

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 4154 / August 4, 2015

INVESTMENT COMPANY ACT OF 1940
Release No. 31737 / August 4, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16714

In the Matter of

**Gold Mountain Management,
LLC and Gregory Bied,**

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTIONS 203(f) AND 203(k)
OF THE INVESTMENT ADVISERS ACT OF
1940 AND SECTION 9(b) OF THE
INVESTMENT COMPANY ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that (1) public cease-and-desist proceedings be, and hereby are, instituted against Gold Mountain, LLC (“Gold Mountain”) and Gregory Bied (“Bied”) (collectively “Respondents”), pursuant to Section 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) and (2) a public administrative proceeding be, and hereby is, instituted against Bied, pursuant to Section 203(f) of the Advisers Act and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”).

II.

In anticipation of the institution of these proceedings, Respondents have 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 them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to

Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offer, the Commission finds that:

Summary

These proceedings arise from fraudulent misrepresentations made by Respondents to investors in Del Rey Management, LP (“Del Rey”), a hedge fund managed by Respondent Gold Mountain, an investment adviser formerly registered with the Idaho Department of Finance. Respondents falsely told Del Rey investors in quarterly reports that the fund was achieving positive returns from 2012 through mid-2014, when the fund ended operations. In fact, Del Rey had lost approximately 75 percent of its value over that time.

Respondents

1. Gregory Bied, age 51, resides in Boise, Idaho. He is the founder of Gold Mountain, an investment adviser that was registered with the Idaho Department of Finance until April 2015, and Del Rey, a hedge fund that invested in a wide range of securities, including stock, options, and warrants. Gold Mountain is the general partner of and investment adviser to Del Rey, and Bied is Gold Mountain’s sole principal and control person. In 2010, Bied consented to an order by the Commission finding that he and his business partner violated Rule 105 of Regulation M in connection with short sales made through the previous general partner of Del Rey. *See In the Matter of AGB Partners, LLC*, AP File No. 3-13764 (Jan. 26, 2010).

2. Gold Mountain Management, LLC is a Delaware limited liability company that Bied formed in June 2009. Gold Mountain’s principal place of business is Boise, Idaho. Gold Mountain was registered as an investment adviser with the Idaho Department of Finance until April 20, 2015 when its registration was terminated at its request. Gold Mountain is the general partner of Del Rey, and Bied is Gold Mountain’s sole principal and control person.

Other Relevant Entity

3. Del Rey Management, LP is a Delaware limited partnership formed by Bied in November 2002 with its principal place of business in Boise, Idaho. Del Rey is not registered with the Commission in any capacity. Del Rey invested in a wide range of securities, including stock, options, and warrants. Del Rey ceased operations in April 2014 and has distributed all of its assets to its 18 investors.

Background

4. Beginning in 2004, Bied, through the prior manager of Del Rey, solicited investors, including his friends and acquaintances, to invest in the fund through the sale of limited partnership interests. Bied told investors that Del Rey would invest in a wide range of securities, including stock, options, and warrants, in companies determined to be “value” companies by the manager. Bied represented that the manager would hedge risk in Del Rey’s portfolio by engaging in short sales and making investments in certain index options. The offering documents disclosed that the manager of Del Rey was entitled to an annual management fee of 1.5% of the assets under management. All investor funds were pooled in a single brokerage account.

5. Del Rey was profitable from 2004 until 2007, and, after losing money in 2008, again in 2009 and 2010. Del Rey continued to raise additional investor funds until it reached a peak value of approximately \$16.4 million at the beginning of 2009, when it had 21 investors. In 2009, Gold Mountain became the manager of Del Rey. Bied, through Gold Mountain, continued to raise money from investors after 2009. Bied mailed investors quarterly reports that stated the balance of their investment in the fund and the return the fund achieved for the quarter. In 2011, however, the fund lost nearly 25 percent of its value. Bied and Gold Mountain disclosed Del Rey’s losses in 2011 to investors through the quarterly reports. Del Rey did not take on any new investors or investments after 2011.

6. By the beginning of 2012, Del Rey had a total of 18 investors in five states and held approximately \$9.5 million in assets. Del Rey continued to suffer losses through 2012, 2013, and the beginning of 2014. During that time, Bied’s and Gold Mountain’s trades caused Del Rey to lose approximately 75 percent on its investments. However, Bied and Gold Mountain mailed Del Rey investors quarterly reports misrepresenting that the fund was achieving positive returns. For example, the quarterly report for the fourth quarter of 2012 stated that the fund achieved a gain of approximately 13 percent for the year. In fact, Del Rey suffered a loss of more than 20 percent in 2012. In total, Bied and Gold Mountain provided seven quarterly reports that falsely reported positive performance for the fund (all four quarters of 2012 and the first three quarters of 2013). Bied also provided Del Rey’s accountants with false valuations of certain Del Rey holdings in the spring of 2013 to support the false 2012 performance numbers.

7. By April 2014, Del Rey held only approximately \$2.4 million in assets and Bied decided to cease operations of the fund. Bied wrote a letter to all Del Rey investors informing them that he was closing the fund and that the fund “sustained substantial trading losses [that] were not accurately reported ... in quarterly reports and other correspondence.” He also wrote to one investor to apologize for “mistakenly attempt[ing] to make the money back rather than be forthcoming and tell everyone about the losses.”

8. Although they received a management fee from Del Rey for the years 2009 through 2011 and continued to be entitled to a management fee from 2012 to 2014, neither Bied nor Gold Mountain took a management fee or obtained any form of compensation from Del Rey or Del Rey investors for 2012, 2013 and 2014.

Violations

9. As a result of the conduct described above, Respondents acted as investment advisers to a pooled investment vehicle, Del Rey, and Bied willfully violated, and Gold Mountain violated, Section 206(4) of the Advisers Act and Rule 206(4)-8 promulgated thereunder, which prohibit making an untrue statement of a material fact or omitting any material fact to any investor or prospective investor in a pooled investment vehicle and engaging in any act, practice, or course of business that is fraudulent or deceptive with respect to any investor or prospective investor in the pooled investment vehicle.

IV.

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

Accordingly, pursuant to Sections 203(f) and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondents cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-8 promulgated thereunder.

B. Respondent Bied 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; and

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter.

C. Any reapplication for association by the Respondent Bied 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 disgorgement ordered against Respondent Bied, 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.

D. Respondents shall, within 10 days of the entry of this Order, pay, jointly and severally, a civil money penalty in the amount of \$200,000.00 to the Securities and Exchange

Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Bied and Gold Mountain as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Erin E. Schneider, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 44 Montgomery St., Suite 2800, San Francisco, CA 94104-4802.

E. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the civil money penalties referenced in paragraph D above. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondents, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary