

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4027 / February 19, 2015**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 31460 / February 19, 2015**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16390**

**In the Matter of**

**LOGICAL WEALTH  
MANAGEMENT, INC. and  
DANIEL J. GOPEN,**

**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, 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 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”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Logical Wealth Management, Inc. (“Logical Wealth”) and Daniel J. Gopen (“Gopen” collectively with Logical Wealth, “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, 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 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’ Offers, the Commission finds that:

#### **Summary**

This proceeding arises out of improper registration, compliance, and recordkeeping by Logical Wealth, an investment adviser registered with the Commission. Between 2006 and 2011, Logical Wealth overstated its assets under management in filings with the Commission, thereby creating the appearance that it qualified for registration with the Commission when it did not. In June 2012, Logical Wealth falsely represented that its principal office and principal place of business was in Wyoming, a state that does not regulate investment advisers, to maintain the firm’s Commission registration after rules went into effect restricting such registration to advisers with more assets under management. In addition, although Logical Wealth had registered as an investment adviser with the Commission, it failed to adopt and implement required compliance policies and procedures and to maintain and make available to the Commission’s staff books and records required under the Advisers Act. Logical Wealth’s owner, Daniel Gopen, was responsible for all of Logical Wealth’s filings, compliance procedures, and recordkeeping, and aided and abetted and caused all of its violations.

#### **Respondents**

1. Logical Wealth Management, Inc. is a Wyoming corporation and conducts its business from offices in Nevada and New Jersey. Logical Wealth has been registered with the Commission as an investment adviser from 2006 to the present.

2. Daniel J. Gopen, age 49, is a resident of Sparks, Nevada. Gopen is the owner, President and Chief Compliance Officer of Logical Wealth.

#### **Respondents Misrepresented Logical Wealth’s Qualifications to Register with the Commission**

3. In 2002, Gopen’s father organized Logical Wealth as a Massachusetts corporation and operated it from Massachusetts. Following the death of his father in 2006, Gopen assumed ownership of the firm and registered Logical Wealth with the Commission as an investment adviser.

4. Logical Wealth was never qualified for Commission registration. Between 2006 and 2012, Gopen prepared and filed with the Commission Forms ADV for Logical Wealth claiming false bases for registration with the Commission.

5. Gopen reported in Item 2.A.3 of Part 1A of Logical Wealth’s Form ADV filed on September 7, 2006, September 19, 2006, March 27, 2007, September 25, 2007, March 31, 2008,

June 1, 2009, September 23, 2009, May 17, 2010, and June 30, 2011 that Logical Wealth's basis for registration with the Commission was having assets under management of over \$25 million.<sup>1</sup> This statement was false, and Logical Wealth never had more than \$25 million in assets under management. Logical Wealth was prohibited from registering with the Commission as an investment adviser during this period.

6. In 2010, the Advisers Act was amended to increase the threshold for an investment adviser's assets under management required for registration with the Commission. However, registration with the Commission was still required for advisers not regulated by the states where they maintained their principal offices and places of business. Because Wyoming does not regulate investment advisers, any investment adviser with a principal office and place of business in Wyoming, regardless of its assets under management, is required to register with the Commission.

7. On June 23, 2011, shortly before the Advisers Act amendment became effective, Gopen registered Logical Wealth as a Wyoming corporation. In Item 1.F of Part 1A of Logical Wealth's Form ADV filed on June 28, 2012, Logical Wealth claimed its principal office and principal place of business was in Cheyenne, Wyoming, and based its continued registration with the Commission on its Wyoming location. However, Logical Wealth has never operated from any location in Wyoming. Because Logical Wealth did not have a principal office or place of business in Wyoming and had no other basis for Commission registration, it was prohibited from registering with the Commission as an investment adviser.

8. Gopen was solely responsible for preparing, signing, and filing Logical Wealth's filings with the Commission. Gopen was aware of the value of the firm's assets under management and the location of the firm's principal office or place of business. Accordingly, Gopen knew that the representations in Item 2.A.3 of Logical Wealth's Forms ADV filed on September 7, 2006, September 19, 2006, March 27, 2007, September 25, 2007, March 31, 2008, June 1, 2009, September 23, 2009, May 17, 2010, and June 30, 2011 and the representations in Item 1.F. of Logical Wealth's Form ADV filed on June 28, 2012 were false when filed and that Logical Wealth was not eligible for SEC registration.

### **Compliance/Code of Ethics Failures**

9. Despite Logical Wealth's registration as an investment adviser, throughout the relevant period, the firm failed to adopt and maintain written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and failed to establish, maintain and enforce a written code of ethics.

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<sup>1</sup> During this period, Section 203A of the Advisers Act prohibited investment advisers from registering with the Commission unless they managed at least \$25 million in assets or met a designated exemption. Effective July 21, 2011, Section 203A increased the minimum amount of assets under management for most advisers to qualify for SEC registration from \$25 million to \$100 million. See Advisers Act Section 203A(a)(2) amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010); *Final Rule; Rules Implementing Amendments to the Investment Advisers Act of 1940*, Investment Advisers Act Release No. 3221 (June 22, 2011).

10. In Items 11 and 17 of Logical Wealth's Form ADV Part 2A filed on June 28, 2012, Logical Wealth falsely stated that it had adopted written trading policies and procedures, written policies and procedures governing voting of client securities, and a formal code of ethics. The written trading policies and procedures, however, did not exist. In addition, Logical Wealth could not produce its code of ethics.

11. Gopen was responsible for Logical Wealth's compliance policies and procedures and knew that Logical Wealth had not adopted and maintained such policies and procedures. Gopen acknowledged that, if Logical Wealth ever had a code of ethics, Logical Wealth had not reviewed or updated it for at least a decade.

### **Books and Records Failures**

12. Logical Wealth failed to maintain certain books and records including, among other things, general ledgers and financial statements relating to its business, and records of accounts in which it was vested with discretionary power.

13. Gopen was responsible for Logical Wealth's books and records and knew that Logical Wealth failed to maintain these records.

### **Failures to Produce**

14. Logical Wealth failed to make available to the Commission's staff certain books and records including, among other things, records relating to the firm's calculations of its assets under management. Logical Wealth also failed to respond within a reasonable time frame to other requests for books and records required to be kept under Rule 204-2 of the Advisers Act.

15. Gopen was responsible for Logical Wealth's books and records and knew that Logical Wealth failed to produce certain records.

### **Violations**

16. As a result of the conduct described above, Logical Wealth willfully violated Section 203A of the Advisers Act by improperly registering with the Commission. Gopen willfully aided and abetted and caused Logical Wealth's violations.

17. As a result of the conduct described above, Logical Wealth and Gopen willfully violated Section 207 of the Advisers Act, which makes it "unlawful for any person willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission . . . or willfully to omit to state in any such application or report any material fact which is required to be stated therein."

18. As a result of the conduct described above, Logical Wealth willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder, which require, among other things, that an investment adviser: (a) adopt and implement written policies and

procedures reasonably designed to prevent violations of the Advisers Act and its rules; and (b) review at least annually its written policies and procedures and the effectiveness of their implementation. Gopen willfully aided and abetted and caused Logical Wealth's violations.

19. As a result of the conduct described above, Logical Wealth willfully violated Section 204(a) of the Advisers Act, which requires that investment advisers "make and keep" certain records and furnish copies thereof, and make and disseminate such reports as the Commission, by rule, may prescribe as necessary or appropriate in the public interest or for the protection of investors. All records of the investment adviser are subject to periodic examinations by the Commission. Gopen willfully aided and abetted and caused Logical Wealth's violations.

20. As a result of the conduct described above, Logical Wealth willfully violated Rules 204-2(a)(2), 204-2(a)(6), and 204-2(a)(8) adopted under Section 204(a) of the Advisers Act. Rule 204-2 requires that an investment adviser "make and keep, true, accurate and current" books and records relating to its advisory business. Rule 204-2(a)(2) requires an investment adviser to keep "general and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income, and expense accounts." Rule 204-2(a)(6) requires an investment adviser to keep "all trial balances, financial statements, and internal audit working papers relating to the business of such investment adviser." Rule 204-2(a)(8) requires an investment adviser to keep a "list or other record of all accounts in which the investment adviser is vested with any discretionary power with respect to the funds, securities or transactions of any client." Gopen willfully aided and abetted and caused Logical Wealth's violations.

21. As a result of the conduct described above, Logical Wealth willfully violated Section 204A of the Advisers Act and Rule 204A-1 adopted thereunder. Section 204A requires an investment adviser to "establish, maintain, and enforce written policies and procedures reasonably designed" to prevent the misuse of material, non-public information. Rule 204A-1 requires an investment adviser to "establish, maintain and enforce a written code of ethics." Gopen willfully aided and abetted and caused Logical Wealth's violations.

#### IV.

In view of the foregoing, the Commission deems it appropriate, 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, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondents Logical Wealth and Gopen cease and desist from committing or causing any violations and any future violations of Sections 203A, 204(a), 204A, 206(4) and 207 of the Advisers Act and Rules 204-2(a)(2), 204-2(a)(6), 204-2(a)(8), 204A-1 and 206(4)-7 promulgated thereunder.

B. Respondent Logical Wealth's registration as an investment adviser be, and hereby is, revoked.

C. Respondent Gopen 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;

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;

D. Any reapplication for association by Respondent Gopen 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 Gopen shall pay civil penalties of \$25,000 to the Securities and Exchange Commission. Payment shall be made in the following installments:

- a. \$2,500 within 10 days of the entry of this Order;
- b. \$2,500 within 40 days of the entry of this Order;
- c. \$2,500 within 70 days of the entry of this Order;
- d. \$2,500 within 100 days of the entry of this Order;
- e. \$2,500 within 130 days of the entry of this Order;
- f. \$2,500 within 160 days of the entry of this Order;
- g. \$2,500 within 190 days of the entry of this Order;
- h. \$2,500 within 220 days of the entry of this Order;
- i. \$2,500 within 250 days of the entry of this Order;
- j. \$2,500 plus interest on the payments described in Section IV.E(a)-(j) pursuant to 31 U.S.C. 3717 within 280 days of the entry of this Order.

Prior to making the payment described in Section IV.E(j), Respondent Gopen shall contact the Commission staff to ensure the inclusion of interest. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. 3717, shall be due and payable immediately, at the discretion of the Commission staff, without further application. 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 Daniel J. Gopen 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 Thomas J. Krysa, Division of Enforcement, Securities and Exchange Commission, 1961 Stout Street, Suite 1700, Denver, CO 80294.

**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 Gopen, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Gopen 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 Gopen 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