

1 STATE OF ALASKA
2 DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
3 DIVISION OF BANKING AND SECURITIES

4 IN THE MATTER OF:

5 J. RANDALL GLADDEN

6 Respondent.

7 **ORDER NO. 17-204-S**

8 **TEMPORARY CEASE AND DESIST**
9 **ORDER EFFECTIVE IMMEDIATELY,**
10 **ASSESSING CIVIL PENALTIES,**
11 **WITH NOTICE OF HEARING RIGHTS**
12 **and**
13 **NOTICE OF FINAL CEASE AND**
14 **DESIST ORDER**

15 The Director of the Department of Commerce, Community, and Economic
16 Development, Division of Banking and Securities (“Administrator”), has conducted an
17 investigation into certain business activities of J. Randall Gladden (“Respondent”), and has
18 determined that Respondent violated certain provisions of the Alaska Securities Act, AS
19 45.55 *et seq.*

20 **I. FINDINGS OF FACT**

- 21 1. Respondent is a former broker-dealer agent. His Central Registration Depository
22 (CRD) number is 1789356. He is a resident of California.
- 23 2. Securities Equity Group (SEG) (CRD #47215) is a Financial Industry Regulatory
24 Authority (FINRA) registered broker-dealer that has been registered in Alaska since February
3, 2000.
3. Lord & Gladden, Inc. (L&G) (CRD #115679) applied to be a state registered
investment adviser in Alaska in 2003. L&G withdrew its application on June 7, 2004
following an agreement with the Administrator.
4. Lord & Gladden Wealth Advisors, LLC (LGWA) (CRD #285493) applied to be a

1 state registered investment adviser in Alaska in 2016. LGWA withdrew its application on
2 May 24, 2017, and is not currently registered in Alaska.

3 5. SEG employed Respondent as a broker-dealer agent from January 18, 2002 to
4 March 15, 2016.

5 6. SEG allowed Respondent to resign his position on March 15, 2016 following a
6 complaint FINRA filed against Respondent.

7 7. On July 19, 2016, FINRA suspended Respondent from working as a broker-dealer
8 agent for 12 months effective August 1, 2016 and ordered him to pay a civil penalty of
9 \$15,000.00. FINRA's investigation found that Respondent: participated in private securities
10 transactions without giving SEG notice of his participation in those transactions and without
11 seeking the firm's approval; failed to notify SEG of the compensation that he received from
12 any of these transactions; and falsely stated to SEG that he had not engaged in any capital
13 raising activities.

14 8. Respondent is not registered as a broker-dealer agent or an investment adviser
15 representative in any jurisdiction.

16 9. On March 24, 2017, Respondent gave a presentation at the New Jerusalem Church
17 of God in Christ ("New Jerusalem Church") in North Pole, Alaska. As part of his
18 presentation, Respondent distributed literature to the audience on L&G letterhead. The
19 literature contained the addresses, phone numbers, and email addresses for both L&G and
20 LGWM.

21 10. On March 25, 2017 Respondent gave another presentation at the New Jerusalem
22 Church. Respondent again distributed literature on L&G letterhead to the audience
23 containing the addresses, phone numbers, and email addresses for both L&G and LGWM.
24 The literature included general investing information including predictions about an

1 upcoming boom in energy prices. During his presentation, Respondent stated: “I am the
2 Chairman of Lord & Gladden.”

3 11. When interviewed by the Administrator, the managing member of LGWM
4 admitted she was aware of Respondent’s presentations in Alaska.

5 12. Respondent operates two websites at www.lordgladden.com and
6 www.adventuresinliving.guru (collectively, the “websites”) where he brands himself as a
7 “Speaker, Investor, Financial Innovator, Pilot, Mentor, Adventurer, Husband, Father.”

8 Respondent operates a blog on these websites which include articles on financial topics with
9 titles such as “Time for More Focus on International Investing?” and “A New Tech Stock
10 Bubble?” A tab entitled “Bizadventures” on the websites leads to a page about L&G, which
11 mentions LGWM, and its founding by Respondent. A tab entitled “Trusted” on the websites
12 leads to a page for Carie Phelps, current president of LGWM, describing Phelps’ experience
13 with LGWM and with phone, fax, email, and mailing contact information for LGWM. On
14 every page of both websites, a section for “Contact Info” is listed. The only contact
15 information provided on the websites is the direct phone and fax number for LGWM. There
16 is no mention anywhere on the websites that Respondent was suspended by FINRA or is no
17 longer registered to do business as a broker-dealer agent or investment adviser representative
18 in any jurisdiction. The Administrator observed these details on the websites as recently as
19 August 2, 2017.

20 13. On July 20, 2017, the Administrator called the phone numbers on the literature
21 distributed at the New Jerusalem Church and included on the websites. When called, a
22 receptionist answered: “Lord & Gladden, Securities Equity Group.”

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II. CONCLUSIONS OF LAW

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2 1. Respondent acted as an “investment adviser representative” and “supervised person”
3 as those terms are defined in AS 45.55.990(15) and AS 45.55.990(36), by soliciting for the sale
4 of advisory services for L&G and LGWM through distribution of L&G and LGWM materials
5 in person in Alaska and through his websites.

6 2. Respondent acted as an “agent” as that term is defined in AS 45.55.990(5), by
7 soliciting services for L&G and LGWM and thereby attempting to effect purchase or sale of
8 securities through distribution of L&G and LGWM materials in person in Alaska and through
9 his websites.

10 3. Respondent violated AS 45.55.030(c) by operating as an investment adviser
11 representative in Alaska without being registered.

12 4. Respondent violated AS 45.55.030(a) by operating as an agent in Alaska without
13 being registered.

14 5. Respondent violated 17 C.F.R. 275.206(4)-1(a)(5) and AS 45.55.023(20) by
15 distributing literature to presentation attendees, soliciting for L&G and LGWM, and omitting
16 the material facts that he was not registered as an investment adviser representative and had
17 been suspended by FINRA.

18 6. Respondent violated AS 45.55.025(17) by making deceptive or misleading
19 advertising presentations when he distributed literature to presentation attendees, soliciting for
20 L&G and LGWM, and omitting the material facts that he was not registered as an investment
21 adviser representative and had been suspended by FINRA.

22 7. Respondent violated FINRA Rule 1031 and AS 45.55.025(28) by acting as an agent
23 without being registered.

24 8. Respondent is subject to a civil penalty pursuant to AS 45.55.920(b) because

1 Respondent knowingly and intentionally violated AS 45.55.030(c), 45.55.023(20),
2 45.55.025(17) and 45.55.025(28).

3 **III. ORDER and NOTICE**

4 Pursuant to AS 45.55.920, and on the basis of the Findings of Fact and Conclusions of
5 Law, the Administrator ORDERS Respondent to:

6 1. CEASE AND DESIST acting as an unregistered investment adviser representative
7 and unregistered agent in Alaska.

8 2. CEASE AND DESIST soliciting investors in Alaska.

9 3. Pay a civil penalty in the amount of twenty-five thousand dollars (\$25,000).

10 Pursuant to AS 45.55.920(d), if Respondent desires a hearing, he must file a request for
11 hearing within 15 days after receipt of this Order. The request for a hearing must be in writing,
12 must be directed to the Administrator, and must state the grounds for the request to set aside or
13 modify the Order. This Order takes effect immediately, remains in effect until 10 days after the
14 hearing is held, and becomes final if a hearing is not requested within 15 days after the receipt
15 of this notice.

16 This Order is a publicly disclosable document.

17 **IT IS SO ORDERED.**

18
19 Chris Hladick, Commissioner
20 Department of Commerce, Community and
21 Economic Development

22 DATED: August 4, 2017

23 /s/ Kevin Anselm
24 BY: Kevin Anselm, Director
Division of Banking and Securities