

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

In the Matter of

GEI FINANCIAL SERVICES, INC., :
NORMAN GOLDSTEIN, and : INITIAL DECISION MAKING FINDINGS
LAURIE GATHERUM : AND IMPOSING SANCTIONS BY DEFAULT
: November 15, 2013

SUMMARY

This Initial Decision revokes the registration of GEI Financial Services, Inc. (GEI Financial), as an investment adviser and bars Norman Goldstein (Goldstein) and Laurie Gatherum (Gatherum) from the securities industry.

I. BACKGROUND

The Securities and Exchange Commission (Commission) instituted this proceeding with an Order Instituting Proceedings (OIP) on August 30, 2013. The OIP alleges that Respondents were enjoined against violations of the antifraud and other provisions of the Investment Advisers Act of 1940 (Advisers Act). Respondents were served with the OIP in accordance with 17 C.F.R. § 201.141(a)(2)(i), (ii) on October 1, 2013, and their Answers to the OIP were due within twenty days of service of the OIP on them. See OIP at 3; 17 C.F.R. § 201.220(b). None has filed an Answer to date. Accordingly, each has failed to answer or otherwise to defend the proceeding within the meaning of 17 C.F.R. § 201.155(a)(2). Therefore, Respondents are in default, and the undersigned finds that the allegations in the OIP are true as to them.¹ See OIP at 2; 17 C.F.R. §§ 201.155(a), .220(f).

II. FINDINGS OF FACT

Respondents, of Chicago, Illinois, are permanently enjoined from violating the antifraud and other provisions of the Advisers Act: Sections 204, 204A, 206(1), 206(2), and 206(4) of the Advisers Act and Rules 204-1, 204-2, 204-3, 204A-1, 206(4)-7, and 206(4)-8(a)(1) thereunder. SEC v. GEI Fin. Servs., Inc., No. 1:12-cv-7927 (N.D. Ill. Jul. 30, 2013). Additionally, they were

¹ Respondents were advised that if GEI Financial failed to file an Answer within the time provided, it would be deemed to be in default, and the undersigned would enter an order revoking its registration as an investment adviser, and if either individual Respondent failed to answer, he or she would be deemed to be in default, and the undersigned would enter an order barring him or her from the securities industry. See GEI Fin. Servs., Inc., Admin. Proc. Rulings Release No. 967 (A.L.J. Oct. 17, 2013).

ordered to pay civil penalties totaling \$900,000 and, jointly and severally, to pay disgorgement of \$147,386.27 plus prejudgment interest of \$14,099. Id.

During the time at issue, GEI Financial was a registered investment adviser and Goldstein and Gatherum, who wholly owned GEI Financial, were persons associated with an investment adviser. Between 2009 and 2012, Respondents took over \$147,000 in excessive fees and capital withdrawals from an investment vehicle that they operated. The State of Illinois revoked Goldstein's registrations as a securities salesperson and investment adviser representative in 2011, which barred him from providing investment advisory services in Illinois. However, Goldstein continued to make investment decisions for GEI Financial's clients and the investment vehicle despite the bar. Respondents never told their advisory clients that Illinois had revoked Goldstein's securities registrations. Respondents also ignored compliance rules and other provisions of the Advisers Act.

III. CONCLUSIONS OF LAW

Respondents have been permanently enjoined "from engaging in or continuing any conduct or practice in connection with any such activity" as an investment adviser within the meaning of Sections 203(e)(4) and 203(f) of the Advisers Act.

IV. SANCTION

GEI Financial's registration as an investment adviser will be revoked and Goldstein and Gatherum will be barred from the securities industry. These sanctions will serve the public interest and the protection of investors, pursuant to Sections 203(e), (f) of the Advisers Act, and accord with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979). Respondents' unlawful conduct was recurring and egregious. It extended over a period of several years.

V. ORDER

IT IS ORDERED that, pursuant to Section 203(e) of the Investment Advisers Act of 1940, 15 U.S.C. § 80b-3(e):

the REGISTRATION of GEI FINANCIAL SERVICES, INC., IS REVOKED.

IT IS FURTHER ORDERED that, pursuant to Section 203(f) of the Investment Advisers Act of 1940, 15 U.S.C. § 80b-3(f):

NORMAN GOLDSTEIN IS BARRED from associating with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

LAURIE GATHERUM IS BARRED from associating with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

This Initial Decision shall become effective in accordance with and subject to the provisions of Rule 360 of the Commission's Rules of Practice, 17 C.F.R. § 201.360. Pursuant to that Rule, a party may file a petition for review of this Initial Decision within twenty-one days after service of the Initial Decision. A party may also file a motion to correct a manifest error of fact within ten days of the Initial Decision, pursuant to Rule 111 of the Commission's Rules of Practice, 17 C.F.R. § 201.111. If a motion to correct a manifest error of fact is filed by a party, then that party shall have twenty-one days to file a petition for review from the date of the undersigned's order resolving such motion to correct a manifest error of fact. The Initial Decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a petition for review or a motion to correct a manifest error of fact or the Commission determines on its own initiative to review the Initial Decision as to a party. If any of these events occur, the Initial Decision shall not become final as to that party.²

Carol Fox Foelak
Administrative Law Judge

² A respondent may also file a motion to set aside a default pursuant to 17 C.F.R. § 201.155(b). See Alchemy Ventures, Inc., Exchange Act Release No. 70708, 2013 SEC Lexis 3459, at *5-6 (Oct. 17, 2013) at 5-6.