

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
July 6, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12357

In the Matter of

**WARWICK CAPITAL
MANAGEMENT, INC.
and
CARL LAWRENCE,**

Respondents.

ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTIONS 203(e), 203(f) AND 203(k) OF
THE INVESTMENT ADVISERS ACT OF
1940

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Warwick Capital Management, Inc. (“Warwick”) and pursuant to Sections 203(f) and 203(k) against Carl Lawrence (“Lawrence”) (collectively “Respondents”).

II.

After an investigation, the Division of Enforcement alleges that:

SUMMARY

1. This proceeding concerns materially misleading advertising by Warwick and Lawrence. From at least 1998 through March 2005, Warwick and Lawrence distributed through third-party subscription services (the “database services”) false and misleading information about Warwick that: (i) overstated Warwick’s assets under management; (ii) overstated the number of Warwick’s clients; (iii) falsely represented performance returns that Warwick and Lawrence knew were false and misleading; (iv) falsely represented that Warwick was in compliance with the Association for Investment Management and Research Performance Presentation Standards (“AIMR-

PPS”); (v) falsely claimed that Warwick was registered with the Commission; and (vi) overstated the length of time Warwick had been in the investment advisory business. In its Form ADV filings from 1998 through 2000, Warwick and Lawrence also overstated the number of clients Warwick had and its assets under management.

2. As a result of the false and misleading returns Lawrence supplied to the database services, Warwick repeatedly ranked at or near the top of certain database services’ rankings of investment advisers and money managers. Because of the false information provided to the database services, Warwick appeared to have a greater amount of assets under management than it actually managed and appeared to have a longer operating history than it actually had. As of July 2004, at least five of Warwick’s nine clients had entered into advisory agreements with Warwick as a result of the false information Warwick and Lawrence disseminated to the database services.

3. While registered as an investment adviser with the Commission, Warwick did not maintain books and records that the Advisers Act requires registered investment advisers to maintain, such as copies of advertisements and other communications that the investment adviser circulates to over 10 persons, as well as documents necessary to form the basis for Warwick’s performance returns.

RESPONDENTS

4. **Warwick** is a New York corporation located in Bronxville, New York. Warwick was registered as an investment adviser with the Commission from March 15, 1996 through January 2002. Warwick was established in 1991 as a sole proprietorship, and was incorporated in 1994. Lawrence and Joan Lawrence, his spouse, each own 50% of Warwick and are its sole employees. Warwick engaged for compensation in the business of advising clients on investing in securities.

5. **Lawrence**, age 70 and a resident of Bronxville, New York, is Warwick’s founder, president and sole control person. At all relevant times, Lawrence was responsible for the management of Warwick’s business, and made all of Warwick’s investment and business decisions. Lawrence engaged for compensation in the business of advising clients on investing in securities.

OTHER RELEVANT ENTITIES

6. **Nelson MarketPlace**¹ (“Nelson’s”), **Mobius Group, Inc.**² (“Mobius”) and **Plan Sponsor Network, Inc.**³ (“Plan Sponsor Network”) (collectively “database services”) are database services that obtain, on a voluntary basis, information from money managers regarding each adviser’s performance returns and the adviser’s assets under management. Nelson’s, Mobius and Plan Sponsor Network use the data to create databases that institutional investors and high net worth individuals can access by subscription. Mobius also provided performance numbers to **Money Management Executive**, an industry publication. An additional database service, **Money Manager Review**, does not maintain a database, but publishes the data on each reporting firm.

FACTS

Lawrence and Warwick’s Misrepresentations Through the Database Services Concerning Warwick’s Performance Returns

7. Lawrence supplied the database services with false and misleading performance returns for 2003 that were at least double the performance returns that Lawrence listed in Warwick’s own marketing brochure. Lawrence transmitted these false monthly performance returns, by telephone or in writing, to the database services. The 2003 performance returns that Lawrence supplied to the database services varied and far exceeded the returns in Warwick’s marketing brochure:

Warwick Brochure	Nelson’s	Mobius ⁴	Plan Sponsor Network
25.6%	56.3%	77.07%	60.37%

8. In 2004, two prospective clients brought the discrepancy between Warwick’s and Nelson’s 2003 performance returns to Lawrence’s attention. In response, Lawrence told the prospective clients that Warwick’s brochure represented the accurate

¹ Nelson’s is a unit of Thompson Financial.

² The Mobius group was acquired by CheckFree Corporation in 1999 and the business unit renamed M-Solutions and the database product was branded M-Search. In 2006, Informa Investment Solutions, an Informa Financial Company, acquired the M-Solutions unit of CheckFree Corporation.

³ Informa Investment Solutions owns the Plan Sponsor Network database.

⁴ The annual returns presented here are for the “Equity Only” returns, which exclude cash and fixed income investments.

performance returns. However, Lawrence never changed the 2003 inflated performance returns that Nelson's was publishing. Based upon the inflated performance returns Lawrence supplied, Nelson's repeatedly ranked Warwick at or among the top money managers for returns on investments in equity products.

9. In addition to including Warwick's performance returns in its subscription services, Mobius supplied money manager performance data to *Money Management Executive*, an industry publication for investment professionals that compiles rankings based upon the performance data. In June 2004, *Money Management Executive*, using Lawrence's inflated performance numbers, ranked Warwick among the "Top Ten Performing SMA Institutional Managers" for domestic equity, reporting that Warwick generated a 51.26% return from the first quarter of 2003 through the first quarter of 2004. *Money Management Executive* also ranked Warwick among the "Top Ten Performing SMA Institutional Managers" during the last half of 2003 based upon inflated performance numbers.

10. In addition to including Warwick's returns in its subscription services, Plan Sponsor Network included Warwick's inflated performance returns in their "Top Gun" rankings based upon information collected through their investment manager questionnaires, placing Warwick within the top ten investment advisers in the "Top Gun" rankings in all four quarters of 2003.

11. Lawrence also supplied Mobius with purported historical performance returns for Warwick for the time period 1987 to 1990, when Warwick did not even exist. In 2004, Mobius made this data available to its subscribers.

12. As of July 2004, five of Warwick's nine clients had contacted Lawrence to open accounts after seeing Warwick's performance results in Mobius, Nelson's, and/or Money Manager Review.

Lawrence's Misrepresentations Concerning Warwick's Assets Under Management, Its Number of Clients, and Its Registration Status

13. At various times between 1998 and 2004, Lawrence supplied through the database services materially misleading numbers that inflated Warwick's assets under management and the number of Warwick's clients. Lawrence provided these inflated numbers to make Warwick appear larger than it actually was to induce prospective clients to open advisory accounts with Warwick. Lawrence inflated these numbers by including the "accounts" to which he made investment recommendations, but which Warwick did not actively manage, in his calculation of the number of clients and Warwick's assets under management. From 1998 to 2004, Warwick actively managed money for between 4 and 10 clients. Lawrence, however, provided inflated numbers through the database services that showed that Warwick had between 9 and 26 clients during this same time period. Further, from 1998 to 2000, Warwick and Lawrence overstated the number of clients that Warwick had and its total assets under management in its Form ADV filings with the Commission.

14. The following charts summarize Warwick and Lawrence's misrepresentations concerning (i) Warwick's assets under management and (ii) the number of clients Warwick actively managed:

Warwick's Assets Under Management

Date	Actual Assets Under Management	As Reported in Form ADV	As Published by Nelson's	As Published by Mobius	As Published by Plan Sponsor Network	As Published by <i>Money Manager Review</i>
1Q04	\$9.5M		\$94.2M			
2003	\$10.5M		\$95.2M	\$95.2M		
4Q03			\$64.5M			
3Q03			\$64.5M			
1Q03			\$57.5M			
2002	\$6M		\$54.5M	\$64.5M		
4Q02			\$64.5M			
3Q02			\$58.2M		\$58.2M	
2001	\$6M		\$26.9M	\$26.86M	\$28M	
2Q01			\$37.5M			
2000	\$4M		\$35.2M	\$35.5 M	\$35M	\$36M
3Q00			\$48.5M			
2Q00			\$35M			
1999	\$2M	\$37.2M		\$47.2M	\$47.2M	
1998	\$15M	\$29.4M		\$35.8M		
1997		\$28.9M		\$31.6M		
1996				\$25M		
1995				\$42.5M		

Warwick's Number of Clients Actively Managed

Date	Actual Number of Clients	As Reported in Form ADV	As Published by Nelson's	As Published by Mobius	As Published by Plan Sponsor Network
2004	8		26		
1Q04			26		
2003	8		26	26	
4Q03			26		
3Q03			25		
1Q03			20		
2002	5		20	20	
4Q02			20		
3Q02			18		19
2001	5		9	9	12
2Q01			11		
2000	4		11	11	11
3Q00			11		
2Q00			11		
1999	2	16		15	15
1998	10	15		17	
1997		14		17	
1996				14	
1995				15	

15. In 2004 and 2005, Warwick and Lawrence misrepresented through the database services that Warwick was registered with the Commission. The Commission terminated Warwick's registration with the Commission in January 2002, and Warwick was not registered with the Commission thereafter.

Lawrence Knew the Database Services Were Reporting False and Misleading Information for Warwick

16. Lawrence knew that the database services were reporting false and misleading information concerning Warwick. Lawrence personally provided the information to the database services, either by telephone or in writing. Further, on at least two occasions, prospective clients brought the inaccuracies and inconsistent numbers to Lawrence's attention. After the prospective clients brought these discrepancies to Lawrence's attention, Lawrence did not access the database services to verify that the information the database services were reporting was correct. Finally, Lawrence knew that he was supplying information to the database services for the purpose of soliciting potential clients, and he intended that prospective clients rely on the database services rankings in considering and selecting Warwick as an investment adviser.

Warwick's False Statements Through the Database Services Regarding Its AIMR-PPS Compliance

17. Lawrence and Warwick falsely represented through each database service that Warwick was in compliance with AIMR-PPS. Since Lawrence claimed Warwick was AIMR-PPS compliant, he was required to report Warwick's performance returns, assets under management, and number of clients in compliance with AIMR-PPS. AIMR-PPS require investment advisers, in a composite presented, to include only clients to whom the adviser provides discretionary investment advisory services. When calculating and reporting Warwick's assets under management and number of clients to the database services, Lawrence improperly included assets under management and clients for which he did not actively manage money. Furthermore, Lawrence and Warwick did not capture and maintain data and information necessary to support Warwick's performance presentation in the database services in accordance with AIMR-PPS.

Warwick's Inadequate Record Keeping

18. While registered as an investment adviser with the Commission, Warwick did not maintain many of the books and records that the Advisers Act requires registered investment advisers to maintain, such as copies of advertisements and other communications that the investment adviser circulates to over 10 persons, as well as documents necessary to form the basis for Warwick's performance returns.

Warwick's Improper Registration With the Commission

19. From 1998 to 2002, Warwick never had \$25 million in assets under management, and therefore, Warwick was improperly registered with the Commission as an investment adviser.

VIOLATIONS

20. As a result of the conduct described above, Respondent Warwick willfully violated, and Lawrence willfully aided and abetted and caused Warwick's violations of, Section 204 of the Advisers Act and Rule 204-2(a)(11) thereunder, by failing to maintain and/or make available for inspection by the Commission copies of each notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication that Warwick circulated or distributed, directly or indirectly, to 10 or more persons;

21. As a result of the conduct described above, Respondent Warwick willfully violated, and Lawrence willfully aided and abetted and caused Warwick's violations of, Section 204 of the Advisers Act and Rule 204-2(a)(16) thereunder by failing to keep all documents that are necessary to form the basis for, or demonstrate the calculation of, the performance or rate of return of any or all managed accounts that it used in advertisements or other communications distributed to 10 or more persons;

22. As a result of the conduct described above, Respondent Warwick willfully violated Section 206(1) and 206(2) of the Advisers Act and Lawrence willfully violated, or willfully aided and abetted and caused Warwick's violations of, Section 206(1) and 206(2) of the Advisers Act by employing devices, schemes or artifices to defraud clients or engaging in transactions, practices or courses of business that defrauded clients or prospective clients;

23. As a result of the conduct described above, Respondent Warwick willfully violated, and Lawrence willfully aided and abetted and caused Warwick's violations of, Section 206(4) of the Advisers Act and Rule 206(4)-1(a)(5) thereunder by engaging in acts, practices or courses of business which were fraudulent, deceptive or manipulative, including publishing, circulating or distributing advertisements that contained untrue statements of material facts, or that were otherwise false or misleading;

24. As a result of the conduct described above, Respondent Warwick willfully violated Section 207 of the Advisers Act and Lawrence willfully violated, or willfully aided and abetted and caused Warwick's violations of, Section 207 of the Advisers Act by making untrue statements of a material fact in registration applications or reports Warwick filed with the Commission and willfully omitting to state in such applications or reports material facts which were required to be stated therein; and

25. As a result of the conduct described above, Respondent Warwick willfully violated, and Lawrence willfully aided and abetted and caused Warwick's violations of, Section 203A of the Advisers Act for having improperly registered with the Commission.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, of the following remedial action is appropriate in the public interest against Respondents, including, but not limited to, an investment advisory bar pursuant to Section 203(f) of the Advisers Act and civil penalties pursuant to Section 203(i) of the Advisers Act; and

C. Whether, pursuant to Section 203(k) of the Advisers Act, Respondents should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 203A, 204, 206(1), 206(2), 206(4), and 207 of the Advisers Act and Rules 204-2(a)(11), 204-2(a)(16) and 206(4)-1(a)(5) thereunder.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of that Section 553 delaying the effective date of any final Commission action.

By the Commission.

Nancy M. Morris
Secretary