

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 5106 / February 1, 2019**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18981**

**In the Matter of**

**KENNETH GRACE,**

**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 Kenneth Grace (“Grace” 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 paragraphs III.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 Finding, 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. Grace was the sole owner and manager of Goldsky Asset Management, LLC ("Goldsky"), an investment adviser registered with the Commission from September 2016 through August 2018. Grace, 53 years old, is a resident of Kingscliff, New South Wales, Australia.

2. On January 2, 2019, a final judgment was entered by consent against Respondent Grace, permanently enjoining him from future violations of Sections 206(4) and 207 of the Advisers Act, and Rule 206-4(8) issued thereunder, in the civil action entitled Securities and Exchange Commission v. Goldsky Asset Management, LLC, et al., No. 18 Civ. 8870, in the United States District Court for the Southern District of New York.

3. The Commission's complaint alleged that, while acting as an investment adviser, Grace employed acts, practices, and courses of business which were fraudulent, deceptive, or manipulative, and made untrue statement of material facts and omitted to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, to any investor or prospective investor in a pooled investment vehicle, including false statements about Goldsky's relationship with purported service providers it had engaged to perform services, and about the size of Goldsky's then-current assets under management. The complaint also alleged that Grace made some of the foregoing false statements in filings with the Commission.

### IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Grace 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 two years to the appropriate self-regulatory organization, or if there is none, to the Commission;

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, the satisfaction of any or all of the following: (a) any monetary judgment ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) 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 (d) 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.

Brent J. Fields  
Secretary