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SECURITIES AND EXCHANGE COMMISSION

[Release No. IA-4140 / 803-00219]

Crescent Capital Group, LP; Notice of Application

July 14, 2015

AGENCY: Securities and Exchange Commission ("Commission").

ACTION: Notice of application for an exemptive order under Section 206A of the Investment Advisers Act of 1940 (the "Advisers Act") and Rule 206(4)-5(e) thereunder.

SUPPLEMENTARY INFORMATION:

Applicant: Crescent Capital Group, LP ("Applicant").

Relevant Advisers Act Sections: Exemption requested under Section 206A of the Advisers Act and Rule 206(4)-5(e) thereunder from Rule 206(4)-5(a)(1) under the Advisers Act.

Summary of Application: Applicant requests that the Commission issue an order under Section 206A of the Advisers Act and Rule 206(4)-5(e) thereunder exempting Applicant from Rule 206(4)-5(a)(1) under the Advisers Act to permit Applicant to receive compensation from a government entity client for investment advisory services provided to the government entity within the two-year period following a contribution by a covered associate of Applicant to an official of the government entity.

Filing Dates: The application was filed on October 31, 2013, and an amended and restated application was filed on March 12, 2015.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving Applicant with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on August 10, 2015, and should be accompanied by proof of service on Applicant, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to Rule 0-5 under the Advisers Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Commission's Secretary.

Addresses: Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C. 20549-1090. Applicant, Crescent Capital Group, LP, c/o George Hawley, Esq., 1100 Santa Monica Boulevard, Suite 2000, Los Angeles, CA 90025.

For Further Information Contact: Kyle R. Ahlgren, Senior Counsel, or Holly L. Hunter-Ceci, Branch Chief, at (202) 551-6825 (Division of Investment Management, Chief Counsel's Office).

Supplementary Information: The following is a summary of the application. The complete application may be obtained via the Commission's website either at http://www.sec.gov/rules/iareleases.shtml or by searching for the file number, or for an applicant using the Company name box, at http://www.sec.gov/search/search.htm, or by calling (202) 551-8090.

Applicant's Representations:

1. Applicant is registered with the Commission as an investment adviser under the Advisers Act. Applicant provides investment advisory services to two private equity funds formed in 2006 and 2008, TCW/Crescent Mezzanine Partners IV, L.P. ("Fund IV") and TCW/Crescent Mezzanine Partners V, L.P. ("Fund V", and together with Fund IV, the "Funds"), as well as additional funds. The Funds are "covered investment pools" as defined in Rule 206(4)-5(f)(3)(ii) under the Advisers Act that make long-term investments in private companies and other illiquid assets.

2. Mr. Jean Marc Chapus (the "Contributor") is a managing partner of Applicant. The Contributor is, and was at all relevant times, a "covered associate" of Applicant as that term is defined in Rule 206(4)-5(f)(2). The Contributor frequently has been solicited for, and has made, political contributions in the past.

3. The Los Angeles City Employees' Retirement System (the "Plan") falls within the definition of a "government entity" as that term is defined in Rule 206(4)-5(f)(5)(iii). The Plan invested in the Funds in 2006 and 2008, (for Fund IV and Fund V, respectively) and each Fund has been closed to new investors since that time. Under the terms of the governing documents of the Funds, investors, including the Plan, are not permitted to withdraw their investments, except under extraordinary circumstances that are beyond the control of either Applicant or the Plan, for a period of ten years following the date of the investment (2016 or 2018 for Fund IV and Fund V, respectively). Applicant's fees were established at the inception of the Funds and are not subject to renegotiation during the term of the investment.

4. In June 2011, an individual known to the Contributor, but unrelated to Applicant, contacted him directly and requested a contribution to the campaign of Mr. Austin Beutner (the "Recipient"), a candidate for the office of Mayor of Los Angeles (the "Office"). The Office is

entitled to appoint members of the Plan's Board of Administration who can influence the selection of investment advisers for the Plan and other related public pension plans. On June 10, 2011, the Contributor made a contribution of $1,000 (the "Contribution") to the Austin Beutner for Los Angeles Mayor 2013 Exploratory Committee (the "Committee"). At the time of the Contribution, each of the Committee and the Recipient was an "official" for purposes of Rule 206(4)-5(f)(6). The Recipient withdrew from the campaign prior to the election.

5. At the time of the Contribution, there was no discussion of the Office's appointment powers, influence or responsibilities involving any investment of public pension funds. Neither Applicant nor the Contributor sought to interfere with the Plan's merit-based selection process for advisory services, nor did they seek to negotiate higher fees or greater ancillary benefits than would be achieved in an arm's length transactions, nor could they have, as the selections pre-dated the Contribution. Applicant had an existing relationship with the Plan at the time of the Contribution, but did not engage in any new sales efforts involving limited partnership interests in the Funds, including any efforts designed to retain the investments in the Funds or to renegotiate its fees.

6. Applicant first became aware of the Contribution one month following the date it was made when, in July 2011, as a result of a quarterly survey of political contributions conducted by Applicant's compliance department pursuant to Applicant's contribution policies and procedures, the Contribution was self-reported by the Contributor. Upon learning of the Contribution, Applicant's chief compliance officer, with the cooperation of the Contributor, promptly contacted the Committee, which returned the Contribution shortly thereafter. At the same time, Applicant created an escrow account to custody advisory fees for the Funds that were

attributable to the Plan. The fees that Applicant otherwise would have earned during the two-year period following the Contribution (the "Time Out Period") remain in the escrow account.

7. At the time of the Contribution, Applicant had developed written policies and procedures to assure compliance with Rule 206(4)-5. The policies and procedures included a requirement for pre-clearance of all political contributions and provided for quarterly surveys of all covered associates. Such policies and procedures were designed, among other things, to assure that any unreported political contributions were detected by Applicant's compliance department in a timely fashion.

8. At the time of the Contribution, communication from the Committee, as well as the Committee's website and other published information, referred consistently to its "exploratory" nature.[1] While the Contributor had received compliance training, he did not consider whether Rule 206(4)-5 and Applicant's pre-clearance requirement would have applied to contributions made to exploratory committees. The Contributor therefore did not pre-clear the Contribution with Applicant as required under its policies.

9. Subsequent to the Contribution, Applicant has enhanced its training program by stressing the importance of its pre-clearance requirement and has highlighted the fact that contributions to exploratory and other political committees are subject to its pre-clearance requirement, among other things.

Applicant's Legal Analysis:

1. Rule 206(4)-5(a)(1) under the Advisers Act prohibits a registered investment adviser from providing investment advisory services for compensation to a government entity within two years after a contribution to an official of the government entity is made by the

[1] The Committee had in fact filed as a campaign committee with the local election commission. Under Rule 206(4)-5(f)(6), the term "official" includes election committees.

investment adviser or any covered associate of the investment adviser. The Plan is a "government entity," as defined in Rule 206(4)-5(f)(5), the Contributor is a "covered associate" as defined in Rule 206(4)-5(f)(2), and each of the Committee and the Recipient is an "official" as defined in Rule 206(4)-5(f)(6). Rule 206(4)-5(c) provides that when a government entity invests in a covered investment pool, the investment adviser to that covered investment pool is treated as providing advisory services directly to the government entity. The Funds are "covered investment" pools as defined in Rule 206(4)-5(f)(3)(ii).

2. Section 206A of the Advisers Act grants the Commission the authority to "conditionally or unconditionally exempt any person or transaction . . . from any provision or provisions of [the Advisers Act] or of any rule or regulation thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of [the Advisers Act]."

3. Rule 206(4)-5(e) provides that the Commission may exempt an investment adviser from the prohibition under Rule 206(4)-5(a)(1) upon consideration of the factors listed below, among others:

(1) Whether the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Advisers Act;

(2) Whether the investment adviser: (i) before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of the rule; and (ii) prior to or at the time the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and (iii) after learning

of the contribution: (A) has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain a return of the contribution; and (B) has taken such other remedial or preventive measures as may be appropriate under the circumstances;

(3) Whether, at the time of the contribution, the contributor was a covered associate or otherwise an employee of the investment adviser, or was seeking such employment;

(4) The timing and amount of the contribution which resulted in the prohibition;

(5) The nature of the election (e.g., federal, state or local); and

(6) The contributor's apparent intent or motive in making the contribution which resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution.

4. Applicant requests an order pursuant to Section 206A and Rule 206(4)-5(e), exempting it from the two-year prohibition on compensation imposed by Rule 206(4)-5(a)(1) with respect to investment advisory services provided to the Funds within the two-year period following the Contribution.

5. Applicant submits that the exemption is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicant further submits that the other factors set forth in Rule 206(4)-5 similarly weigh in favor of granting an exemption to Applicant to avoid consequences disproportionate to the violation.

6. Applicant states that the Plan first determined to invest in the Funds before the Contribution was made, and established and maintained its relationships with Applicant on an arm's length basis free from any improper influence as a result of the Contribution. Applicant notes that: (i) the Plan's most recent investment decision was made in 2008, prior to the

Contribution, at the time of its last investment commitment in Fund V; and (ii) due to the committed nature of the Plan's investment in the Funds, the Plan had no investment decision to consider at the time of the Contribution.

7. Applicant states that it had developed policies and procedures to assure compliance with Rule 206(4)-5, which included a requirement for pre-clearance of all political contributions and provided for quarterly surveys of all covered associates, and that such quarterly survey prompted the Contributor to report the Contribution. Applicant further states that training was provided to Applicant's employees, including the Contributor, that addressed Rule 206(4)-5 and Applicant's policies and procedures.

8. Applicant states that at no time did any employees of Applicant, other than the Contributor, have any knowledge that the Contribution had been made prior to its disclosure by the Contributor in July 2011.

9. Applicant states that once the Contribution was discovered, Applicant began to gather additional facts about the Contribution and the Committee, and fees attributable to the Plan's investment in the Funds were placed in escrow. Applicant further states that after learning of the Contribution, Applicant took steps to limit the Contributor's contact with any representative of the Plan or related plans for the duration of the Time Out Period, and that the Contributor had no contact with any representative of the Plan or related plans during the Time Out Period.

10. Applicant states that the Contribution was made solely for the purpose of participating in the local election process, and was not intended to improperly influence any decision by the Plan. Applicant notes that the Contributor resides in the community in which the Recipient was running for office and that the Contributor was entitled to vote in the election.

Applicant further states that the Contributor has a history of making political contributions to candidates for elected office.

11. Applicant states that Applicant had an existing relationship with the Plan at the time of the Contribution, but did not engage in any new sales efforts involving limited partnership interests in the Funds, including any efforts designed to retain the investments in the Funds or to renegotiate its fees.

12. Applicant contends that imposing a limitation on the receipt of advisory compensation associated with the Plan's investment in the Funds would result in a disproportionate consequence to Applicant that is not necessary to achieve the intended purposes of Rule 206(4)-5. Applicant states that neither Applicant nor the Contributor sought to interfere with the Plan's merit-based selection process for advisory services, nor did they seek to negotiate higher fees or greater ancillary benefits than would be achieved in an arm's length transactions, nor could they have, as the selections pre-dated the Contribution. Applicant further states that there was no violation of Applicant's fiduciary duty to deal fairly or disclose material conflicts of interest given the absence of any intent or action by Applicant or the Contributor to influence the selection process.

For the Commission, by the Division of Investment Management, under delegated authority.

Robert W. Errett
Deputy Secretary

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