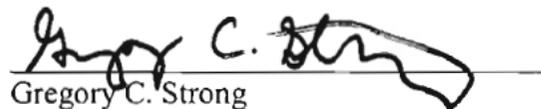
Upon receipt of such a written request for a hearing, the matter will be set down for a hearing to commence within fifteen (15) days after receipt of the request unless the person making such a request consents to a later date.

If no hearing is requested, this Order shall remain in effect until modified or vacated by the Director.

FAILURE TO COMPLY WITH THIS ORDER MAY RESULT IN CRIMINAL PROSECUTION, INJUNCTIVE PROCEEDINGS, CIVIL CONTEMPT PROCEEDINGS (RESULTING IN THE ASSESSMENT OF CIVIL MONETARY PENALTIES) AND, SUBJECT TO THE RIGHT OF HEARING AFFORDED RESPONDENT UNDER THE DELAWARE SECURITIES ACT, THE IMPOSITION OF ADMINISTRATIVE MONETARY ASSESSMENTS AND STATUTORY BARS.

So ORDERED this 20th day of October, 2015

BY ORDER OF THE DIRECTOR



Gregory C. Strong
Investor Protection Director
State of Delaware