INITIAL DECISION RELEASE NO. 971
ADMINISTRATIVE PROCEEDING
FILE NO. 3-16917

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

In the Matter of GARFIELD M. TAYLOR	INITIAL DECISION March 1, 2016

APPEARANCES: Sarah L. Allgeier and Richard Hong for the Division of Enforcement, Securities and Exchange Commission

BEFORE: James E. Grimes, Administrative Law Judge

Summary

In this initial decision, I grant the Division of Enforcement's motion for summary disposition. Respondent Garfield M. Taylor is permanently barred from associating with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, and from participating in an offering of penny stock.

Procedural Background

The Commission initiated this proceeding in October 2015 by issuing an order instituting proceedings (OIP) under Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940. OIP at 1; *see* 15 U.S.C. §§ 78*o*(b), 80b-3(f).

The Division alleges the following in the OIP: Taylor founded, owned, and served as the CEO of Garfield Taylor, Incorporated (GTI), through which he purported to offer various financial services. OIP at 1. Taylor and other individuals created Gibraltar Asset Management Group, LLC, which purportedly invested in covered call options. *Id*. at 1-2. Taylor was Gibraltar's chairman, CEO, and controlling member. *Id*. at 2. During the relevant time period, Taylor received compensation in exchange for a variety of investment advisory services. OIP at 2. He therefore acted as an investment adviser. *Id*. Although he was neither registered as a broker nor associated with a registered broker, he made trades in other individuals' brokerage accounts and induced others to buy or sell securities issued by GTI or Gibraltar. *Id*. In September 2015, the United States District Court for the District of Columbia permanently enjoined Taylor from violating Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933,

Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5 thereunder, and Section 206(1), (2), and (4) of the Advisers Act and Rule 206(4)-8 thereunder. OIP at 2.

Taylor did not answer the OIP and declined to participate in a telephonic prehearing conference held on November 20, 2015. *See Garfield M. Taylor*, Admin. Proc. Rulings Release No. 3341, 2015 SEC LEXIS 4827, at *1 (ALJ Nov. 23, 2015). I therefore ordered him show cause by December 3, 2015, why this proceeding should not be determined against him. *Id*. Taylor did not respond to the order to show cause.

Following the prehearing conference, I granted the Division leave to file an appropriate dispositive motion. *Garfield M. Taylor*, 2015 SEC LEXIS 4827, at *1-2. The Division filed a motion for summary disposition on January 4, 2016, although Taylor was not served with it until January 19. Taylor has not filed an opposition to the Division's motion.

The Division's motion is supported by twelve exhibits. These include the district court's order granting the Commission's motion for summary judgment against Taylor (Ex. 2), the transcript of the summary judgment hearing (Ex. 3), the district court's final judgment permanently enjoining Taylor (Ex. 5), and the Commission's statement of material facts as to which there is no genuine issue (Ex. 10). The latter exhibit is relevant in this proceeding because the district court determined that Taylor had not rebutted the Commission's statement of material facts. Ex. 3 at 55-57. As a result, the court considered as undisputed the facts asserted by the Commission. *Id*. at 56-57. I take notice of these documents under Rule of Practice 323. *See* 17 C.F.R. § 201.323.

The Division's motion is also supported by evidence concerning Taylor's related conviction for securities fraud. *See* Ex. 4. The Division submits an indictment, count six of which alleged that Taylor violated Exchange Act Section 10(b) and Rule 10b-5 by operating GTI and Gibraltar as part of a scheme to defraud investors. Ex. 4(a).[1] It also submits Taylor's plea agreement, Ex. 4(b); his Rule 11 stipulation, Ex. 4(c); his sentencing hearing transcript, Ex. 4(d); and the judgment the district court issued in his criminal case, Ex. 4(e). Because Taylor's conviction concerns the same set of facts that form the basis for the permanent injunction alleged in the OIP, I also take notice under Rule of Practice 323 of his conviction documents.[2] *See* 17 C.F.R. § 201.323.

[1] The documents that comprise Exhibit 4 are not separately designated. I refer to each document by letter corresponding to the order in which they have been offered. The first document is thus Exhibit 4(a), the second is 4(b), and so on.

[2] Taylor's conviction is not referenced in the OIP. His conviction and evidence related to it may nonetheless be considered in assessing whether the public interest supports barring Taylor from the securities industry. *See Timbervest, LLC*, Advisers Act Release No. 4197, 2015 SEC LEXIS 3854, at *81 & n.114 (Sept. 17, 2015), *pet. for review docketed*, No. 15-1416 (D.C. Cir. Nov. 13, 2015).

Finding of Default

Taylor is in default because he failed to file an answer, appear at the prehearing conference, respond to the show cause order, or otherwise participate in this proceeding. *See* 17 C.F.R. §§ 201.155(a), .220(f), .221(f). He may move to set aside the default in this case. Rule 155(b) permits the Commission, at any time, to set aside a default for good cause, in order to prevent injustice and on such conditions as may be appropriate. 17 C.F.R. § 201.155(b). A motion to set aside a default shall be made within a reasonable time, state the reasons for the failure to appear or defend, and specify the nature of the proposed defense in the proceeding. *Id*.

Findings of Fact

The findings and conclusions in this initial decision are based on the record and on facts officially noticed under Rule 323. Because Taylor did not file an answer to the OIP or otherwise participate in this proceeding, I have accepted as true the factual allegations in the OIP. *See* 17 C.F.R. § 201.155(a). I have applied preponderance of the evidence as the standard of proof. *See Steadman v. SEC*, 450 U.S. 91, 101-04 (1981).

Taylor incorporated GTI in 2000. Ex. 4(c) at 1. He obtained investments from over 100 investors via contracts or promissory notes that he "styled" as loans. *Id*. at 3-5; *see* OIP at 2. The notes set forth that investors would be paid interest at rates of between 15 and 20%, with repayment of the principal after typically twelve or twenty-four months. Ex. 4(c) at 4; Ex. 10 at 7.

To convince investors to execute these contracts, Taylor asserted that he used a safe trading strategy with "very little risk" that had generated above-market returns. Ex. 4(c) at 4; Ex. 10 at 9. He also variously represented that the loans were insured against loss, GTI maintained a reserve to protect against loss, GTI used a covered-call strategy to protect against loss, and the FDIC insured the loans. Ex. 4(c) at 4; Ex. 10 at 10. Taylor also touted GTI's years of success, referencing its history of paying interest to investors. Ex. 10 at 9.

All of the above representations were false and misleading. Ex. 4(c) at 4. Taylor's strategy had not previously generated above-market returns and he never executed covered-call trades with GTI's investors' funds, choosing instead to "engage[] in incredibly risky trading strategies." *Id*. He also used later investments to pay interest due on earlier investments. *Id*. In other words, Taylor partly ran GTI as a Ponzi scheme. *See* Ex. 10 at 9. As a result, Taylor misled investors when he claimed that GTI's success was reflected in its years of paying interest payments. *See id*. GTI eventually "suffered massive trading losses." Ex. 4(c) at 4. In all, investors lost over $16.4 million. *See id*. at 5.

In 2008, Taylor and others formed Gibraltar. OIP at 1; Ex. 4(c) at 1. Taylor was Gibraltar's chairman, CEO, and controlling member. OIP at 2; Ex. 4(c) at 6. Gibraltar's private placement memorandum stated that investments would be used to invest in covered calls. Ex. 4(c) at 5. Similar to the manner in which he attracted investors for GTI, Taylor falsely represented to prospective Gibraltar investors that Gibraltar used a "safe trading strategy that had previously generated above-market returns." *Id*. at 6. Taylor provided various assurances to

prospective Gibraltar investors, including that his strategy "consistently" generated returns in excess of 20%, "investors' principal would be safe," and Gibraltar kept a reserve to protect against losses. *Id*.; *see* Ex. 10 at 14-15.

Taylor's assurances concerning Gibraltar were false. Ex. 4(c) at 5; Ex. 10 at 14-15. Contrary to the placement memorandum, funds invested in Gibraltar were never used to invest in covered calls. Ex. 4(c) at 6. As with GTI, Taylor instead "engaged in incredibly risky trading strategies" that led to "massive trading losses." *Id*.; *see* Ex. 10 at 16. He also used investments to pay interest due on earlier investments and thus also partly ran Gibraltar as a Ponzi scheme. Ex. 4(c) at 6; Ex. 12 at 1. Thirteen Gibraltar investors lost over $2.6 million. *See* Ex. 4(c) at 7.

During the periods discussed above, Taylor acted as an investment adviser. OIP at 2. He was neither registered as a broker nor associated with a registered broker. *Id*.; Ex. 10 at 8. Neither GTI nor Gibraltar ever registered with the Commission in any capacity. Ex. 10 at 8. Neither entity ever registered an offering of securities with the Commission. *Id*. During this time, Taylor diverted at least $2.5 million from GTI and Gibraltar to himself. Ex. 4(c) at 12.

In November 2011, the Commission filed an injunctive complaint against Taylor and others in relation to the actions described above. *See* Ex. 1. In its complaint, the Commission alleged that Taylor violated Sections 5(a), 5(c), and 17(a) of the Securities Act, Sections 10(b), 15(a), and 20(a) of the Exchange Act and Rule 10b-5 thereunder, and Section 206(1), (2), and (4) of the Advisers Act and Rule 206(4)-8 thereunder. *Id.* at 25-31. In December 2012, the district court entered summary judgment against Taylor as to each of these allegations. Ex. 2. Because Taylor did not rebut the Commission's statement of undisputed facts, the court relied on it when the court entered judgment. Ex. 3 at 55-57.

The district court entered final judgment as to Taylor in September 2015, permanently enjoining him from violating each of the statutory and regulatory provisions on which it entered summary judgment, except for Section 20(a) of the Exchange Act. Ex. 5. The court also found Taylor liable for disgorgement of nearly $28 million in profits and prejudgment interest. *Id*. at 5

In February 2013, Taylor was indicted on several charges, including one count of securities fraud in violation of Section 10(b) of the Exchange Act and Rule 10b-5. Ex. 4(a) at 21. The government alleged that Taylor's illegal activities occurred from approximately "September 2006 through at least in or about September 2010." *Id*. Taylor subsequently agreed to plead guilty to the securities fraud charge. Ex. 4(b).

During a later sentencing hearing in May 2015, several of Taylor's victims provided statements about the harm he caused them. Several witnesses explained that because Taylor convinced them to withdraw funds from their retirement accounts, they incurred a tax liability. Ex. 4(d) at 61, 63, 72. This liability was compounded by the fact that Taylor lost all the money his victims withdrew from their retirement accounts. *See id*. at 61, 72, 78. Victims also discussed how they lost or nearly lost their homes to foreclosure and were forced to look for employment because they lost their retirement savings. *Id*. at 61, 62, 64, 65, 73, 78.

Among Taylor's victims was a non-profit charity that provided mental health and substance abuse services to children. Ex. 4(c) at 7; Ex. 4(d) at 67-68; Ex. 10 at 17. In 2008, Taylor approached the charity about investing with Gibraltar. Ex. 4(c) at 7. Based on false representations similar to those discussed above, the charity invested $1.2 million on a six-month trial basis. *Id*. Taylor purported to give the charity interest payments at an annual rate of 20%. *Id*. These initial payments helped him to convince the charity several months later to invest an additional $4,789,715. *Id*. Shortly after the charity made its second investment, Gibraltar stopped making interest payments. *Id*. at 8. The charity lost almost all of the nearly $6 million it invested. *Id*. This loss devastated the charity. Ex. 4(d) at 67-69.

Taylor spoke at the conclusion of his sentencing hearing. *See* Ex. 4(d) at 97-108. He denied that he is "a criminal," and asserted that he "tried to do the best that [he] could do" and "tried to help" his victims. *Id*. at 98; *see id*. at 102 ("I've never done anything in my whole life [that is] criminal."). Taylor also denied that he intended to harm anyone, stole anyone's money, or operated a Ponzi scheme. *Id*. at 98-99, 104. Taylor attributed his millions in losses to "bad management" and "bad bookkeeping." *Id*. at 100.

After Taylor spoke, the district court found the following. Taylor lied in order to induce people to invest and his "lying and thievery was ongoing . . . continuous . . . sustained[, and] . . . repeated[,] . . . month after month[,] . . . year after year." Ex. 4(d) at 109-10. While Taylor was able to make "handsome profits," his "victims suffered home foreclosures, underwater mortgages, . . . tax lien[s], and repossessions." *Id*. at 110. Some lost their life savings or could not pay for food or medical care. *Id*. The court was "shock[ed]" by the number of "elderly victims [Taylor] targeted" and noted that he "even scammed houses of worship." *Id*. at 111. The court sentenced Taylor to 156 months' imprisonment and ordered restitution of $28,609,438. *Id*. at 112-13; Ex. 4(e) at 2, 5.

Conclusions of Law

A. Summary Disposition Standard

Motions for summary disposition are governed by Rule of Practice 250. *See* 17 C.F.R. § 201.250. An administrative law judge "may grant [a] motion for summary disposition if there is no genuine issue with regard to any material fact and the party making the motion is entitled to a summary disposition as a matter of law." 17 C.F.R. § 201.250(b). "The facts of the pleadings of the party against whom the motion is made shall be taken as true, except as modified by stipulations or admissions made by that party, by uncontested affidavits, or by facts officially noted pursuant to [Rule 323]." 17 C.F.R. § 201.250(a). Summary disposition is generally appropriate in "follow-on" proceedings—administrative proceedings based on a conviction or an injunction—where the only real issue involves determining the appropriate sanction. *Daniel Imperato*, Exchange Act Release No. 74596, 2015 SEC LEXIS 1377, at *8 n.16 (Mar. 27, 2015). Summary disposition is appropriate here because the only issue is whether Taylor's conduct warrants imposition of the bars the Division seeks.

B. A full collateral bar is warranted as a result of Taylor's misconduct.

Section 15(b) of the Exchange Act gives the Commission authority to impose collateral bar[3] and penny stock bars against Taylor if, among other things, (1) he was a broker or dealer or associated with a broker or dealer at the time of his misconduct; (2) he was enjoined "from engaging in or continuing any conduct or practice in connection with . . . activity" as a broker, dealer, or investment adviser, or "in connection with the purchase or sale of any security"; and (3) imposing a bar is in the public interest. 15 U.S.C. § 78*o*(b)(4)(C), (6)(A)(iii). Section 203(f) of the Advisers Act permits the Commission to impose a collateral bar based on similar findings in the case of an investment adviser or a person associated with or seeking to become associated with an investment adviser. 15 U.S.C. § 80b-3(e)(4), (f).

The first factor under both sections is met in this case. Taylor acted as an investment adviser. OIP at 2. He also acted as a broker. This latter fact is evident from the fact that Taylor effected securities trades of others when he traded the funds invested in GTI and Gibraltar and that he effected securities transactions through individual investors' online brokerage accounts. Ex. 10 at 19. He also encouraged others to buy or sell securities issued by GTI or Gibraltar. OIP at 2. He therefore acted as a broker.[4] *See* 15 U.S.C. § 78c(a)(4) (defining the term broker as one "engaged in the business of effecting transactions in securities for the account of others"); *David F. Bandimere*, 2015 SEC LEXIS 4472, at *28-29 (discussing relevant factors).

The second factor is also met. In the context of his involvement with GTI and Gibraltar, the district court enjoined Taylor from violating Sections 5(a), 5(c), and 17(a) of the Securities Act, Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Section 206(1), (2), and (4) of the Advisers Act and Rule 206(4)-8 thereunder. It thus enjoined him "from engaging in or continuing any conduct or practice in connection with [his] activity" as a broker and investment adviser. *See* 15 U.S.C. §§ 78*o*(b)(4)(C), (6)(A)(iii), 80b-3(e)(4), (f).

With respect to the third factor, whether imposition of a collateral bar would be in the public interest, I must consider the public interest factors set forth in *Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979), *aff'd on other grounds*, 450 U.S. 91 (1981). *See Toby G. Scammell*, 2014 SEC LEXIS 4193, at *23. The public interest factors include:

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[3] A collateral bar, or "industry-wide bar," is a bar that prevents an individual from participating in the securities industry in capacities in addition to those in which the person was participating at the time of his or her misconduct. *See Toby G. Scammell*, Advisers Act Release No. 3961, 2014 SEC LEXIS 4193, at *1 & n.1 (Oct. 29, 2014).

[4] Though Taylor was not registered as a broker or associated with one, OIP at 2, "[a] person who acts as an unregistered broker-dealer is 'associated' with a broker-dealer for the purposes of Section 15(b)." *Gary L. McDuff*, Exchange Act Release No. 74803, 2015 SEC LEXIS 1657, at *2 n.2 (Apr. 23, 2015); *see also David F. Bandimere*, Securities Act Release No. 9972, 2015 SEC LEXIS 4472, at *98 (Oct. 29, 2015) ("Bandimere's status as an unregistered broker is . . . no impediment to our action here.").

> the egregiousness of the [respondent]'s actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the [respondent]'s assurances against future violations, the [respondent]'s recognition of the wrongful nature of his conduct, and the likelihood that the [respondent]'s occupation will present opportunities for future violations.

Steadman, 603 F.2d at 1140 (quoting *SEC v. Blatt*, 583 F.2d 1325, 1334 n.29 (5th Cir. 1978)). Other relevant factors include the degree of harm resulting from the violation[5] and the deterrent effect of administrative sanctions.[6] The public interest "inquiry is flexible[] and no single factor is dispositive." *David F. Bandimere*, 2015 SEC LEXIS 4472, at *109.

Before imposing an industry-wide bar, an administrative law judge must determine, based on the evidence presented, "whether such a remedy is necessary or appropriate to protect investors and markets." *Ross Mandell*, Exchange Act Release No. 71668, 2014 SEC LEXIS 849, at *7-8 (Mar. 7, 2014). I must therefore "'review [Taylor's] case on its own facts' to make findings regarding [his] fitness to participate in the industry in the barred capacities." *Id.* at *7-8 (quoting *McCarthy v. SEC*, 406 F.3d 179, 188 (2d Cir. 2005)). A decision to impose an industry-wide bar "should be grounded in specific 'findings regarding the protective interests to be served' by barring the respondent and the 'risk of future misconduct.'" *Id.* at *8 (quoting *McCarthy*, 406 F.3d at 189-90); *see John W. Lawton*, Advisers Act Release No. 3513, 2012 SEC LEXIS 3855, at *34-35 (Dec. 13, 2012).

Because "[t]he securities industry presents a great many opportunities for abuse and overreaching," it "depends very heavily on the integrity of its participants." *Bruce Paul*, Exchange Act Release No. 21789, 1985 SEC LEXIS 2094, at *6 (Feb. 26, 1985). As a result, "conduct that violates the antifraud provisions of the federal securities laws" should be "'subject to the severest of sanctions.'" *Daniel Imperato*, 2015 SEC LEXIS 1377 at *17 (quoting *Chris G. Gunderson*, Exchange Act Release No. 61234, 2009 SEC LEXIS 4322, at *21 (Dec. 23, 2009)).

The public interest supports imposing a full collateral bar and a penny stock bar. As an initial matter, "absent extraordinary mitigating circumstances" not presented here, a person like Taylor, "who has been convicted of securities fraud[,] cannot be permitted to remain in the securities industry." *Charles Trento*, Securities Act Release No. 8391, 2004 SEC LEXIS 389, at *11 (Feb. 23, 2004). Moreover, through his actions and failure to accept responsibility for the harm he caused, Taylor has shown that he is undeserving of being permitted to work in the securities industry.

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[5] *KPMG Peat Marwick LLP*, Exchange Act Release No. 43862, 2001 SEC LEXIS 98, at *100 (Jan. 19, 2001), *pet. denied*, 289 F.3d 109 (D.C. Cir. 2002).

[6] *Schield Mgmt. Co.*, Exchange Act Release No. 53201, 2006 SEC LEXIS 195, at *35 & n.46 (Jan. 31, 2006); *see Guy P. Riordan*, Securities Act Release No. 9085, 2009 SEC LEXIS 4166, at *81 & n.107 (Dec. 11, 2009) *pet. denied*, 627 F.3d 1230 (D.C. Cir. 2010).

Taylor's conduct was egregious. It involved an on-going fraud that lasted over a number of years. Using his own false and misleading statements, Taylor enticed over 100 investors to invest over $20 million, which was lost.

Taylor's investors thought they were investing in a safe investment vehicle with a solid track record. In fact, to the extent Taylor had an investment strategy, his strategy was "incredibly" risky and had been entirely unsuccessful.

And Taylor preyed on vulnerable victims. He defrauded elderly victims, charitable organizations, and houses of worship. Ex. 4(d) at 67-68, 111. While Taylor's victims suffered foreclosures and tax liens and were forced to look for new jobs after losing all of their retirement savings, he was able to profit "handsome[ly]." *Id*. at 110. The need to "protect investors and markets," *Ross Mandell*, 2014 SEC LEXIS 849, at *7-8, thus weighs heavily against allowing Taylor to remain in the securities industry.

Additionally, because Taylor acted as an investment adviser, he owed his victims a fiduciary duty. *See Transamerica Mortg. Advisors, Inc. v. Lewis*, 444 U.S. 11, 17 (1979); *James C. Dawson*, Advisers Act Release No. 3057, 2010 SEC LEXIS 2561, at *8 (July 23, 2010). Taylor, however, did not honor that duty and instead perpetrated a fraud causing his victims serious harm. The fact that Taylor violated his fiduciary duty additionally shows that his conduct is egregious and that he is not suited to remain in the securities industry. *See Alfred Clay Ludlum, III*, Advisers Act Release No. 3628, 2013 SEC LEXIS 2024, at *26-28 (July 11, 2013); *James C. Dawson*, 2010 SEC LEXIS 2561 at *8, 15-16.

Taylor's violations were recurrent and were not isolated. As the district court held during Taylor's sentencing hearing, his misconduct was "ongoing . . . continuous . . . sustained[, and] . . . repeated," occurring "month after month[,] . . . year after year for years." Ex. 4(e) at 110. And Taylor's fraud involved over 100 victims.

Taylor acted with scienter. Because he had no basis for making the statements he made to investors, he necessarily knew he was lying when he made them. Taylor thus knew that (1) investments in GTI and Gibraltar were not insured against loss; (2) neither GTI nor Gibraltar maintained a reserve to protect against loss; (3) neither GTI nor Gibraltar used a covered-call strategy to protect against loss; (4) investments were not FDIC insured; and (5) neither GTI nor Gibraltar had years of success as demonstrated by a history of paying interest to investors. The fact Taylor was willing to lie to hundreds of investors over a period of several years shows that he is especially ill-suited to remain in the securities industry.

Taylor has made no assurances against future violations. He has also not shown that he recognizes the wrongful nature of his conduct. To the contrary, during his sentencing hearing, Taylor denied that he did anything wrong and said that he "tried to help" his victims. Ex. 4(d) at 98; *see id*. at 102 ("I've never done anything in my whole life [that is] criminal"). He also attempted to shift blame for his actions by attributing his millions in losses to "bad management" and "bad bookkeeping." *Id*. at 100. But because Taylor ran GTI and Gibraltar, these statements amount to no excuse at all. Taylor's attitude therefore shows that if given the opportunity, he would likely engage in similar conduct in the future.

As to the question of whether it is likely that Taylor's occupation will present opportunities for future violations, the Commission has held that "the existence of a violation raises an inference that" the acts in question will recur. *Tzemach David Netzer Korem*, Exchange Act Release No. 70044, 2013 SEC LEXIS 2155, at *23 n.50 (July 26, 2013) (quoting *Geiger v. SEC*, 363 F.3d 481, 489 (D.C. Cir. 2004)). Taylor's occupation would plainly "present[] opportunities for future illegal conduct in the securities industry." *John W. Lawton*, 2012 SEC LEXIS 3855, at *43. In combination with Taylor's failure to recognize the harm he caused and the wrongfulness of his actions, this factor shows that the Commission's interest in protecting the investing public weighs heavily in favor of a collateral bar. *Cf. Charles Trento*, 2004 SEC LEXIS 389, at *12 ("There can be little doubt that Trento's egregious misconduct over a more than three-year period carries with it the risk that it may be repeated after he completes his sentence.").

Finally, imposing a full collateral bar will serve as a general and specific deterrent.[7] It will deter Taylor and will further the Commission's interest in deterring others from engaging in similar misconduct.

Given the foregoing, I find that it is in the public interest to impose a full collateral bar and penny stock bar against Taylor.[8]

Order

Under the authority in Rule 250(b) of the Securities and Exchange Commission's Rules of Practice, the Division of Enforcement's motion for summary disposition is GRANTED.

Under Section 15(b) of the Securities Exchange Act of 1934, and Section 203(f) of the Investment Advisers Act of 1940, Garfield M. Taylor is permanently BARRED from associating with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

Under Section 15(b) of the Securities Exchange Act of 1934, Garfield M. Taylor is permanently BARRED from participating in an offering of penny stock, including acting as a

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[7] While general deterrence is not determinative of whether the public interest weighs in favor of imposing an industry bar, it is a relevant consideration. *See Peter Siris*, Exchange Act Release No. 71068, 2013 SEC LEXIS 3924, at *48 n.72 (Dec. 12, 2013), *pet. denied*, 773 F.3d 89 (D.C. Cir. 2014); *see also PAZ Sec., Inc. v. SEC*, 494 F.3d 1059, 1066 (D.C. Cir. 2007); *Guy P. Riordan*, 2009 SEC LEXIS 4166, *81 & n.107.

[8] The imposition of a full collateral bar is not impermissibly retroactive because a portion of the misconduct for which Taylor was enjoined occurred after July 22, 2010, the effective date of the Dodd-Frank Wall Street Reform and Consumer Protection Act. *See* Ex. 4(c) at 2; Pub. L. No. 111-203, §§ 4, 925(a), 124 Stat. 1376, 1390, 1850-51 (2010); *Koch v. SEC*, 793 F.3d 147, 157-58 (D.C. Cir. 2015) (holding that the Commission cannot apply Dodd-Frank to bar a respondent from associating with municipal advisors and rating organizations based on conduct predating Dodd-Frank, because such an application is impermissibly retroactive).

promoter, finder, consultant, agent, or other person who engages in activities with a broker, dealer, or issuer for purposes of the issuance of trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

This initial decision shall become effective in accordance with and subject to the provisions of Rule 360. *See* 17 C.F.R. § 201.360. Under 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. *See* 17 C.F.R. § 201.111. If a motion to correct a manifest error of fact is filed by a party, then a 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 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 occurs, the initial decision shall not become final as to that party.

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James E. Grimes
Administrative Law Judge