

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 5850 / September 7, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20527

In the Matter of

DOUGLAS E. ELSTUN,

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 Douglas E. Elstun (“Elstun” 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 paragraph 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 Findings, 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. Respondent Elstun, age 52, is a resident of Lenexa, Kansas. Since at least 2013 until 2019, Elstun owned at least 75% of investment adviser Crossroads Financial Management, Inc. ("CFM"). During this time, Elstun functioned as an investment advisory representative ("IAR") and served as CFM's Investment Manager and Chief Compliance Officer. CFM and its predecessor entities have been registered with the Commission as an investment adviser since March 2006 and CFM terminated its registration as of August 23, 2019.

2. On August 31, 2021, a final judgment was entered by consent against Elstun, permanently enjoining him from future violations of Sections 206(1) and 206(2) of the Advisers Act and from aiding and abetting violations of Sections 204(a) and 206(4) of the Advisers Act and Rules 204-2(a)(10), 206(4)-2, 206(4)-3, and 206(4)-7 thereunder, in the civil action entitled Securities and Exchange Commission v. Douglas E. Elstun, Case 4:21-cv-00206-BCW, in the United States District Court for the Western District of Missouri, Western Division.

3. The Commission's complaint alleges, among other things, that Elstun, an investment adviser and formerly the owner of the investment advisory firm CFM, owed his clients a fiduciary duty to act in their best interest and to fully disclose all material facts to them. In breach of this duty, the complaint alleges that Elstun (1) charged certain professional athlete clients higher advisory fees than what they had agreed upon, furthering his fraud by directing his CFM administrative staff employees to fabricate advisory agreements with phony fee percentages, which he then produced to the SEC staff, (2) misled advisory clients about his trading in high-risk, daily leveraged and/or inverse Exchange Traded Funds, and (3) made unsuitable investments for advisory clients.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Elstun 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 five (5) 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, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award

related to the conduct that served as the basis for the Commission order; (d) 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 (e) 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.

Vanessa A. Countryman
Secretary