

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

)	
UNITED STATES SECURITIES)	
AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	Case No. _____
)	
v.)	
)	
BRADLEY A. GOODBRED,)	
)	
Defendant.)	
)	

COMPLAINT

Plaintiff U.S. Securities and Exchange Commission (“SEC”) alleges as follows:

1. The SEC brings this action against Defendant Bradley A. Goodbred (“Goodbred”) for stealing the money of an elderly investment advisory client (the “Client”) who currently suffers from dementia.

2. From September 1, 2009 until February 1, 2021, Goodbred worked as a registered representative and investment adviser representative in the Roselle, Illinois office of an SEC-registered broker-dealer and investment adviser (the “Financial Institution”).

3. The Client is 97 years old and is currently under the care of a court-appointed guardian due to her dementia.

4. From at least 2012 to 2020, Goodbred solicited the Client to transfer a total of \$1,295,000 to one of Goodbred’s businesses to make purported investments in real estate investment trusts (“REITs”) on the Client’s behalf.

5. On some occasions, the Client, with the advice and approval of Goodbred, sold securities in her account and transferred the proceeds to him to fund the purported investments in

REITs. In reality, Goodbred did not use the Client's money to make any investments on behalf of the Client. Instead, he used her money for personal expenses and business expenses unrelated to any purported investments.

6. The Financial Institution terminated its association with Goodbred on February 1, 2021 after conducting an investigation into Goodbred's conduct relating to the Client.

7. Goodbred misappropriated a total of \$1,295,000 from the Client during 2012 through 2020. However, from 2013 to 2014, Goodbred repaid the Client of a total of \$306,665. Additionally, in March 2022, after Goodbred's misconduct had been discovered, Goodbred repaid the Client an additional \$147,476.

8. In August 2022, the Financial Institution settled an arbitration claim brought by a successor trustee (the "Successor Trustee"), whose responsibilities included responsibility over the Client's financial affairs. As a result of the settlement, the Client has recovered the remaining losses that she suffered due to Goodbred's theft.

Jurisdiction and Venue

9. The SEC brings this action under the Securities Act of 1933 ("Securities Act") Section 20(b) [15 U.S.C. §77t(b)], the Securities Exchange Act of 1934 ("Exchange Act") Sections 21(d) and (e) [15 U.S.C. §§78u(d) and 78u(e)], and the Investment Advisers Act of 1940 ("Advisers Act") Sections 209(d) and 209(e) [15 U.S.C. §§ 80b-9(d), 80b-9(e)].

10. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and Sections 209(d), 209(e), and 214 of the Advisers Act [15 U.S.C. §§ 80b-9(d), 80b-9(e), and 80b-14].

11. Venue is proper in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa] and Section 214 of the Advisers Act [15 U.S.C. § 80b-14]. Goodbred resides in this district, transacts business in this district, and many of the acts, practices, and courses of business constituting the violations alleged herein occurred within the Northern District of Illinois.

12. Goodbred has, directly or indirectly, made use of the means and instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange in connection with the acts, transactions, practices and courses of business alleged in this Complaint, and will continue to do so unless enjoined.

Defendant

13. **Bradley Goodbred**, age 54, resides in Plano, Illinois, in the greater Chicago metropolitan area. From September 1, 2009 until February 1, 2021, Goodbred worked as a registered representative and investment adviser representative in the Roselle, Illinois office of the Financial Institution.

FACTS

Goodbred's Relationship With the Client

14. The Client, a 97 year old resident of Yorkville, Illinois, was a long-time investment advisory client of Goodbred, whom she met through her now-deceased husband more than 20 years ago. At varying junctures during Goodbred's tenure at the Financial Institution, the Client maintained 11 accounts for which Goodbred served as the investment adviser.

15. The Client was diagnosed with dementia in December 2020 and currently resides in the memory care unit of an assisted living facility.

16. When the Client and her husband first met Goodbred, they were seeking to establish a long-term relationship with a financial adviser, whom they hoped would look after the Client's finances in the event of her husband's death.

17. The Client's husband died in 2006. At that point, Goodbred positioned himself as a friend and confidant to the Client, who lived alone and whose children had predeceased her.

18. In October 2013, the Client appointed Goodbred to serve in varying roles of control and influence over her financial and health matters. In the agreement for her living trust, the Client appointed Goodbred to be the investment adviser for her trust account. Subsequently, the Client also appointed Goodbred as power of attorney over her property and health.

19. As an investment adviser representative, Goodbred owed fiduciary duties to his advisory clients, including the Client. Goodbred's fiduciary duties to the Client included the duties to act in the Client's best interest, to act in good faith towards the Client, and to disclose to the Client all material facts affecting the advisory relationship.

The Client's Transfers of Funds to Goodbred for Investments on Her Behalf

20. From at least 2012 to 2020, Goodbred, while serving as the Client's investment adviser, solicited the Client to transfer a total of \$1,295,000 to one of his businesses, Northern Lights Properties, LLC ("Northern Lights"), to make purported investments in REITs on the Client's behalf.

21. At Goodbred's instruction, the Client transferred funds from her trust account to her bank account, from which she wrote a total of 10 checks (including one money order) payable to Northern Lights, totaling \$1,295,000.

22. To fund some of the purported investments in REITs, the Client, with the advice and approval of Goodbred, sold securities in her Financial Institution accounts and transferred the proceeds to Goodbred.

Goodbred's Misuse of the Client's Money

23. Instead of using the Client's money for investments in REITs for the benefit the Client, Goodbred misused the Client's money to benefit himself. He used her money for personal expenses and for payment of some of Northern Lights' expenses.

24. Bank records reflect that upon receiving payments from the Client, Goodbred would first deposit her checks into his bank account for Northern Lights (the "NLP Account"). The Client's money was the primary source of funding for the NLP Account. It was often the case that the account balances in the NLP Account were zero, or even negative, for a given period until Goodbred deposited the Client's funds into the Account.

25. Within days of Goodbred depositing the Client's money into the NLP Account, Goodbred transferred most of the money in the account to his personal bank account, where he used the Client's money to pay credit card debt for himself and his wife; income taxes; auto loans; and other personal expenses.

Goodbred's Fraudulent Scheme Falls Apart

26. In September 2020, the Successor Trustee met with the Client to obtain some financial information from her and became concerned about her cognitive condition.

27. Consequently, the Successor Trustee hired a professional care manager for her.

28. Goodbred, however, subsequently terminated the agreement with the care manager and quashed the Successor Trustee's request for a medical examination of the Client.

29. Goodbred also failed to comply with the Successor Trustee's multiple requests for copies of the Client's bank statements.

30. In November 2020, the Financial Institution received a complaint that Goodbred might be exercising inappropriate discretion over the Client's trust account.

31. The Financial Institution then commenced its investigation, leading to Goodbred's termination from association with the Financial Institution on February 1, 2021.

COUNT I

Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]

32. The SEC realleges and incorporates by reference paragraphs 1 through 31 as if fully set forth herein.

33. By engaging in the conduct described above, Defendant Goodbred has, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce or of the mails, directly or indirectly: (a) used or employed devices, schemes, or artifices to defraud; (b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud and deceit upon other persons.

34. Goodbred acted with scienter by knowingly or recklessly engaging in the fraudulent conduct described above.

35. By reason of the foregoing, Goodbred violated, and unless enjoined will likely again violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

COUNT II

**Violations of Section 17(a)(1) of the Securities Act
[15 U.S.C. § 77q(a)(1)]**

36. The SEC realleges and incorporates by reference paragraphs 1 through 31 as if fully set forth herein.

37. By engaging in the conduct described above, Goodbred, directly or indirectly, singly or in concert with others, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, has employed devices, schemes or artifices to defraud.

38. Goodbred knew or was reckless in engaging in the activities described herein.

39. By reason of the foregoing, Goodbred violated, and unless enjoined will likely again violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT III

**Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act
[15 U.S.C. §§ 77q(a)(2) and (3)]**

40. The SEC realleges and incorporates by reference paragraphs 1 through 31 as if fully set forth herein.

41. By engaging in the conduct described above, Goodbred, directly or indirectly, singly or in concert with others, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, has: (a) obtained money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or (b) engaged in transactions, practices or courses of business which operate or would operate as a fraud or deceit upon the purchaser.

42. Goodbred was negligent in engaging in the activities described herein.

43. By reason of the foregoing, Goodbred violated, and unless enjoined will likely again violate, Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

COUNT IV

Violations of Section 206(1) of the Advisers Act [15 U.S.C. § 80b-6(1)]

44. The SEC realleges and incorporates by reference paragraphs 1 through 31 as if fully set forth herein.

45. At all relevant times, Goodbred acted as an “investment adviser” within the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)].

46. By engaging in the conduct described above, Goodbred, while acting as an investment adviser, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, employed devices, schemes, or artifices to defraud clients or prospective clients.

47. Goodbred knew or was reckless in engaging in the activities described herein.

48. By reason of the foregoing, Goodbred has violated and, unless enjoined, will likely again violate, Section 206(1) of the Advisers Act [15 U.S.C. § 80b-6(1)].

COUNT V

Violations of Section 206(2) of the Advisers Act [15 U.S.C. § 80b-6(2)]

49. The SEC realleges and incorporates by reference paragraphs 1 through 31 and 45 as if fully set forth herein.

50. By engaging in the conduct described above, Goodbred, while acting as an investment adviser, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly engaged in transactions, practices, or courses of business which operate as a fraud or deceit upon clients or prospective clients.

51. Goodbred was negligent in engaging in the activities described herein.

52. By reason of the foregoing, Goodbred has violated and, unless enjoined, will likely again violate, Section 206(2) of the Advisers Act [15 U.S.C. § 80b-6(2)].

RELIEF REQUESTED

WHEREFORE, the SEC respectfully requests that this Court:

I.

Issue findings of fact and conclusions of law that Goodbred committed the violations charged and alleged herein.

II.

Issue a Permanent Injunction restraining and enjoining Goodbred, his officers, agents, servants, employees, attorneys and those persons in active concert or participation with Goodbred who receive actual notice of the Order, by personal service or otherwise, and each of them from, directly or indirectly, engaging in the transactions, acts, practices or courses of business described above, or in conduct of similar purport and object, in violation of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j] and Rule 10b-5 thereunder [17 CFR § 240.10b-5], and Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

III.

Issue a Conduct-Based Injunction permanently enjoining Goodbred from directly or indirectly, including, but not limited to, through any entity owned or controlled by Goodbred, participating in the issuance, purchase, offer, or sale of any security, provided, however, that such injunction shall not prevent Goodbred from purchasing or selling securities listed on a national securities exchange for his own personal account.

IV.

Issue an Order requiring Defendant to disgorge the ill-gotten gains that he received, directly or indirectly, from the violations alleged herein, including prejudgment interest, pursuant to Sections 21(d)(5) and 21(d)(7) of the Exchange Act [15 U.S.C. §§ 78u(d)(5), (7)].

V.

Issue an Order imposing upon Goodbred appropriate civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

VI.

Retain jurisdiction of this action in accordance with principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VII.

Grant such other relief as this Court deems appropriate.

JURY DEMAND

Pursuant to Rule 39 of the Federal Rules of Civil Procedure, the SEC demands that this case be tried before a jury.

Dated: September 29, 2022

Respectfully submitted,

/s/ Eric M. Phillips

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