

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 5121 / March 7, 2019

INVESTMENT COMPANY ACT OF 1940
Release No. 33391 / March 7, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19024

In the Matter of

**ASCENSION ASSET
MANAGEMENT, LLC**

and

GRENVILLE M. GOODER, JR.,

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 AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission” or “SEC”) 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) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Ascension Asset Management, LLC (“Ascension”), and Sections 203(f) and 203(k) of the Advisers Act and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Grenville M. Gooder, Jr. (“Gooder”) (collectively “Respondents”).

II.

After an investigation, the Division of Enforcement alleges that:

A. Summary

1. This proceeding involves Ascension, an SEC-registered investment adviser, and its founder, sole owner, and sole operator, Gooder. For as long as a decade,

Ascension and Gooder failed to comply with Advisers Act Section 206(4) and Rule 206(4)-7 thereunder (the “Compliance Rule”) and Rule 206(4)-2 thereunder (the “Custody Rule”), and also failed to make and keep certain required books and records pursuant to Advisers Act Section 204 and Rule 204-2 thereunder (the “Books and Records Rule”) (collectively, “the Rules”).

2. Ascension’s Forms ADV that Gooder signed and directed to be filed with the Commission contained materially untrue statements that further demonstrate Respondents’ indifference to the regulatory requirements of an SEC-registered investment adviser. In particular, in multiple Forms ADV filed with the Commission, Gooder and Ascension (i) falsely stated that Ascension did not have custody of client assets, (ii) repeatedly named an individual as Ascension’s Chief Compliance Officer (“CCO”) even though that individual was never responsible for administering any written compliance policies and procedures for the firm, and (iii) on one occasion in 2011, identified a second individual as Ascension’s CCO in the firm’s Form ADV unbeknownst to this individual.

3. Indeed, despite having custody of client assets from at least July 2005 to at least November 2015, Respondents not only made untrue statements about having custody in their Forms ADV, they also failed, from March 2010 to November 2015, to take any steps to comply with the Custody Rule itself, which was designed to protect the safety and security of client assets. In short, Respondents made no effort to satisfy multiple important aspects of their compliance obligations until the SEC’s examination staff initiated an examination of Ascension in November 2015. Instead, Respondents blatantly disregarded key statutes and rules that apply to SEC-registered investment advisers.

B. Respondents

4. **Ascension** is a New York limited liability company with its principal place of business in New York, New York. Ascension registered with the Commission as an investment adviser in June 2004. According to its Form ADV filed on March 23, 2018, Ascension provides asset allocation and portfolio management services to high net worth investors, trusts, foundations, and a pension plan with regulatory assets under management of \$152,456,779 as of December 31, 2017.

5. **Gooder** is 79 years old and a resident of New York, New York. Gooder is and at all times was Ascension’s founder, sole owner, sole operator, and Chairman. Gooder is a Chartered Financial Analyst (“CFA”) charterholder.

C. Facts

Gooder’s Formation, Control, and Management of Ascension

6. After working in the securities industry for approximately 40 years, Gooder founded Ascension in June 2004. Gooder previously worked for several SEC-registered investment advisers. On or about June 16, 2004, Gooder signed and caused to be filed Ascension’s application to be an SEC-registered investment adviser.

7. At all times, Gooder made all decisions concerning the management and control of Ascension. Gooder prepared, reviewed, and signed all of Ascension's Forms ADV; he then directed an Ascension employee to file Ascension's Forms ADV with the Commission.

8. Since in or about September 2005, Ascension was a continuous member of an industry organization ("Industry Organization A") that advocates for and provides compliance and educational resources to SEC-registered investment advisory firms. Gooder testified that his sole means of staying informed of regulatory compliance issues was reviewing compliance bulletins published by Industry Organization A that Ascension received monthly. Gooder had an opportunity to review information published in certain Industry Organization A monthly compliance bulletins concerning the requirements of the Rules.

9. Gooder failed to take steps to educate himself about the Rules. For example, Gooder did not: (i) attend training events on investment advisory compliance issues that were offered by Industry Organization A; (ii) visit the Commission's website to review guidance on investment advisory compliance issues; (iii) contact the Commission's staff for guidance on any investment advisory compliance issues; or (iv) take any other steps to educate himself on Ascension's compliance requirements.

Ascension's Compliance Rule Failures

Written Policies and Procedures and Annual Reviews Thereof

10. Advisers Act Rule 206(4)-7(a) requires SEC-registered investment advisers to "[a]dopt and implement written policies and procedures reasonably designed to prevent violation . . . of the [Advisers] Act and the rules that the Commission has adopted under the Act." Advisers Act Rule 206(4)-7(b) requires SEC-registered investment advisers to "[r]eview, no less frequently than annually, the adequacy of the policies and procedures established pursuant to [Rule 206(4)-7(a)] and the effectiveness of their implementation."

11. From in or about October 2004 until November 2015, Ascension did not adopt and implement any written compliance policies and procedures required by Advisers Act Rule 206(4)-7(a). During this same time period, Ascension did not conduct the reviews required by Advisers Act Rule 206(4)-7(b). Specifically, Gooder, despite being Ascension's sole control person, failed to take any steps to prepare the required written compliance policies and procedures or conduct the required reviews for Ascension.

12. Respondents first created written compliance policies and procedures for Ascension after being notified of an SEC examination in 2015. Specifically, on or about November 2, 2015, the SEC's Office of Compliance Inspections and Examinations ("OCIE") notified Ascension that it planned to conduct an imminent on-site examination of Ascension. Ascension had never before been examined by OCIE.

On or about November 2, 2015, OCIE staff issued a document request to Ascension covering the examination period of January 1, 2014 to the date of the request. Item 30 of this document request required Ascension to produce “[a]ll compliance policies and procedures and standard operating procedures.” Item 31 of this document request further required Ascension to produce “[d]ocumentation maintained regarding annual compliance reviews conducted during the examination period. Also, provide copies of any interim reports or other summary documents regarding the review of Registrant’s compliance program.” (emphasis in original).

13. After being contacted by the OCIE staff and receiving OCIE’s document request dated November 2, 2015, Ascension – for the first time – adopted written compliance policies and procedures on or about November 25, 2015. Before on or about November 25, 2015, Ascension never conducted annual reviews of Ascension’s written policies and procedures, which did not exist.

14. Gooder knew or reasonably should have known that Ascension failed to adopt and implement written policies and procedures, and to conduct at least annual reviews of them.

Ascension’s Chief Compliance Officer Designation

15. Advisers Act Rule 206(4)-7(c) requires SEC-registered investment advisers to “[d]esignate an individual (who is a supervised person) responsible for administering the policies and procedures . . . adopt[ed] under [Rule 206(4)-7(a)].”

16. From September 2005 until March 2016, Ascension and Gooder designated in Ascension’s Forms ADV two individuals, Individual A and Individual B, who allegedly served as Ascension’s CCO at different times. Neither of these individuals, nor anyone else, was ever responsible for administering policies and procedures adopted under Advisers Act Rule 206(4)-7(a) for Ascension.

17. Ascension and Gooder identified Individual A as Ascension’s CCO in the firm’s Forms ADV filed with the Commission on or about September 14, 2005, March 14, 2006, March 14, 2007, July 2, 2007, January 30, 2008, February 2, 2009, March 23, 2010, March 26, 2012, February 19, 2013, March 12, 2013, March 11, 2014, and February 26, 2015. However, Individual A was never responsible for administering written compliance policies and procedures for Ascension.

18. Ascension and Gooder identified Individual B as Ascension’s CCO in the firm’s Form ADV filed with the Commission on or about February 10, 2011. However, Individual B was never responsible for administering written compliance policies and procedures for Ascension.

19. Moreover, Individual B never agreed to serve as Ascension’s CCO and was unaware that Ascension and Gooder had named him as the firm’s CCO until after he was contacted by the Enforcement Division in 2017.

20. Gooder knew or reasonably should have known that Ascension failed to designate a CCO who was responsible for administering Ascension's policies and procedures.

Ascension's Custody Rule Failures

21. Advisers Act Rule 206(4)-2 requires registered investment advisers that maintain custody of client funds or securities to adequately safeguard and account for client assets by implementing certain procedures. Specifically, Advisers Act Rule 206(4)-2 requires SEC-registered investment advisers that maintain custody of client funds or securities to have independent public accountants conduct surprise examinations of those client funds or securities, or to have any private fund clients timely distribute audited financial statements to their investors and to have those financial statements audited by an independent public accountant subject to regular inspection by the Public Company Accounting Oversight Board ("PCAOB").

Violation of the Custody Rule Arising from Private Fund

22. From in or about 2005 until at least December 2015, Ascension stated in its Forms ADV that it was an investment adviser to a private fund ("Private Fund A"). By 2007, Private Fund A had approximately 40 shareholders who collectively invested approximately \$4.4 million. Some Ascension individual investment advisory clients were Private Fund A shareholders.

23. At all times, Gooder and Individual A served as Private Fund A's Managing Members and jointly managed Private Fund A. At all times, no person other than Gooder and Individual A held authority to take actions on behalf of Private Fund A.

24. From in or about March 2010 until November 2015, Ascension never (i) retained an independent public accountant subject to regular inspection by the PCAOB to perform an annual audit of Private Fund A and never timely distributed the audited financials to Private Fund A's investors, or (ii) retained an independent public accountant to conduct an annual surprise examination to verify Private Fund A's assets.

Violation of the Custody Rule Arising from Trust Account

25. In or about July 2012, Gooder was named as the sole trustee of an approximately \$5.2 million trust account ("Trust"). From at least July 2012 through at least December 2015, Ascension was the investment adviser to the Trust and received a fee for managing it.

26. In serving as sole trustee over the Trust, Gooder held the authority to obtain possession of and to withdraw client funds or securities maintained with a custodian upon Gooder's instructions to the custodian.

27. From in or about July 2012 through at least December 2015, Ascension did not engage an independent public accountant to conduct an annual surprise examination to verify the Trust's assets.

28. Gooder knew or reasonably should have known that Ascension held custody over the assets in the Private Fund and the Trust.

Ascension's Books and Records Failures

29. Advisers Act Rule 204-2 requires SEC-registered investment advisers to make and keep certain true, accurate, and current books and records related to their advisory business, including a journal showing the adviser's cash receipts and disbursements (Rule 204-2(a)(1)) and a general ledger reflecting the adviser's assets, liabilities, reserves, capital, income and expense accounts (Rule 204-2(a)(2)). Each SEC-registered investment adviser is also required to make and keep true, accurate, and current copies of the adviser's policies and procedures formulated pursuant to Rule 206(4)-7(a) that are in effect at the time or that were in effect at any time within the past five years (Rule 204-2(a)(17)(i)) and any records documenting the adviser's annual review of those policies and procedures conducted pursuant to Rule 206(4)-7(b) (Rule 204-2(a)(17)(ii)).

30. From in or about June 2004 until at least November 2015, Ascension did not make and keep a true, accurate, and current journal reflecting Ascension's cash receipts and disbursements.

31. From in or about June 2004 until at least November 2015, Ascension did not make and keep a true, accurate, and current general ledger reflecting Ascension's assets, liabilities, reserves, capital, income, and expense accounts.

32. From in or about October 2004 until at least November 2015, Ascension did not make and keep a true, accurate, and current copy of Ascension's written compliance policies and procedures formulated pursuant to Advisers Act Rule 206(4)-7(a) that were in effect during the past five years.

33. From in or about March 2006 until at least November 2015, Ascension did not make and keep true, accurate, and current records documenting Ascension's annual review of its written compliance policies and procedures conducted pursuant to Advisers Act Rule 206(4)-7(b).

34. Gooder knew or reasonably should have known that Ascension failed to make and keep certain true, accurate, and current books and records related to its advisory business.

***Ascension and Gooder Willfully Made Untrue Material Statements in Ascension's
Forms ADV***

Materially False Identification of Chief Compliance Officers

35. SEC-registered investment advisers are required to identify their CCOs in Part I of their Forms ADV mandated to be filed with the Commission.

36. From September 2005 until March 2016, Ascension and Gooder disclosed in Ascension's Forms ADV the names of two individuals, Individual A and Individual B, who allegedly served as Ascension's CCO at different times. Neither Individual A nor Individual B was ever responsible for administering written compliance policies and procedures on behalf of Ascension.

37. Ascension and Gooder's identification of Individual A as Ascension's CCO was untrue in the firm's Forms ADV filed with the Commission on or about September 14, 2005, March 14, 2006, March 14, 2007, July 2, 2007, January 30, 2008, February 2, 2009, March 23, 2010, March 26, 2012, February 19, 2013, March 12, 2013, March 11, 2014, and February 26, 2015. Individual A was never responsible for administering written compliance policies and procedures for Ascension.

38. Ascension and Gooder's identification of Individual B as Ascension's CCO was untrue in the firm's Form ADV filed with the Commission on or about February 10, 2011. Individual B never agreed to serve as Ascension's CCO and was never responsible for administering written compliance policies and procedures for Ascension.

39. Gooder knew or reasonably should have known that identifying Individual A as Ascension's CCO was untrue in the Forms ADV identified in Paragraph 37 above. Gooder never communicated to Individual A that Individual A was responsible for administering written compliance policies and procedures of Ascension. Gooder testified that Individual A had been named CCO as "window dressing."

40. Gooder either knew or reasonably should have known that identifying Individual B as Ascension's CCO was untrue in the Form ADV identified in Paragraph 38 above. Gooder never communicated to Individual B that Individual B was Ascension's CCO and responsible for administering written policies and procedures of Ascension. Individual B never agreed to serve as Ascension's CCO.

41. Ascension and Gooder's statements alleged above in Paragraphs 37-38 above were material. Moreover, Gooder knew or reasonably should have known that the identity of Ascension's CCO was a material fact that needed to be disclosed truthfully in the firm's Forms ADV.

Materially False Statements Concerning Custody

42. SEC-registered investment advisers are required to disclose whether they maintain custody of client assets in Part I of their Forms ADV mandated to be filed with the Commission.

43. From in or about 2005 through at least 2015, Ascension had custody of assets of its clients in Private Fund A.

44. From in or about 2012 through at least 2015, Ascension had custody of assets of its client, the Trust.

45. In Forms ADV filed from 2005 through 2015, Ascension and Gooder made untrue statements that Ascension did not have custody of client assets. Specifically, Ascension and Gooder made untrue statements that Ascension did not have custody of client assets in Ascension's Forms ADV filed on or about September 14, 2005, March 14, 2006, March 14, 2007, July 2, 2007, January 30, 2008, February 2, 2009, March 23, 2010, February 10, 2011, March 26, 2012, February 19, 2013, March 12, 2013, March 11, 2014, and February 26, 2015.

46. In addition, from 2011 through 2015, Ascension made untrue statements that Ascension did not have custody of client assets in Form ADV Part 2A brochures, specifically the firm's brochures filed on or about February 10, 2011 (bearing the date February 8, 2011), March 26, 2012 (bearing the date March 20, 2012), March 12, 2013 (bearing the date February 26, 2013), and February 26, 2015 (bearing the date February 26, 2015).

47. Gooder knew or reasonably should have known that Ascension held custody over the assets in Private Fund A and of the assets in the Trust.

48. Ascension and Gooder's statements alleged above in Paragraphs 45-46 above were material.

D. Violations

49. As a result of the conduct described above, Ascension willfully violated, and Gooder caused Ascension's violations of, Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require that an investment adviser registered or required to be registered with the Commission adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and rules thereunder, review at least annually the adequacy of the policies and procedures and the effectiveness of their implementation, and designate a CCO responsible for administering the adopted policies and procedures.

50. As a result of the conduct described above, Ascension willfully violated, and Gooder caused Ascension's violations of, Section 206(4) of the Advisers Act

and Rule 206(4)-2 thereunder, which, among other things, require registered investment advisers that maintain custody of client funds or securities to have independent public accountants conduct surprise examinations of those client funds or securities, or to have any private fund clients timely distribute audited financial statements to their investors and to have that audit performed by an independent public accountant subject to regular inspection by the PCAOB.

51. As a result of the conduct described above, Ascension willfully violated, and Gooder caused Ascension's violations of, Section 204 of the Advisers Act and Rule 204-2 thereunder, which require registered investment advisers to make and keep certain true, accurate, and current books and records related to their advisory business.

52. As a result of the conduct described above, Ascension and Gooder 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."

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Ascension pursuant to Section 203(e) of the Advisers Act including, but not limited to, civil penalties pursuant to Section 203 of the Advisers Act;

C. What, if any, remedial action is appropriate in the public interest against Gooder pursuant to Section 203(f) of the Advisers Act including, but not limited to, civil penalties pursuant to Section 203 of the Advisers Act;

D. What, if any, remedial action is appropriate in the public interest against Gooder pursuant to Section 9(b) of the Investment Company Act including, but not limited to, civil penalties pursuant to Section 9 of the Investment Company Act; and

E. Whether, pursuant to Section 203(k) of the Advisers Act, Respondents should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 204, 206(4), and 207 of the Advisers Act and Rules 204-2, 206(4)-2, and 206(4)-7 thereunder; and whether Respondents should be ordered to pay a civil penalty pursuant to Section 203(i) of the Advisers Act and Section 9(d) of the Investment Company Act.

IV.

IT IS ORDERED that a public hearing before the Commission for the purposes of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed by further order of the Commission, pursuant to Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220(b) of the Commission's Rules of Practice, 17 C.F.R. § 201.220(b).

IT IS FURTHER ORDERED that the Division of Enforcement and Respondents shall conduct a prehearing conference pursuant to Rule 221 of the Commission's Rules of Practice, 17 C.F.R. § 201.221, within fourteen (14) days of service of the Answer. The parties may meet in person or participate by telephone or other remote means; following the conference, they shall file a statement with the Office of the Secretary advising the Commission of any agreements reached at said conference. If a prehearing conference was not held, a statement shall be filed with the Office of the Secretary advising the Commission of that fact and of the efforts made to meet and confer.

If any Respondent fails to file the directed Answer, or fails to appear at a hearing or conference after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against the Respondent upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondents by any means permitted by the Commission's Rules of Practice.

Attention is called to Rule 151(b) and (c) of the Commission's Rules of Practice, 17 C.F.R. § 201.151(b) and (c), providing that when, as here, a proceeding is set before the Commission, all papers (including those listed in the following paragraph) shall be filed with the Office of the Secretary and all motions, objections, or applications will be decided by the Commission. The Commission requests that an electronic courtesy copy of each filing should be emailed to APFilings@sec.gov in PDF text-searchable format. Any exhibits should be sent as separate attachments, not a combined PDF.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to filing with or disposition by a hearing officer, all filings, including those under Rules 210, 221, 222, 230, 231, 232, 233, and 250 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.210, 221, 222, 230, 231, 232, 233, and 250, shall be directed to and, as appropriate, decided by the Commission.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that the Commission shall issue a decision on the basis of the record in this proceeding, which shall consist of the items listed at Rule 350(a) of the Commission's Rules of Practice, 17 C.F.R. § 201.350(a), and any other document or item filed with the Office of the Secretary and accepted into the record by the Commission. The provisions of Rule 351 of the Commission's Rules of Practice, 17 C.F.R. § 201.351, relating to preparation and certification of a record index by the Office of the Secretary or the hearing officer are not applicable to this proceeding.

The Commission will issue a final order resolving the proceeding after one of the following: (A) The completion of post-hearing briefing in a proceeding where the public hearing has been completed; (B) The completion of briefing on a motion for a ruling on the pleadings or a motion for summary disposition pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250, where the Commission has determined that no public hearing is necessary; or (C) The determination that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155, and no public hearing is necessary.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields
Secretary