

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

v.

No. 12-CV-7927

GEI FINANCIAL SERVICES, INC.,
NORMAN GOLDSTEIN, and
LAURIE GATHERUM,

Hon.

Defendants.

COMPLAINT

Plaintiff United States Securities and Exchange Commission (the “SEC”) alleges as follows:

NATURE OF THE ACTION

1. GEI Financial Services, Inc. (“GEI Financial”), an SEC-registered investment adviser, and GEI Management, LLC (“GEI Management”), an unregistered investment adviser, and their owners Norman Goldstein (“Goldstein”) and Laurie Gatherum (“Gatherum”) defrauded their clients – including the GEI Health Care Fund 2001, L.P. (the “Fund”) – by taking at least \$147,000 in excessive fees and capital withdrawals from the Fund since 2009. GEI Financial, GEI Management, Goldstein, and Gatherum also never told their clients that the State of Illinois had stripped Goldstein of his securities registrations in 2011, thereby barring him from providing investment advisory services in Illinois. And Goldstein ignored the State of Illinois’s decree. Despite losing his registration as an investment adviser, Goldstein continues to make investment

decisions for GEI Financial's and GEI Management's clients and currently manages assets of over \$7 million.

2. Goldstein and Gatherum compounded this fraud and deception by disregarding compliance rules and other provisions of the Investment Advisers Act of 1940 (the "Advisers Act") governing registered investment advisers. GEI Financial has never had adequate written compliance policies and procedures or a code of ethics even though SEC examiners alerted the firm and its owners of these deficiencies in 2008. GEI Financial has not even updated its Form ADV – a submission required of all registered investment advisers – in four years.

3. For years, the Defendants have demonstrated a complete disregard towards the securities laws, their clients, and the State of Illinois. They long ago abandoned their fiduciary responsibilities towards their clients. The Defendants must be called to account for their past misdeeds, and stopped from further harming their clients and the investing public.

JURISDICTION AND VENUE

4. The SEC brings this action pursuant to the authority conferred on it by Section 209(d) of the Advisers Act [15 U.S.C. § 80b-9(d)].

5. This Court has jurisdiction over this action pursuant to Section 214(a) of the Advisers Act [15 U.S.C. § 80b-14(a)] and 28 U.S.C. § 1331.

6. Venue is proper in this Court pursuant to Section 214(a) of the Advisers Act [15 U.S.C. § 80b-14(a)].

7. All of the Defendants reside in the Northern District of Illinois, and the acts, practices, and courses of business constituting the violations alleged herein occurred within the jurisdiction of the United States District Court for the Northern District of Illinois and elsewhere.

8. Defendants, directly and indirectly, have made, and are making, use of the means and instrumentalities of interstate commerce and of the mails in connection with the acts, practices and courses of business alleged herein in the Northern District of Illinois and elsewhere.

DEFENDANTS

9. Norman Goldstein, age 68, a resident of Chicago, Illinois, is married to Gatherum, and is President, Chief Executive Officer (“CEO”), and 49 percent owner of GEI Financial. He is also managing member and 50 percent owner of GEI Management.

10. Laurie Gatherum, age 67, a resident of Chicago, Illinois, is married to Goldstein, and is Vice President, Chief Financial Officer, Chief Information Officer, Chief Compliance Officer, and 51 percent owner of GEI Financial. She is a member of GEI Management and owns 50 percent of the company.

11. GEI Financial Services, Inc., is an SEC-registered investment adviser and an Illinois corporation with its principal place of business in Chicago, Illinois.

RELATED ENTITIES

12. GEI Health Care Fund 2001, L.P. was an Illinois limited partnership with its principal place of business in Chicago, Illinois. The Fund was involuntarily dissolved by the State of Illinois on June 16, 2008. The Fund was not reorganized as a partnership in another state, but continues to transact business and hold itself out as a partnership. The Fund has no officers, directors, or trustees. The Fund’s investment adviser and general partner is GEI Management, LLC (“GEI Management”).

13. GEI Management Company, LLC, was an Illinois limited liability corporation with its principal place of business in Chicago, Illinois. The company involuntarily dissolved on

December 28, 2002 and was not reincorporated or reorganized in another jurisdiction. Although the company is dissolved, Goldstein and Gatherum continue to do business in the name of and on behalf of GEI Management and the company remains the Fund's investment adviser and general partner.

14. GEI Brokerage, Inc. ("GEI Brokerage"), is an Illinois company with its principal place of business in Chicago, Illinois. Until November 2011 it was registered as a broker and dealer with the SEC and the State of Illinois. Goldstein is the company's sole owner and is its CEO, President, and Chief Compliance Officer. GEI Brokerage withdrew its registration with the SEC on November 6, 2011.

FACTS

History of GEI Financial, GEI Management, and the Fund

15. Goldstein and Gatherum started GEI Financial in October 1987 and the firm registered with the SEC as an investment adviser in February 2001. In addition to Goldstein and Gatherum, GEI Financial has three employees, who include a receptionist, an administrative assistant, and a research analyst.

16. GEI Financial is the investment adviser to clients who have separately managed brokerage accounts. GEI Financial has discretionary trading authority over these accounts. Pursuant to individual advisory agreements with each client, GEI Financial receives a quarterly management fee based on the client account's net asset value. This fee ranges between 0.25 percent and 0.5 percent of the account's net asset value.

17. As of October 2011, GEI Financial provided investment advice to approximately 31 separately managed accounts with total assets under management of \$16.6 million.

18. Goldstein and Gatherum started the Fund in September 2001 and made GEI Management the Fund's general partner and investment adviser. GEI Management has received \$177,216 in management fees and \$357,418 in performance fees from the Fund since June 2008. Goldstein and Gatherum have received at least \$10,000 in direct compensation from GEI Financial since January 2011 and have received other benefits, including payments for gym and vacation club memberships, health and disability insurance premiums, and a car loan.

19. Fees were paid from the Fund's brokerage account and deposited in a GEI Management bank account. Fees were then transferred to a GEI Financial bank account.

20. The Fund was a pooled investment vehicle. It was not registered as an investment company in reliance on an exclusion in Section 3(c)(1) of the Investment Company Act of 1940.

21. The Fund focused on the health care industry and invested in the securities of pharmaceutical companies, hospitals, and medical device manufactures. As of December 31, 2011, there were six investors in the Fund – including Gatherum – and it had assets under management of approximately \$4 million.

22. GEI Financial and GEI Management have the same owners and employees and operate from the same address. GEI Financial recommended the Fund to its individual advisory clients, four of whom invested in the Fund.

23. Three investors joined the Fund in 2002, investing a total of around \$2.1 million. Another investor joined the Fund in June 2003 with a \$150,000 investment, and the last individual contributed \$150,000 in December 2008. One of the investors who joined the Fund in 2002 made additional contributions in 2003 and 2004, investing an additional \$1.5 million.

24. Investors in the Fund owned partnership units whose value is based on the net asset value of the Fund's underlying holdings. These partnership units are securities within the

definition of Section 2(a)(1) of the Securities Act of 1933 [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §78c(a)(10)].

25. Goldstein solicited investors to purchase partnership units in the Fund by phone, mail, and in person. Prospective investors received an Offering Memorandum and a Limited Partnership Agreement dated September 5, 2001 (the “September 2001 Agreement”). The partnership agreement was prepared by Goldstein and was approved and signed on behalf of GEI Management by Goldstein and Gatherum.

26. According to the September 2001 Agreement, GEI Management was entitled to a quarterly annual management fee of three percent of the net asset value of the Fund. GEI Management also received a quarterly performance fee – called an “incentive allocation.” This fee was subject to a high water mark and a benchmark. The Fund paid a performance fee to GEI Management only if the Fund produced net profits over the prior quarter and on a cumulative basis from the Fund’s inception in 2001. If these conditions were met, GEI Management received an incentive fee equal to 25 percent of the amount by which net profits exceeded the performance of the S&P Healthcare Index.

27. The September 2001 Agreement promised investors monthly account statements reporting the net asset value of a Fund partnership unit and “any material changes to the [Fund’s] governance and/or investment strategy.” Investors were also supposed to receive an annual statement summarizing all fees and compensation paid to GEI Management.

28. GEI Management promised investors yearly audited financial statements prepared by an independent public accountant. However, the Fund was never audited and investors did not receive any audited financials.

29. The September 2001 Agreement could be amended upon either (i) an affirmative vote of investors owning 75 percent of the Fund's partnership interests or (ii) the written approval of GEI Management and the approval of investors holding a majority of outstanding interests in the Fund.

30. Goldstein and Gatherum purported to amend and restate the Fund's partnership agreement on December 31, 2003 (the "Amended Agreement"). The Amended Agreement was prepared by Goldstein and was approved and signed on behalf of GEI Management by Goldstein and Gatherum.

31. The September 2001 Agreement was not properly amended. Goldstein, Gatherum, and GEI Management did not secure the affirmative vote of investors owning 75 percent of the Fund's partnership interests, the written approval of GEI Management, or the approval of investors holding a majority of outstanding interests in the Fund.

32. Investors in the Fund did not know about the Amended Agreement; did not approve any changes to the September 2001 Agreement; and never received copies of the Amended Agreement.

33. Goldstein, Gatherum, and GEI Management at no time sought the consent of the Fund or its investors to change the September 2001 Agreement. Goldstein, Gatherum, and GEI Management never told the Fund's investors about the Amended Agreement and did not disclose any changes to the Fund's partnership agreement.

34. The Amended Agreement contained numerous material changes.

35. The Fund's annual management was two percent of the Fund's net asset value, and the quarterly performance fee was decreased to 20 percent of net profits over the prior

quarter subject to an annual high water mark. There was no longer a benchmark or a high water mark based on the Fund's performance since inception.

36. Under the Amended Agreement, investors in the Fund would only receive quarterly account statements, fees were not disclosed, and audited financials would not be distributed.

37. Since at least 2006, investors in the Fund received quarterly account statements by mail and sometimes by email. Although the format changed slightly over time, account statements reported contributions and withdrawals; the number of partnership units owned by an investor; the net asset value of a partnership unit; and the market value of their investment. Quarterly and year-to-date performance figures for the Fund were also provided. Fees were not disclosed, but were instead embedded in the calculation of the market value of the investment.

Operations of GEI Financial, GEI Management, and the Fund

38. At all times relevant, Goldstein and Gatherum have been involved in the daily operations of GEI Financial, GEI Management, and the Fund. Although Gatherum is co-owner of GEI Management and a majority owner of GEI Financial, Goldstein is ultimately in charge of the Fund, GEI Management, and GEI Financial.

39. Goldstein developed and maintained client relationships. He solicited new investors for the Fund and separately managed accounts and communicated with existing clients by phone, mail, and in person. He reviewed and approved all investor communications, including investor account statements for the Fund and letters to investors. Goldstein, with assistance from Gatherum, oversaw the companies' and the Fund's books and records and approved all transfers and withdrawals from bank and brokerage accounts of the Fund, GEI

Management, and GEI Financial. Goldstein, along with Gatherum, is a signatory on GEI Financial's, GEI Management's, and the Fund's bank and brokerage accounts.

40. Goldstein made all investment decisions for the Fund and separately managed accounts. While Gatherum and a research analyst sometimes identified potential investments, Goldstein approved all purchases and sales of securities for advisory clients and controlled the investment strategy for the Fund and the separately managed accounts.

41. As investment advisers to the Fund and separately managed accounts, GEI Financial, GEI Management, and Goldstein had an obligation to act in their clients' best interests, exercise the utmost good faith, and disclose all material facts.

42. Goldstein – along with Gatherum – oversaw the preparation of the Fund's quarterly investor account statements and the calculation of GEI Management's fees. At the end of each quarter, the research analyst used a computer program that records investor contributions and withdrawals and purchases and sales of securities to calculate the market value of the Fund. The analyst would then follow Goldstein's and Gatherum's instructions on how to calculate performance fees. The analyst followed their directions and reported the quarterly performance figures and fees to Goldstein and Gatherum. If a performance fee was due, Goldstein decided whether the full amount or a portion of this fee should be charged to the Fund. Goldstein would then authorize the payment of the performance fee from the Fund's brokerage account. After Goldstein and Gatherum approved the fee calculations and the Fund's net asset value, quarterly investor account statements were created. Goldstein reviewed the quarterly account statements, and, if acceptable, the statements were mailed to investors.

43. Under Goldstein's direction, Gatherum – GEI Financial's Chief Compliance Officer – was responsible for compliance. However, GEI Financial's compliance program

consists of nothing more than excerpts of Section 13 of the Exchange Act and an unsigned policy prohibiting insider trading. GEI Financial did not annually review or update a code of ethics or compliance policies and procedures and did not obtain employees' written acknowledgement that they received and reviewed these documents. To the extent GEI Financial has a compliance program, it was not enforced by Gatherum or Goldstein.

44. Gatherum was also responsible for SEC filings and other regulatory documents on behalf of GEI Financial, GEI Management, and the Fund. However under her watch, GEI Financial has not amended its Form ADV – a report required by all SEC-registered investment advisers – since 2008. The last time Gatherum signed and submitted GEI Financial's Form ADV was in November 2008 and reported assets under management of \$25.9 million. GEI Financial has therefore not provided prospective and current advisory clients updated disclosures and financial information on its Form ADV in nearly four years.

45. GEI Financial not only lacks a current Form ADV, but did not prepare or distribute a brochure to GEI Financial's clients. The brochure – officially called a Form ADV Part 2 – is required by law and must be distributed to existing advisory clients at least once a year.

SEC Examiners Uncover Excessive Fees and Capital Withdrawals

46. Examiners from the SEC conducted an on-site review of GEI Financial in 2008. The staff cited GEI Financial for, among other things, not having written compliance policies and procedures and a code of ethics. GEI Financial, Goldstein, and Gatherum assured the staff that they would fix these deficiencies.

47. SEC examiners returned three years later. During a December 2011 and January 2012 on-site visit, SEC examiners learned that GEI Financial still did not have adequate

compliance policies and procedures or a code of ethics. Even more disturbing, examiners discovered that at least \$147,000 – in excessive fees and capital withdrawals – had been misappropriated from the Fund since 2009.

48. GEI Management, Goldstein, and Gatherum took at least \$92,424 in excessive performance fees from the Fund since 2009. Goldstein and Gatherum instructed their research analyst to deviate from the September 2001 Agreement when calculating GEI Management's performance fees. The analyst was told to compare the current market value of the Fund to only the prior quarter. If the Fund increased in value, Goldstein and Gatherum ordered the research analyst to calculate GEI Management's performance fee by multiplying the change in market value by 20 percent. There was no benchmark, and although the September 2001 Agreement also contains high water marks, the Fund's performance was only compared to the prior quarter.

49. Since 2009, GEI Management took \$284,199 in performance fees from the Fund using the approach described in paragraph 48. However, in at least the second, third, and fourth quarters of 2009 and the third quarter of 2010, the S&P Healthcare Index outperformed the Fund. Even though the September 2001 Agreement did not authorize a performance fee for these quarters, the Fund nevertheless paid GEI Management \$92,424 in performance fees.

50. Although the September 2001 Agreement promises investors an annual report explaining fees as well as updates disclosing material changes to the Fund's partnership agreement, investors were not told fees or that their adviser removed a performance hurdle. By omitting this material information from investor account statements, GEI Management and Goldstein hid the fact that they changed how performance fees were calculated and that they took fees for quarters where the Fund's performance did not exceed the S&P Healthcare Index. This conduct made the investor account statements materially misleading, as a reasonable

investor reading the statements would not know the Fund's investment adviser was taking fees in violation of the terms of the September 2001 Agreement.

51. It was necessary for GEI Management and Goldstein to disclose to the Fund's investors on their account statements fees and the removal of a performance hurdle, in order to make the statements they did make, in the light of the circumstances under which GEI Management and Goldstein made them, not misleading.

52. SEC examiners also discovered that GEI Management made excessive capital withdrawals totaling \$55,000 from the Fund in 2011 and 2012. GEI Management withdrew \$25,000 in April 2011, \$25,000 in May 2011, \$10,000 in June 2011, and \$25,000 in November 2011 from the Fund's brokerage account. This money was transferred to GEI Financial. The withdrawals were not recorded in the Fund's or GEI Management's books and records.

53. The unrecorded withdrawals caused GEI Management's "capital account" – representing earned but unpaid management and performance fees – to be negative. In December 2011, SEC examiners told Goldstein and Gatherum that GEI Management had not recorded \$85,000 in capital withdrawals and that its capital account was negative. That is, GEI Management took too much in fees from the Fund's brokerage account and owed the Fund money. Despite this warning, GEI Management took an additional \$15,000 from the Fund's brokerage account in February 2012. By March 2012, instead of a capital surplus of \$23,000, GEI Management owed the Fund nearly \$55,000. This debt has not been repaid.

54. GEI Management's and Goldstein's conversion of the Fund's money is material. Excessive fees and capital withdrawals diminished the value of the Fund. The Fund – or any other reasonable investor in its position – would consider it important that its investment advisers were taking assets that they were not entitled.

55. Goldstein, who personally directed the calculation of performance fees for the Fund and approved all fee withdrawals, knew or was reckless in not knowing that performance fees were not determined in accordance with the terms of the Fund's partnership agreement and concealed this information from investors on their account statements. Goldstein also knew or was reckless in not knowing that the balance of GEI Management's capital account was negative, but nevertheless still withdrew money.

56. Goldstein – who was in charge of all operations at GEI Management and the Fund – also knowingly and substantially assisted GEI Management in taking the excessive fees and capital withdrawals from the Fund and concealed excessive fees from investors on their account statements.

57. Gatherum knowingly and substantially assisted GEI Management in taking excessive fees and capital withdrawals from the Fund. She approved GEI Management's performance fees that were not in accordance with the Fund's partnership agreement and helped GEI Management conceal this information from investors on their account statements. And, she knew about and allowed GEI Management's inappropriate capital withdrawals from the Fund's brokerage account.

Goldstein Is Barred By the Illinois Department of Securities

58. Goldstein and GEI Brokerage were respondents in an administrative action brought by the Illinois Department of Securities. On June 24, 2010, examiners from the Illinois Department of Securities conducted an on-site audit of GEI Brokerage. The state examiners discovered numerous deficiencies at GEI Brokerage including, but not limited to, inaccurate customer account records and no compliance procedures.

59. As a result of the examination, the Secretary of the State of Illinois commenced an administrative proceeding against Goldstein and GEI Brokerage in February 2011. Goldstein did not file an answer or make an appearance. As a result, on May 10, 2011, an order of default was entered by the hearing officer. Based on the officer's findings, the Illinois Secretary of State revoked Goldstein's registrations as a securities salesperson and investment adviser representative and GEI Brokerage's registration as a securities dealer. Goldstein appealed, but his appeal was denied.

60. As a result of the State of Illinois order of revocation, after May 10, 2011 Goldstein could no longer legally provide investment advisory services in Illinois.

61. Goldstein was undeterred by the revocations – his involvement in the Fund, GEI Financial, and GEI Management continued unabated after May 2011. He still made all investment decisions for the Fund and separately managed accounts and received compensation.

62. Indeed, despite the revocation, Goldstein even took on additional responsibilities at GEI Financial. Because of the order of revocation, GEI Financial's research analyst felt uncomfortable entering securities trades on Goldstein's behalf. To overcome this obstacle, Goldstein began personally making all trades in individual advisory accounts managed by GEI Financial.

63. GEI Financial's and Goldstein's advisory clients were never informed of the State of Illinois administrative proceeding or that Goldstein's securities registrations were. This information was material. It was necessary for GEI Financial and Goldstein to disclose to their clients information about the State of Illinois proceeding and Goldstein's loss of his securities registrations in order to make the statements they did make, in the light of the circumstances under which GEI Financial and Goldstein made them, not misleading.

64. Goldstein and Gatherum knowingly and substantially assisted GEI Financial in not disclosing material information to its advisory clients. Goldstein and Gatherum knew about the State of Illinois administrative proceeding and that Goldstein's and GEI Brokerage's securities registrations were revoked. Despite this knowledge, Goldstein and Gatherum substantially assisted GEI Financial in not disclosing to its clients the administrative proceeding and Goldstein's loss of his securities registrations in order to make the statements GEI Financial did make, in the light of the circumstances under which GEI Financial made them, not misleading.

Current Status of GEI Financial, GEI Management, and the Fund

65. GEI Financial and Goldstein currently provide investment advice to approximately 17 separately managed accounts with combined assets of \$7.7 million.

66. In May 2012, GEI Management liquidated a considerable portion of the Fund's holdings and by June 25, 2012, the Fund sold all of its assets. This sell-off was triggered by significant investor redemptions. Investors learned from SEC staff that Goldstein lost his securities registrations in Illinois and investors were concerned about their money being managed by Goldstein. By the end of August 2012, GEI Management redeemed all investors' interests in the Fund and returned approximately \$3.6 million to investors. GEI Management, however, still owes the Fund at least \$147,000 in inappropriate capital withdrawals and excessive fees.

COUNT I

**Violations of Sections 206(1) and 206(2) of the Advisers Act
(Against GEI Financial and Goldstein)**

67. Paragraphs 1 through 66 are realleged and incorporated by reference as though fully set forth herein.

68. At all times relevant to this Complaint, GEI Financial and Goldstein acted as investment advisers as defined under the Advisers Act. GEI Financial and Goldstein managed the investments of the Fund and separately managed accounts in exchange for compensation in the form of fees.

69. By engaging in the conduct described above, GEI Financial and Goldstein, while acting as investment advisers, by the use of the means and instrumentalities of interstate commerce and of the mails, directly and indirectly have employed and are employing devices, schemes and artifices to defraud their clients and prospective clients; and have engaged and are engaging in transactions, practices and courses of business which operate as a fraud or deceit upon their clients and prospective clients.

70. GEI Financial and Goldstein intentionally or recklessly employed and are employing devices, schemes and artifices to defraud their clients and prospective clients.

71. By reason of the foregoing, GEI Financial and Goldstein have violated Sections 206(1) and (2) of the Advisers Act [15 U.S.C. § 80b-6(1) and 80b-6(2)].

COUNT II

Aiding and Abetting Violations of Sections 206(1) and 206(2) of the Advisers Act (Against Goldstein and Gatherum)

72. Paragraphs 1 through 66 are realleged and incorporated by reference as though fully set forth herein.

73. At all times relevant to this Complaint, GEI Financial and GEI Management acted as investment advisers as defined under the Advisers Act. GEI Financial managed the investments of separately managed accounts in exchange for compensation in the form of fees.

GEI Management managed the investments of the Fund in exchange for compensation in the form of fees.

74. By engaging in the conduct described above, Goldstein and Gatherum have knowingly provided substantial assistance to GEI Financial and GEI Management, which, while acting as investment advisers, by the use of the means and instrumentalities of interstate commerce and of the mails, directly or indirectly, employed devices, schemes, and artifices to defraud their clients and prospective clients, and engaged in transactions, practices, and courses of business which operated as a fraud or deceit upon their clients and prospective clients.

75. By reason of the foregoing, Goldstein and Gatherum have aided and abetted GEI Financial's and GEI Management's violations of Sections 206(1) and (2) of the Advisers Act [15 U.S.C. § 80b-6(1) and 80b-6(2)].

COUNT III

Violations of Section 206(4) of the Advisers Act and Rule 206(4)-8(a)(1) Thereunder (Against Goldstein)

76. Paragraphs 1 through 66 are realleged and incorporated by reference as though fully set forth herein.

77. At all times relevant to this Complaint, Goldstein acted as an investment adviser as defined under the Advisers Act. Goldstein managed the investments of the Fund – a pooled investment vehicle – in exchange for compensation in the form of fees.

78. By engaging in the conduct described above, Goldstein, while acting as an investment adviser to a pooled investment vehicle, by the use of the means and instrumentalities of interstate commerce and of the mails, made untrue statements of material facts or omitted to state material facts necessary to make the statements made, in the light of the circumstances

under which they were made, not misleading, to investors or prospective investors in the pooled investment vehicle.

79. By reason of the foregoing, Goldstein has violated Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8(a)(1) thereunder [17 C.F.R. § 275.206(4)-8(a)(1)].

COUNT IV

Aiding and Abetting Violations of Section 206(4) of the Advisers Act and Rule 206(4)-8(a)(1) Thereunder (Against Goldstein and Gatherum)

80. Paragraphs 1 through 66 are realleged and incorporated by reference as though fully set forth herein.

81. At all times relevant to this Complaint, GEI Management acted as an investment adviser as defined under the Advisers Act. GEI Management managed the investments of the Fund – a pooled investment vehicle – in exchange for compensation in the form of fees.

82. By engaging in the conduct described above, Goldstein and Gatherum have knowingly provided substantial assistance to GEI Management, which, while acting as an investment adviser to a pooled investment vehicle, by the use of the means and instrumentalities of interstate commerce and of the mails, made untrue statements of material facts or omitted to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, to investors or prospective investors in the pooled investment vehicle.

83. By reason of the foregoing, Goldstein and Gatherum have aided and abetted GEI Management's violations of Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8(a)(1) thereunder [17 C.F.R. § 275.206(4)-8(a)(1)].

COUNT V

**Violations of Section 204 of the Advisers Act and
Rule 204-2 Thereunder
(Against GEI Financial)**

84. Paragraphs 1 through 66 are realleged and incorporated by reference as though fully set forth herein.

85. At all times relevant to this Complaint, GEI Financial acted as a registered investment adviser as defined under the Advisers Act. GEI Financial managed the investments of separately managed accounts in exchange for compensation in the form of fees and is registered with the SEC as an investment adviser.

86. By engaging in the conduct described above, GEI Financial while acting as a registered investment adviser who makes use of the mails or of any means or instrumentality of interstate commerce in connection with its business as an investment adviser, failed to make and keep true, accurate, and current records including, but not limited to, a code of ethics, internal policies and procedures designed to prevent violations of the securities laws, annual reviews of these policies and procedures, and written acknowledgments of its employees that they have received and reviewed the code of ethics and internal policies and procedures designed to prevent violations of the securities laws.

87. By reason of the foregoing, GEI Financial violated Section 204 of the Advisers Act [15 U.S.C. § 80b-4] and Rule 204-2 thereunder [17 C.F.R. § 275.204-2].

COUNT VI

**Aiding and Abetting
Violations of Section 204 of the Advisers Act and
Rule 204-2 Thereunder
(Against Goldstein and Gatherum)**

88. Paragraphs 1 through 66 are realleged and incorporated by reference as though fully set forth herein.

89. At all times relevant to this Complaint, GEI Financial acted as a registered investment adviser as defined under the Advisers Act. GEI Financial managed the investments of separately managed accounts in exchange for compensation in the form of fees and is registered with the SEC as an investment adviser.

90. By engaging in the conduct described above, Goldstein and Gatherum have knowingly provided substantial assistance to GEI Financial, a registered investment adviser who makes use of the mails or of any means or instrumentality of interstate commerce, in connection with its business as an investment adviser, failed to make and keep true, accurate, and current records including, but not limited to, a code of ethics, internal policies and procedures designed to prevent violations of the securities laws, annual reviews of these policies and procedures, and written acknowledgments of its employees that they have received and reviewed the code of ethics and internal policies and procedures designed to prevent violations of the securities laws.

91. By reason of the foregoing, Goldstein and Gatherum aided and abetted GEI Financial's violations of Section 204 of the Advisers Act [15 U.S.C. § 80b-4] and Rule 204-2 thereunder [17 C.F.R. § 275.204-2].

COUNT VII

**Violations of Section 206(4) of the Advisers Act and
Rule 206(4)-7 Thereunder
(Against GEI Financial)**

92. Paragraphs 1 through 66 are realleged and incorporated by reference as though fully set forth herein.

93. At all times relevant to this Complaint, GEI Financial acted as a registered investment adviser as defined under the Advisers Act. GEI Financial managed the investments of separately managed accounts in exchange for compensation in the form of fees and is registered with the SEC as an investment adviser.

94. By engaging in the conduct described above, GEI Financial, an investment adviser by the use of the means and instrumentalities of interstate commerce and of the mails, directly or indirectly, engaged in acts, practices, and courses of business that were fraudulent, deceptive and manipulative as defined by Advisers Act Rule 206(4)-7, by not adopting and implementing written policies and procedures reasonably designed to prevent violations, by the investment adviser and its supervised persons, of the Advisers Act and the rules that the SEC has adopted under the Advisers Act; not reviewing, no less frequently than annually, the adequacy of the policies and procedures established and the effectiveness of their implementation; and not designating an individual responsible for administering the written policies and procedures.

95. By reason of the foregoing, GEI Financial violated Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-7 thereunder [17 C.F.R. § 275.206(4)-7].

COUNT VIII

**Aiding and Abetting
Violations of Section 206(4) of the Advisers Act and
Rule 206(4)-7 Thereunder
(Against Goldstein and Gatherum)**

96. Paragraphs 1 through 66 are realleged and incorporated by reference as though fully set forth herein.

97. At all times relevant to this Complaint, GEI Financial acted as a registered investment adviser as defined under the Advisers Act. GEI Financial managed the investments of separately managed accounts in exchange for compensation in the form of fees and is registered with the SEC as an investment adviser.

98. By engaging in the conduct described above, Goldstein and Gatherum have knowingly provided substantial assistance to GEI Financial, an investment adviser, which, by the use of the means and instrumentalities of interstate commerce and of the mails, directly or indirectly, engaged in acts, practices, and courses of business that were fraudulent, deceptive and manipulative as defined by Advisers Act Rule 206(4)-7, by not adopting and implementing written policies and procedures reasonably designed to prevent violations, by the investment adviser and its supervised persons, of the Advisers Act and the rules that the SEC has adopted under the Advisers Act; not reviewing, no less frequently than annually, the adequacy of the policies and procedures established and the effectiveness of their implementation; and not designating an individual responsible for administering the written policies and procedures.

99. By reason of the foregoing, Goldstein and Gatherum aided and abetted GEI Financial's violations of Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-7 thereunder [17 C.F.R. § 275.206(4)-7].

COUNT IX

**Violations of Section 204 of the Advisers Act and
Rules 204-1 and 204-3 Thereunder
(Against GEI Financial)**

100. Paragraphs 1 through 66 are realleged and incorporated by reference as though fully set forth herein.

101. At all times relevant to this Complaint, GEI Financial acted as a registered investment adviser as defined under the Advisers Act. GEI Financial managed the investments of separately managed accounts in exchange for compensation in the form of fees and is registered with the SEC as an investment adviser.

102. By engaging in the conduct described above, GEI Financial did not amend its Form ADV at least annually, within 90 days of the end of its fiscal year, or more frequently as required by the instructions to the Form ADV, and did not deliver a brochure and one or more brochure supplements to each client or prospective client that contains all information required by Part 2 of Form ADV.

103. By reason of the foregoing, GEI Financial violated Section 204 of the Advisers Act [15 U.S.C. § 80b-4] and Rules 204-1 and 204-3 thereunder [17 C.F.R. §§ 275.204-1 and 275.204-3].

COUNT X

**Aiding and Abetting
Violations of Section 204 of the Advisers Act and
Rules 204-1 and 204-3 Thereunder
(Against Goldstein and Gatherum)**

104. Paragraphs 1 through 66 are realleged and incorporated by reference as though fully set forth herein.

105. At all times relevant to this Complaint, GEI Financial acted as a registered investment adviser as defined under the Advisers Act. GEI Financial managed the investments of separately managed accounts in exchange for compensation in the form of fees and is registered with the SEC as an investment adviser.

106. By engaging in the conduct described above, Goldstein and Gatherum have knowingly provided substantial assistance to GEI Financial, a registered investment adviser, in failing to amend its Form ADV at least annually, within 90 days of the end of its fiscal year, or more frequently as required by the instructions to the Form ADV, and not delivering a brochure and one or more brochure supplements to each client or prospective client that contains all information required by Part 2 of Form ADV.

107. By reason of the foregoing, Goldstein and Gatherum aided and abetted GEI Financial's violations of Section 204 of the Advisers Act [15 U.S.C. § 80b-4] and Rules 204-1 and 204-3 thereunder [17 C.F.R. §§ 275.204-1 and 275.204-3].

COUNT XI

Violations of Section 204A of the Advisers Act and Rule 204A-1 Thereunder (Against GEI Financial)

108. Paragraphs 1 through 66 are realleged and incorporated by reference as though fully set forth herein.

109. At all times relevant to this Complaint, GEI Financial acted as a registered investment adviser as defined under the Advisers Act. GEI Financial managed the investments of separately managed accounts in exchange for compensation in the form of fees and is registered with the SEC as an investment adviser.

110. By engaging in the conduct described above, GEI Financial, a registered investment adviser, did not establish, maintain, and enforce written policies and procedures reasonably designed, taking into consideration the nature of such investment adviser's business, to prevent the misuse in violation of the Advisers Act or the Exchange Act, or the rules or regulations thereunder, of material, nonpublic information by such investment adviser or any person associated with such investment adviser.

111. By engaging in the conduct described above, GEI Financial, a registered investment adviser, did not establish, maintain, and enforce a written code of ethics that did not, among other things, provide supervised persons with a copy of the code of ethics and any amendments, or get their written acknowledgement of their receipt of the code of ethics and any amendments.

112. By reason of the foregoing, GEI Financial violated Section 204A of the Advisers Act [15 U.S.C. § 80b-4a] and Rule 204A-1 thereunder [17 C.F.R. § 275.204A-1].

COUNT XII

Aiding and Abetting Violations of Section 204A of the Advisers Act and Rule 204A-1 Thereunder (Against Goldstein and Gatherum)

113. Paragraphs 1 through 66 are realleged and incorporated by reference as though fully set forth herein.

114. At all times relevant to this Complaint, GEI Financial acted as a registered investment adviser as defined under the Advisers Act. GEI Financial managed the investments of separately managed accounts in exchange for compensation in the form of fees and is registered with the SEC as an investment adviser.

115. By engaging in the conduct described above, Goldstein and Gatherum have knowingly provided substantial assistance to GEI Financial, a registered investment adviser, in not establishing, maintaining, and enforcing written policies and procedures reasonably designed, taking into consideration the nature of such investment adviser's business, to prevent the misuse in violation of the Advisers Act or the Exchange Act, or the rules or regulations thereunder, of material, nonpublic information by such investment adviser or any person associated with such investment adviser.

116. By engaging in the conduct described above, Goldstein and Gatherum have knowingly provided substantial assistance to GEI Financial, a registered investment adviser, in not establishing, maintaining, and enforcing a written code of ethics that did not, among other things, provide supervised persons with a copy of the code of ethics and any amendments or get their written acknowledgement of their receipt of the code of ethics and any amendments.

117. By reason of the foregoing, Goldstein and Gatherum aided and abetted GEI Financial's violations of Section 204A of the Advisers Act [15 U.S.C. § 80b-4a] and Rule 204A-1 thereunder [17 C.F.R. § 275.204A-1].

RELIEF REQUESTED

WHEREFORE, the SEC respectfully requests that this Court:

- A. Find that GEI Financial, Goldstein, and Gatherum committed the violations charged and alleged above;
- B. Enter an Order permanently restraining and enjoining GEI Financial from violating Sections 204, 204A, 206(1), 206(2), and 206(4) of the Advisers Act [15 U.S.C. §§ 80b-4, 80b-4a, 80b-6(1), 80b-6(2), and 80b-6(4)] and Rules 204-1, 204A-1, 204-2,

204-3, and 206(4)-7 thereunder [17 C.F.R. §§ 275.204-1, 275.204A-1, 275.204-2, 275.204-3, and 275.206(4)-7];

C. Enter an Order permanently restraining and enjoining Goldstein from violating Sections 206(1), 206(2), and 206(4) of the Advisers Act [15 U.S.C. §§ 80b-6(1), 80b-6(2), and 80b-6(4)] and Rule 206(4)-8(a)(1) thereunder [17 C.F.R. § 275.206(4)-8(a)(1)];

D. Enter an Order permanently restraining and enjoining Goldstein from aiding and abetting violations of Sections 204, 204A, 206(1), 206(2), and 206(4) of the Advisers Act [15 U.S.C. §§ 80b-4, 80b-4a, 80b-6(1), 80b-6(2), and 80b-6(4)] and Rules 204-1, 204A-1, 204-2, 204-3, 206(4)-7, and 206(4)-8(a)(1) thereunder [17 C.F.R. §§ 275.204-1, 275.204A-1, 275.204-2, 275.204-3, 275.206(4)-7, and 275.206(4)-8(a)(1)];

E. Enter an Order permanently restraining and enjoining Gatherum from aiding and abetting violations of Sections 204, 204A, 206(1), 206(2), and 206(4) of the Advisers Act [15 U.S.C. §§ 80b-4, 80b-4a, 80b-6(1), 80b-6(2), and 80b-6(4)] and Rules 204-1, 204A-1, 204-2, 204-3, 206(4)-7, and 206(4)-8(a)(1) thereunder [17 C.F.R. §§ 275.204-1, 275.204A-1, 275.204-2, 275.204-3, 275.206(4)-7, and 275.206(4)-8(a)(1)];

F. Enter an Order requiring GEI Financial, Goldstein, and Gatherum to disgorge all profits or proceeds that they have received as a result of the acts and courses of conduct complained of herein, with prejudgment interest;

G. Enter an Order, pursuant to Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)] requiring GEI Financial, Goldstein, and Gatherum to pay a civil penalty;

H. Retain jurisdiction over this action, in accordance with the principals of equity and the Federal Rules of Civil Procedure, in order to implement and carry out the

terms of all orders that may be entered or to entertain any suitable application or motion for additional relief, within the jurisdiction of this Court; and

I. Grant such other relief as this Court deems just and proper.

Dated: October 3, 2012

Respectfully submitted,

**UNITED STATES SECURITIES &
EXCHANGE COMMISSION**

By: s/ Andrew Shoenthal

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