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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 the State
of Washington by:

Runnymede Capital Management, LLC;
Runnymede Capital Partners, LP; Richard
Dalberth,

Respondents.

Order Number S-05-005-05-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER
TO CEASE AND DESIST

10 THE STATE OF WASHINGTON TO: Runnymede Capital Management, LLC;
11 Runnymede Capital Partners, LP
12 Richard Dalberth

13 On January 31, 2005, the Securities Administrator of the State of Washington issued Summary Order
14 number S-05-005-TO01 hereinafter referred to as "Summary Order".

15 The Summary Order, together with a Notice of Opportunity to Defend and Opportunity for Hearing,
16 hereinafter referred to as "Notice of Opportunity for Hearing" and an Application for Adjudicative Hearing,
17 hereinafter referred to as "Application for Hearing", were served on Respondents, Runnymede Capital
18 Management, LLC; Runnymede Capital Partners, LP; and Richard Dalberth, on August 30, 2005, by personal
19 service. The Notice of Opportunity for Hearing advised Respondents, Runnymede Capital Management, LLC;
20 Runnymede Capital Partners, LP; and Richard Dalberth, that a written application for an administrative hearing
21 on the Statement of Charges must be received within twenty days from the date of receipt of the notice.

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1 Respondents, Runnymede Capital Management, LLC; Runnymede Capital Partners, LP; and Richard Dalberth,
2 failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice
3 of Opportunity for Hearing, either on the Application for Hearing provided or otherwise.

4 The Securities Administrator therefore will adopt as final the findings of fact and conclusions of law as
5 set forth in the Statement of Charges.

6
7 The Securities Administrator makes the following findings of fact and conclusions of law:

8 **FINDINGS OF FACT**

9 Respondents

10 1. Runnymede Capital Partners, L.P., a New York limited partnership, (“Runnymede
11 Partners”) was formed to pool its limited partners’ capital for the purpose of investing substantially all of
12 its assets at the sole and absolute discretion of Runnymede Partners’ general partner.

13 2. Runnymede Capital Management, LLC, a New York limited liability company, (“Runnymede
14 Management”) was the sole general partner of Runnymede Partners.

15 3. Richard S. Dalberth (“Dalberth”) was the managing member and owner of Runnymede
16 Management.

17 Background

18 4. Dalberth offered and sold limited partnerships in Runnymede Partners. The limited partners
19 did not have the ability to take part in the management or control of the partnership and had no authority to act
20 for or bind the partnership.

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1 he personally knew the Runnymede manager, Dalberth, whom had an excellent track record and good
2 character.

3 10. Within an hour, Dalberth contacted Investor by telephone and identified himself as the
4 manager of the Runnymede Fund. Investor told Dalberth the same things he had told Rapoport, that he was in
5 his 70's, semi-retired, and in need of a suitable investment as he moved toward full retirement. Investor also
6 told Dalberth that he planned on investing approximately \$50,000 and that his investment would have to be
7 liquid because would need to withdraw it by fall of 2004, when he retired. Dalberth told Investor that he has
8 had a very successful history as an equity stock trader and assured Investor that if he invested he could have
9 his money back when he needed it.

10 11. Dalberth provided Investor with at least three one-page summaries all claiming Dalberth had
11 "over 30 years of experience with a successful track record and experience at major Wall Street firms
12 including Morgan Stanley", had consistently achieved above-market returns on invested capital in the four
13 years (calendar years 1999-2002) prior to the creation of Runnymede Fund, and had achieved overall above-
14 market returns with the Runnymede Fund.

15 12. Dalberth also provided Investor with a Confidential Private Placement Memorandum ("PPM")
16 for Runnymede Partners which stated, among other things, that each limited partner would receive a quarterly
17 statement of their capital account. The PPM did not include specific information on Dalberth's investing track
18 record.

19 13. In a letter dated April 11, 2003, Dalberth promised Investor full liquidity and redemption on a
20 two weeks notice; that the Runnymede Fund's objective was to preserve capital while generating superior
21 gains; and that the Runnymede Fund had a lower risk profile than that of the overall market through its

1 established system of disciplined trading and professional management. The letter further stated that the
2 Runnymede Fund provided diversification and risk management and that the management team had a
3 historical track record of producing investment return of no less than 35% from 1999 through January 2003.

4 14. In a letter dated April 16, 2003, Dalberth agreed that Investor would be able to withdraw all or
5 part of the value of his capital account at any time upon no less than fourteen (14) days prior written notice to
6 Runnymede Partners and that the Investor's capital account shall not be charged a withdrawal charge for any
7 partial of full withdrawals made by Investor through March 31, 2004.

8 15. In reliance on Dalberth's representations, Investor wired \$50,000 to Runnymede Partners'
9 account at JP Morgan on April 17, 2003.

10 16. In a June 5, 2003 email to Investor, Dalberth claimed that after all fees and expenses Investor's
11 \$50,000 investment had earned a net return of 15.61% while the S&P 500 had returned 5.06%. On June 6,
12 2003, in reliance on this and Dalberth's earlier representations, Investor wired \$21,000 to Runnymede
13 Partners' account at JP Morgan and wired an additional \$24,157.39 on June 25, 2003. In total Investor wired
14 \$95,157.39 to Runnymede Partners' account at JP Morgan.

15 17. After many unsuccessful attempts to obtain an accounting, per the PPM, Investor requested
16 withdrawal \$45,000, approximately half his investment, on or about August 23, 2003; August 25, 2003;
17 August 26, 2003; September 4, 2003; and September 10, 2003. Investor did not receive return of the \$45,000.

18 18. On or about September 15, 2003; October 31, 2003; and December 10, 2003, Investor
19 requested full withdrawal of the investment funds. To date, no money has been returned to Investor.

20 19. In April 2004, Dalberth was arrested and charged by the United States Attorney for the
21 Southern District of New York with wire fraud arising from the Runnymede scheme. The complaint

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1 charged Dalberth with diverting as much as approximately \$600,000 of hedge fund investors' funds to his
2 own use, through cash withdrawals at ATM machines, checks written to himself, personal travel expenses, the
3 purchase of jewelry and approximately \$400,000 paid to Dalbert's prior creditors.
4

5 Based upon the above Findings of Fact, the following Conclusions of Law are made:

6 **CONCLUSIONS OF LAW**

7 1. The offer and sale of Runnymede Capital Partners L.P. limited partnership interests described
8 above constitutes the offer or sale of a security as defined in RCW 21.20.005(10) and (12).

9 2. As described above, Richard Dalberth acted as a securities broker-dealer or salesperson as
10 defined in RCW 21.20.005(2) and (3).

11 3. As described above, Runnymede Capital Management L.L.C. acted as a securities broker-
12 dealer as defined in RCW 21.20.005 (3).

13 4. The offer and/or sale of said securities was made in violation of RCW 21.20.010 because, as
14 set forth above, Respondents, Runnymede Capital Partners, L.P.; Runnymede Capital Management, L.L.C.;
15 and Richard S. Dalberth, in connection with the offer or sale of a security, made untrue statements of material
16 fact or omitted to state material facts necessary in order to make the statements made, in light of the
17 circumstances under which they are made, not misleading.

18 5. The conduct described above constitutes a violation of RCW 21.20.040 because Respondent,
19 Runnymede Capital Management, L.L.C., has transacted business in Washington as a broker-dealer without
20 being registered as such in the State of Washington.
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1 It is further ORDERED that Respondents, Runnymede Capital Management, LLC; Runnymede
2 Capital Partners, LP; and Richard Dalberth, pay a fine of \$10,000 and costs of \$5,000.

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4 **AUTHORITY AND PROCEDURE**

5 This Final Order is entered pursuant to the provisions of 21.20.390, and is subject to the
6 provisions of Chapter 34.05 RCW. Respondents have the right to petition the superior court for judicial
7 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing a
8 Petition for Judicial Review, see RCW 34.050.510 and sections following. Pursuant to 21.20.395, a
9 certified copy of this order may be filed in Superior Court. If so filed, the clerk shall treat the order in the
10 same manner as a Superior Court judgment as to the fine and the fine may be recorded, enforced, or
11 satisfied in like manner.

12 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

13 DATED and ENTERED this 31st day of October, 2005.

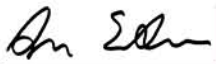
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15 _____
16 MICHAEL E. STEVENSON
17 Securities Administrator

18 Presented by:
19 *K. Culbert*

20 _____
21 Kristen Culbert
22 Financial Legal Examiner

23 Approved by:

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25 Suzanne Sarason
Chief of Compliance