

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 6669 / August 30, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22040

In the Matter of

Peter J. DeCaprio,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Peter J. DeCaprio (“DeCaprio” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings and the findings contained in Paragraph 2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. DeCaprio was the president, over 75% shareholder, and managing member of FlowPoint Partners, LLC ("FlowPoint"), an exempt reporting adviser formerly based in Massachusetts and now headquartered in Fort Lauderdale, Florida. FlowPoint served as the general partner of, and provided advisory services to, four unregistered private funds (the "Funds"). DeCaprio, 62 years old, is a resident of Fort Lauderdale, Florida.

2. On August 27 2024, a final judgment was entered by consent against DeCaprio and FlowPoint, permanently enjoining them each from future violations of Section 17(a)(2) of the Securities Act of 1933 ("Securities Act"); Sections 204A, 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder and permanently enjoining DeCaprio from aiding and abetting future violations of Section 204A of the Advisers Act, as set forth in the judgment entered in the civil action entitled Securities and Exchange Commission v. FlowPoint Partners, LLC, et al., Civil Action Number 1:24-cv-12144, in the United States District Court for the District of Massachusetts.

3. The Commission's complaint alleged that during the period from about July 2020 through late 2023, FlowPoint and DeCaprio misrepresented to investors that the Funds were audited annually by an independent auditor. While FlowPoint and DeCaprio engaged an auditor to audit two of the four Funds, that auditor did not produce any audit reports, and none of the Funds were audited. FlowPoint and DeCaprio did not correct their ongoing misstatements to investors despite knowing that the Funds were not actually audited by the auditor they had engaged. FlowPoint and DeCaprio breached their fiduciary duty to two of the Funds they advised by failing to obtain annual audits for those two Funds, as those Funds' organizational documents (a limited partnership agreement and limited liability company agreement) required. FlowPoint and DeCaprio were investment advisers to the Funds. By failing to operate those Funds as they were required to be operated, they failed in their duty as investment advisers to those Funds and operated a fraud on the Funds and their investors. They also defrauded investors in the Funds by making material misstatements about audits of the Funds and the identify of their auditor to investors. The Commission's complaint also alleged that between July 2020 until September 2023 FlowPoint failed to maintain or enforce written policies and procedures regarding the misuse of material nonpublic information and that DeCaprio aided and abetted this violation.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent DeCaprio's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent DeCaprio be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, with the right to apply for reentry after three (3) years to

the appropriate self-regulatory organization, or if there is none, to the Commission, **provided however**, that Respondent may, until November 15, 2024: (i) continue to hold and exercise control over FlowPoint Partners, LLC through his ownership of the entity, so long as he does not (A) attempt to influence or exercise control over the operations of FlowPoint Partners, LLC or the Funds; or (B) communicate directly or indirectly with any employee or other person associated with FlowPoint Partners, LLC (within the meaning of 15 U.S.C. § 80b-2(a)(17)) of to influence or exercise control over the operations of FlowPoint Partners, LLC except as necessary in connection with the activities contemplated by clause (ii) below to effect an orderly transition, including expressly continuing to make portfolio decisions; and (ii) perform tasks or functions relating to FlowPoint Partners, LLC or the Funds to the extent necessary to effectuate a change of control that terminates Respondent’s status as a person associated with FlowPoint Partners, LLC. For the avoidance of doubt, at such time as Respondent terminates his status as a person associated with an investment adviser with FlowPoint Partners, LLC , then the proviso to the preceding sentence beginning with “provided however” shall cease to be operative with respect to such entity. Upon the associational bar coming into full force and effect, the bar and the language of this Order shall not be interpreted to preclude, prevent, or limit communications unrelated to the business of FlowPoint Partners, LLC.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission’s order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Vanessa A. Countryman
Secretary