

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 5251 / June 10, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19196

In the Matter of

DAVID S. GOULDING,

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 David S. Goulding (“Respondent” or “David Goulding”).

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, 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. David Goulding was the Chief Compliance Officer (“CCO”) for The Nutmeg Group LLC (“Nutmeg”), an SEC registered investment adviser and general partner to 15

unregistered investment partnerships (“the Funds”). His responsibilities included valuing the Funds’ investments, preparing quarterly account statements for the Funds, and tracking the assets of the Funds.

2. On January 10, 2018, a judgment was entered against David Goulding permanently enjoining him from further violations of Advisers Act Sections 206(1), 206(2), and 206(4) and Rules 206(4)-2 and 206(4)-8 thereunder, in the civil action styled captioned *SEC v. The Nutmeg Group, LLC, et al.*, Case No. 09-1775, in the United States District Court for the Northern District of Illinois.

3. The Commission’s amended complaint alleged that David Goulding allowed his father to use the Funds’ assets to pay personal expenses which were not supported by any documentation; he failed to ensure that Nutmeg and the Funds maintained accurate financial records; and he did not follow appropriate valuation standards in valuing the Funds. In addition, the Commission alleged that David Goulding owned two limited liability companies which held Fund assets, and he was paid a percentage of the proceeds from the sale of the Funds’ assets, which facts were not disclosed to the Funds’ investors.

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 David Goulding be, and hereby is barred from association with any investment adviser.

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, 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.

For the Commission, by its Secretary, pursuant to delegated authority.

Vanessa A. Countryman
Acting Secretary