

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940

Release no. 5689 / February 24, 2021

**ORDER DENYING A REQUEST FOR HEARING AND CANCELLING THE
REGISTRATION OF AN INVESTMENT ADVISER PURSUANT TO SECTION 203(h) OF
THE INVESTMENT ADVISERS ACT OF 1940**

Strategic Options, LLC [File No. 801-106576], hereinafter referred to as the “registrant,” is registered as an investment adviser pursuant to section 203 of the Investment Advisers Act of 1940 (the “Act”).

On May 18, 2020, the Division of Investment Management (“Division”), for the Securities and Exchange Commission (“Commission”) pursuant to delegated authority, issued a notice of intention (the “Notice”) to cancel the registration of the registrant, because the Commission believed that reasonable grounds existed for a finding that the registrant is no longer eligible to be registered with the Commission as an investment adviser and that the registration should be cancelled pursuant to section 203(h) of the Act.¹ Section 203(h) provides, in pertinent part, that if the Commission finds that any person registered under section 203, or who has pending an application for registration filed under that section, “is no longer in existence, is not engaged in business as an investment adviser, or is prohibited from registering as an investment adviser under [section 203A of the Act], the Commission shall by order cancel the registration of such person.”²

The registrant is registered with the Commission in reliance on rule 203A-2(e) under the Act, which provides an exemption from the prohibition on registration for an adviser that provides investment advice to all of its clients exclusively through the adviser’s interactive website, except that the adviser may advise fewer than 15 clients through other means during the preceding 12 months (the “internet adviser exemption”).³ The Notice stated the

¹ In the Matter of Strategic Options, LLC, Investment Advisers Act Release No. 5504 (May 18, 2020).

² 15 U.S.C. § 80b-3(h).

³ Section 203A of the Act generally prohibits an investment adviser from registering with the Commission unless it meets certain requirements. Rule 203A-2 provides exemptions from the prohibition on Commission registration in section 203A of the Act. Rule 203A-2(e) exempts from the prohibition on Commission registration certain investment advisers that provide advisory services through the internet. *See* Exemption for Certain Investment Advisers Operating Through the Internet, Investment Advisers Act Release No. 2091 (December 12, 2002) (“Internet Adviser Exemption Adopting Release”).

Commission's belief that the registrant did not, at the time of its Form ADV filings and thereafter, advise clients through an interactive website,⁴ and that the registrant is therefore prohibited from registering as an investment adviser under section 203A of the Act.⁵ The Notice provided interested persons an opportunity to request a hearing and stated that an order cancelling the registrant's registration would be issued unless a hearing was ordered. On June 11, 2020, the registrant submitted a request for a hearing ("Hearing Request").⁶

Rule 0-5(c) under the Act provides that the Commission will order a hearing on a matter, upon the request of an interested person or upon its own motion, if it appears that a hearing is "necessary or appropriate in the public interest or for the protection of investors."⁷ The Commission has assessed each of the points raised in the Hearing Request and finds that a hearing is not necessary or appropriate in the public interest or for the protection of investors. The registrant neither cites a material issue of fact or law that would be relevant to the issues that the Act requires the Commission to consider to cancel an adviser's registration, nor raises any issues that have not already been fully considered and decided by the Commission.

Registrant's Hearing Request Cites No Material Issue of Fact or Law Relevant to Canceling an Adviser's Registration

The Commission has considered all arguments made in the Hearing Request, and finds that the Hearing Request does not cite a material issue of fact or law that would be relevant to the issues that the Act requires the Commission to consider to cancel an adviser's registration.

Effective September 19, 2011, rule 203A-2(f) was renumbered as rule 203A-2(e). *See* Rules Implementing Amendments to the Investment Advisers Act of 1940, Investment Advisers Act Release No. 3221 (June 22, 2011).

⁴ Rule 203A-2(e) defines "interactive website" as a website in which computer software-based models or applications provide investment advice to clients based on personal information provided by each client through the website. An adviser relying on the exemption may not use its advisory personnel to elaborate or expand upon the investment advice provided by its interactive website, or otherwise provide investment advice to its internet clients, except as permitted by the rule's *de minimis* exception. Such exception permits an adviser relying on the rule to advise clients through means other than its interactive website, so long as the adviser had fewer than 15 of these non-internet clients during the preceding 12 months. *See* Internet Adviser Exemption Adopting Release, *supra* footnote 3.

⁵ Notice, at 2.

⁶ On May 29 and June 1, 2020, the registrant responded to the Division staff's e-mail to the registrant dated May 18, 2020 providing a copy of the Cancellation Notice, indicating its intent to request a hearing.

⁷ 17 CFR 275.0-5(c).

First, the registrant states that it has not received the results of an examination that “took place approximately in November 2019,” and has not been “notified of any deficiencies.” We find that this assertion is not correct based on the administrative record. Specifically, the registrant has been fully informed of its deficiencies through deficiency letters issued by the Commission. The registrant also acknowledged receipt of the letters by responding to each of the deficiency letters.⁸

Second, the registrant states that the “Strategic Options website advises clients through an interactive website.” However, the registrant has not presented any evidence indicating that it has any clients. Additionally, the registrant’s disclosures to the Commission, its staff, and the public are inconsistent with this assertion. First, the registrant’s Form ADV filings made since it was first registered have disclosed that the firm does not have any clients.⁹ Second, the website disclosed in the registrant’s Form ADV provides a disclaimer that expressly indicates that it is not providing investment advisory services and is not seeking clients. Finally, the registrant in its response to the Division staff’s initial letter acknowledged that the registrant does not and did not have any clients. Based on the record before us, the Commission finds that since its registration in 2015, the registrant has not had, and currently does not have, any clients for which it provides investment advice through an interactive website.

Lastly, the registrant states that the “Strategic Options LLC website is fully interactive” and that the registrant “currently receives over 50 visitors a day.” However, the website that is provided in the registrant’s latest Form ADV filings on its face is not an interactive website.¹⁰ The website does not appear to permit the registrant to provide investment advice through the website and expressly states that “no services are rendered on th[e] website.”

In the Hearing Request, the registrant provides a hyperlink that re-directs viewers to another website (the “second website”). The second website appears to have a different domain name than the website disclosed in the registrant’s Form ADV filings, and it is not disclosed anywhere in its Form ADV filings. Additionally, this second website is unable to be accessed directly from the registrant’s website provided in its Form ADV filings. Even if this second website were to be connected to the registrant’s website disclosed in its Form ADV filings, or it were to be disclosed in the registrant’s Form ADV filings, it would not meet the definition of an interactive website as defined under rule 203A-2(e)(2). An interactive website is defined under rule 203A-2(e)(2) as a website in which computer software-based models or applications *provide investment advice to clients* based on personal information each client supplies through the

⁸ No other examination has taken place with respect to the registrant.

⁹ *See, e.g.*, Item 5 of the registrant’s Form ADV, filed on June 30, 2020. The Form ADV also indicates that it has zero assets under management. Under section 207 of the Advisers Act, it is unlawful for any person to willfully make any untrue statement of a material fact in any registration application or report filed with the Commission under section 203 or 204 of the Advisers Act.

¹⁰ *See* Adviser’s Form ADV, Schedule D.1.I., dated June 30, 2020.

website (emphasis added).¹¹ The registrant has not presented sufficient evidence indicating that it is providing investment advice to clients through this second website or any other website. As stated above, the registrant's disclosures to the staff, in its Form ADV filings, and on the website disclosed in its Form ADV filings expressly indicate that it does not have, nor is it seeking, any clients.

In addition, the registrant's assertion in its Hearing Request that it "currently receives over 50 visitors a day" does not indicate that it is providing investment advice to clients because the record provides no evidence that the visitors are in fact clients, or that the registrant is using either website to manage any of their assets and provide them investment advice. Because the registrant does not have, and did not have since its registration in 2015, any clients, the second website is not an interactive website.

Registrant's Hearing Request Raises No Issues That Have Not Been Fully Considered and Decided by the Commission

The Commission finds that registrant's Hearing Request does not raise any issues that have not previously been fully considered and decided by the Commission, and cancellation of registrant's registration is consistent with the prohibition against registration in section 203A.¹²

Based on the record before us, the Commission finds that the registrant has not had clients since its initial registration in August 2015. Accordingly, the Commission concludes that a hearing to consider such issues is unnecessary.¹³

On the basis of the foregoing, the Commission finds that the registrant has not articulated any material issue of fact or law that is relevant to the Commission's decision whether to grant the requested relief or identified any issue that has not been considered previously.¹⁴ It therefore

¹¹ 17 CFR 275.203A-2(e).

¹² The Commission in adopting rule 203A-2(e) contemplated a grace period during which an internet adviser may remain registered while its interactive website is in development and, therefore, not being used to provide investment advice to clients. Internet Adviser Exemption Adopting Release, *supra* footnote 3. However, the registrant is well beyond such grace period. *See generally* In the Matter of Ajenifuja Investments, LLC, Investment Advisers Act Release No. 5110 (February 12, 2019) (order).

¹³ The Commission does not deem it necessary to make a formal determination with respect to the status of the registrant as an "interested person" within the meaning of rule 0-5(c) under the Act inasmuch as the Commission has determined that the issues raised in the Hearing Request do not warrant a hearing.

¹⁴ The Commission's finding that registrant is prohibited from registering as an investment adviser under section 203A of the Advisers Act is without prejudice. If and when registrant meets the relevant criteria, registrant may re-apply for registration as an

appears that a hearing is not necessary or appropriate in the public interest or for the protection of investors. Accordingly,

IT IS ORDERED that the request for a hearing is denied.

The matter having been considered, it is found that the registrant is prohibited from registering as an investment adviser under section 203A of the Act because the registrant has not, and does not currently, provide investment advice to any clients through an interactive website, and has not demonstrated any other basis for eligibility to register with the Commission. Accordingly,

IT IS FURTHER ORDERED, pursuant to section 203(h) of the Act, that the registration of Strategic Options, LLC be, and hereby is, cancelled.

By the Commission.

J. Matthew DeLesDernier
Assistant Secretary

Internet adviser with the Commission by submitting a new application for registration on Form ADV.