

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 4213 / September 30, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16878

In the Matter of

JAMES GOODLAND, AND
SECURUS WEALTH
MANAGEMENT, LLC

Respondents.

ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 203(e), 203(f)
AND 203(k) OF THE INVESTMENT
ADVISERS 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 public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), against James Goodland (“Goodland”) and Securus Wealth Management, LLC (“Securus”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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(e), 203(f) and 203(k) of the Advisers Act, 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 the Respondents' Offers, the Commission finds¹ that:

Summary

From January 2010 through July 2013, Securus, an investment adviser registered with the Commission, and Goodland, its President and Chief Compliance Officer, failed reasonably to supervise Howard Richards ("Richards"), an investment advisory representative associated with Securus whom Goodland directly supervised. Securus and Goodland also failed to adopt and implement an adequate system of internal controls with a view toward preventing and detecting violations of the Advisers Act.

During this period, Richards engaged in a manipulative scheme to support the market price of the common stock of Gatekeeper USA, Inc. ("Gatekeeper") to help Gatekeeper obtain financing. Gatekeeper was a start-up company whose stock was thinly-traded on the over-the-counter grey market under the symbol GTKP. Richards caused his clients to invest over \$1 million in shares of Gatekeeper stock during this period. This trading was unusual for Securus, whose primary business involved investing in mutual funds on behalf of its clients. In furtherance of his scheme, Richards sent numerous emails from his Securus email account to an insider at Gatekeeper in which he discussed his scheme. In addition, Richards failed to disclose significant conflicts of interest to his advisory clients arising from his personal ownership of Gatekeeper shares and his close involvement with the company. Through these activities, Richards willfully violated the antifraud provisions of the Exchange Act and willfully aided and abetted and caused Securus' violations of the Advisers Act.

Securus failed reasonably to implement required policies and procedures for e-mail review and failed to develop reasonable policies and procedures to monitor trades for potential market manipulation. In addition, Securus failed to develop and implement reasonable policies, procedures or systems to monitor conflicts of interest and ensure that conflicts were fully disclosed to clients. Goodland failed adequately to respond to red flags concerning Richards' conflicts of interest, his unusual trading in client accounts and his numerous emails with a Gatekeeper insider. In particular, Goodland failed to complete required email reviews or adequately monitor Richards' trading in Gatekeeper stock.

Respondents

1. James Goodland, age 48, is a resident of Maple Grove, Minnesota. Goodland, who formed Securus in November 2000, has been its owner and President since its inception and was its Chief Compliance Officer through approximately December 2013. During all relevant times, Goodland has also been associated with a broker-dealer registered with the Commission and has held the following FINRA licenses: General Securities Representative (Series 7), General Securities Principal (Series 24) and Uniform Securities Agent State Law (Series 63).

¹ The findings herein are made pursuant to Respondents' Offers and are not binding on any other person or entity in this or any other proceeding.

2. Securus Asset Management, LLC is a Minnesota limited liability company with its principal place of business in Plymouth, Minnesota. It has been registered with the Commission as an investment adviser since January 2006. In June 2013, Securus had \$175 million in assets under management, 600 clients and eight representatives. Since then, Securus has been reduced to essentially one representative, Goodland, whose clients' assets total less than \$80 million.

Other Relevant Person and Entity

3. Howard Richards, age 64, is a resident of Mound, Minnesota. He was an advisory representative associated with Securus from January 2001 through June 2015, and was also a registered representative associated with registered broker-dealers during the same period. Goodland was Richards' direct supervisor.

4. Gatekeeper USA, Inc. is a Nevada corporation, located in Lexington Park, Maryland. It is a start-up business with no revenue and holds a license to market and sell a container security monitoring device. Gatekeeper's stock trades on the over-the-counter grey market under the symbol GTKP and is not registered with the Commission.

Facts

Background

5. Richards joined Securus as an advisory representative in January 2001, and had approximately 250 clients during the period of 2010 through 2013. Securus' and Richards' clients were mostly individuals.

6. During this period, Securus' advisory representatives, including Richards, invested approximately 98% of clients' assets in mutual funds. They rarely purchased individual stocks and bonds for clients.

7. Gatekeeper was formed as a result of a reverse merger with a grey market, non-reporting company on November 28, 2007. Around that time, Gatekeeper also acquired a license from a private company to market and sell a product called the Container Automated Monitoring System ("CAMS"), a container security monitoring device for cargo in the shipping industry. The CAMS device was a prototype and was never sold to anyone. Gatekeeper was a start-up company with no revenue. The purpose of its business was to market and sell the CAMS device.

8. From 2008 through 2009, Richards bought approximately 113,000 shares of Gatekeeper stock for a total of approximately \$200,000 in the over-the-counter grey market, and also bought Gatekeeper shares privately. During the same period, Richards caused his clients to buy approximately 473,000 shares of Gatekeeper for a total of approximately \$900,000. Richards and his clients thus became significant shareholders of Gatekeeper.

Richards' Misconduct

9. From January 2010 through July 2013 (“the relevant period”), Gatekeeper sought \$10 to \$20 million in financing through investment bankers to develop, manufacture and sell the CAMS device. Gatekeeper, however, ultimately was not successful and did not receive any financing. During this period, Richards frequently used his Securus email account and telephone to communicate with Gatekeeper’s vice president of finance about the status of the financing efforts and learned that substantial anticipated Gatekeeper financing was dependent upon sustaining a sufficient market price for Gatekeeper stock.

10. During the relevant period, Richards engaged in a manipulative scheme in which he used his clients’ accounts to support the market price of Gatekeeper. Richards bought Gatekeeper shares in client accounts on a discretionary basis in order to prevent the price of Gatekeeper’s stock from declining when he observed sales pressure in the market, and to drive up the price. Richards caused 97 of his clients to pay a total of approximately \$1.1 million for approximately 550,000 Gatekeeper shares during this period. Richards planned to personally profit and generate gains for his clients by selling Gatekeeper shares after Gatekeeper obtained sufficient financing to execute its business plans for the CAMS device.

11. During the relevant period, Richards frequently marked the close and executed the last transaction in Gatekeeper stock on the days that he traded. “Marking the close” involves placing orders at or near the close of market trading to artificially affect the closing price of a security.

12. During the relevant period, Richards also prevented sales of Gatekeeper shares that could place downward pressure on the market price. He determined the sources of selling pressure by tracking who held the public float in a spreadsheet he created from transfer agent records and by communicating with shareholders by phone and email. Richards repeatedly asked clients and other shareholders to not sell any Gatekeeper stock.

13. During the relevant period, when Richards could not prevent sales of Gatekeeper stock by his clients, he placed simultaneous orders for other clients to buy the same or greater amount of shares when he placed the sale orders. Richards did this to prevent a decline in the market price of Gatekeeper.

14. During the relevant period, Richards often transmitted positive information about the status of Gatekeeper’s financing to a non-client investor (“Investor A”) and caused Investor A to buy Gatekeeper shares during particular time periods. Investor A paid approximately \$188,000 for 56,000 shares of Gatekeeper stock during this period.

15. During the relevant period, Richards sent numerous emails from his email account at Securus to Gatekeeper’s vice president of finance in which he described how his trading in his clients’ accounts, along with trading of Investor A, increased the reported closing price of Gatekeeper. Richards also discussed his efforts to prevent clients from selling Gatekeeper stock, and his practice of placing simultaneous client buy orders along with client sales orders in these emails.

16. During the relevant period, Richards' clients' trading in Gatekeeper stock accounted for at least 38% of the Gatekeeper stock market volume, and at least 42% together with Investor A.

17. During the relevant period, Richards' clients and Investor A paid a median of \$.35 per share higher than the immediately preceding price for Gatekeeper stock paid by other traders. At times, Richards' clients paid up to 100% more for their shares of Gatekeeper stock than the immediately preceding traders paid. Richards documented the volume and amounts paid for shares of Gatekeeper stock on behalf of his clients in frequent emails to Gatekeeper's vice president of finance.

18. During the relevant period, the prices paid by Richards' clients and Investor A were frequently reported as the closing price for Gatekeeper. Trades of Richards' clients and Investor A were the last trades reported to the market on 197 days, or 85%, of the 233 days they traded. On at least 50 days, the trades of Richards' clients marked the close within the last 15 minutes of the trading day.

19. During the relevant period, Richards made material misrepresentations to clients about the market for Gatekeeper stock. For example, in a January 2011 letter that he mailed to clients explaining why Gatekeeper's stock price had fallen to \$1 "after it had been around \$3 for months," Richards stated that Gatekeeper stock traded in low volumes on the Pink Sheets (though it actually traded on the riskier grey market), that the over-the-counter market was a "target" for "stock manipulators" and that "in spite of orders to buy and sell at the market" a naked short seller "bypassed the normal order flow and forced an artificial close." Richards misleadingly suggested that there was true market demand for Gatekeeper stock at a higher price, while he failed to disclose that his buying in client accounts dominated the market for Gatekeeper stock. Richards also omitted to disclose his own manipulative trading that increased the reported share price. Richards' later correspondence with his clients continued to omit to disclose that his trading in their accounts was supporting the market price for Gatekeeper's stock.

20. Richards also failed to disclose his personal conflicts of interest in buying Gatekeeper stock for his clients. Among other things, Richards did not disclose his personal holdings of Gatekeeper stock to his clients until August 2010. Richards also failed to disclose to his clients that he had loaned approximately \$141,000 to Gatekeeper's officers and the developer of the CAMS device, that he paid at least \$57,000 towards Gatekeeper's expenses and insurance premiums, and that he had edited and provided content for Gatekeeper's communications with shareholders.

Red Flags Concerning Richards' Conduct

21. During the relevant period, Goodland was responsible for reviewing, approving and implementing Securus' compliance policies and procedures. As part of his supervisory responsibilities as Richards' direct supervisor, Goodland held bi-weekly meetings with Richards and other advisory representatives who were part of an investment committee to discuss client investments and compliance issues.

22. Richards told Goodland during the bi-weekly meetings that he personally owned Gatekeeper shares and was "building positions" in Gatekeeper stock in client portfolios on a discretionary basis. Goodland knew that Gatekeeper was a grey market stock, and that Richards' purchases of Gatekeeper stock were outside of Securus' normal investment strategies for its clients.

23. Richards provided Goodland with updates on the status of the Gatekeeper financing efforts. Goodland was aware that Richards obtained this information from Gatekeeper's vice president of finance.

Inadequate Email Reviews

24. Goodland, failed to adequately review Richards' emails. Even though Securus' written policies and procedures required monthly email monitoring and Securus provided Goodland with access to an email system and flagged emails for his review, Goodland did not review the flagged emails between 2010 and 2012. Instead, Goodland randomly selected and reviewed approximately 50 client emails about 7 or 8 times during the year, without focusing on any particular issues or documenting his review.

25. Even after Goodland received notifications in January and February 2013 that Securus had outstanding emails that had not been reviewed in the email system, Goodland did not personally review the emails and instead, delegated the review to another employee who reported to Goodland and was not a supervisor.

26. The email system flagged some emails between Richards and Gatekeeper's vice-president of finance about Gatekeeper's financing efforts, though it did not flag emails in which Richards discussed his manipulative trading of Gatekeeper stock in client accounts. Had Goodland timely and properly reviewed the flagged Gatekeeper emails, he likely would have recognized Richards' ongoing communications with a corporate officer about financing efforts as additional red flags and implemented additional oversight. If Goodland had conducted a heightened review of Richards' other emails concerning Gatekeeper, he likely would have detected Richards' manipulative tactics and prevented further violations.

27. Securus failed reasonably to implement its e-mail review policies and procedures to address whether supervisors were conducting e-mail review.

Securus Lacked Compliance Procedures for Conflicts of Interest

28. Securus' written compliance policies acknowledged that it had a duty as an investment advisor to "eliminate conflicts of interest, whether actual or potential, or make full and fair disclosure of all material facts of any conflicts so a client, or prospective client, may make an informed decision in each particular instance." Securus, however, had no policies or procedures requiring its representatives to disclose conflicts of interest to the firm or for the firm to perform any additional procedures to ensure that conflicts of interest were disclosed to clients. Rather, Securus relied upon Richards' voluntary disclosure of his ownership of Gatekeeper shares and took no additional actions. Securus and Goodland were not aware of Richards' other significant conflicts of interest and took no steps to determine whether Richards disclosed all material facts of his conflicts of interest to his clients before buying Gatekeeper shares for them.

Failure to monitor Richards' Gatekeeper trading in client accounts

29. After permitting Richards to continue trading Gatekeeper stock despite a known conflict of interest and the unusual nature of discretionary trading in a grey market stock for the firm's clients, Goodland did not adequately monitor Richards' repeated purchases of Gatekeeper stock in client accounts. Goodland did not implement any heightened procedures to monitor Richards' trading of Gatekeeper. Goodland reviewed trading in client accounts periodically, but focused on Gatekeeper transactions only when they were highlighted for closer review by trading compliance software that flagged trades automatically based on client suitability and concentration criteria. Securus had no policies or procedures to detect and prevent manipulative trading such as the tactics employed by Richards.

30. The only time Goodland conducted a review focusing on Gatekeeper trading was in July 2013, after Goodland learned that a client had complained about Richards' purchases of Gatekeeper stock. Goodland then calculated the percentage of public float owned by all of Richards clients and instructed Richards to not buy any more Gatekeeper shares without his prior approval.

31. After Richards stopped buying Gatekeeper stock for his clients, the price fell from \$.80 per share to a range of \$.15 to \$.45 per share by early October 2013.

Violations

32. Section 203(e)(6) of the Advisers Act provides for the imposition of a sanction against an investment adviser who has failed reasonably to supervise, with a view to preventing violations of the securities laws, another person who commits such a violation, if such other person is subject to its supervision. Section 203(f) of the Advisers Act incorporates by reference Section 203(e)(6) and provides for the imposition of sanctions against persons associated with an investment adviser. As a result of the conduct described above, Securus and Goodland failed reasonably to supervise Richards with a view to detecting and preventing his violations of securities laws.

33. As a result of the conduct described above, Securus willfully violated and Goodland willfully aided and abetted and caused Securus' violations of Section 206(4) and Rule 206(4)-7 of the Advisers Act, which require, among other things, that a registered investment adviser adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules.

IV.

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

Accordingly, pursuant to Sections 203(e), 203(f) and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. Respondent Goodland and Respondent Securus cease and desist from committing or causing any violations and any future violations of Section 206(4) and Rule 206(4)-7 of the Advisers Act.

B. Respondent Securus is censured;

C. Respondent Goodland be, and hereby is:

barred from association in a supervisory capacity or compliance capacity with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

D. Any reapplication for association by Respondent Goodland 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 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.

E. Respondent Goodland shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$30,000 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) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

- (2) Respondent 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) Respondent 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 Goodland as a Respondent 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 Anne C. McKinley, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, 175 W. Jackson, Suite 900, Chicago, IL, 60604.

F. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement, interest and civil penalties referenced in paragraph E. above. Additionally, such civil money penalty may also be distributed by the fair fund established in In the Matter of Howard Richards, AP File No. 3-16877. 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 he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Goodland's 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 Respondent(s) 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 Respondent Goodland, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Goodland 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 Respondent Goodland 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