

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 5574 / September 8, 2020

INVESTMENT COMPANY ACT OF 1940
Release No. 34004 / September 8, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19965

In the Matter of

Alexander S. Gould,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 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(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 Alexander S. Gould (“Gould” or “Respondent”).

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, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 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 Respondent's Offer, the Commission finds that:

Summary

Alexander S. Gould, a Silicon Valley venture capitalist, misappropriated more than half a million dollars from Goulden Boy LLC ("Goulden Boy" or the "Fund"), a private venture capital fund he founded and advised. In 2018, Gould used Goulden Boy's assets to pay for various personal expenses, including his debt to another fund that he had previously managed, and his mortgage, credit card debt and travel expenses. All told, Gould misappropriated \$537,460 from the Fund that he never repaid. This was more than half of the total capital invested in the Fund.

Respondent

1. Alexander S. Gould, age 49, resides in Menlo Park, California. He is the founder of venture capital fund Goulden Boy and a university economics lecturer. He has founded and co-founded other venture capital funds. He has been on the boards of directors of several private, early-stage companies. Gould controlled and managed Goulden Boy, acted as its investment adviser, and was entitled to a one-time management fee of 1.5% of the total amount of the Fund. Gould is not associated with any entity registered with the Commission.

Other Relevant Entity

2. Goulden Boy LLC is a private venture capital fund formed in December 2017 by Gould, with its principal place of business in Menlo Park, California. From February to July 2018, investors invested capital in Goulden Boy for the purpose of purchasing interests in private, early-stage technology and media companies.

Gould Misappropriated Fund Assets

3. From 2013 to 2017, Gould was a managing member of a venture capital fund based in Menlo Park, CA (“Fund A”). Fund A made investments in a number of early stage technology and media start-up companies.

4. In December 2017, Gould signed a separation agreement with Fund A. He resigned from his position at Fund A, and promised to pay \$798,339 to reimburse it for money that he had spent on personal and other unauthorized expenses, plus an additional \$100,000. He also agreed to purchase, either personally or through an entity, all of Fund A and its general partner’s interests in six of its portfolio companies.

5. Also in December 2017, Gould formed Goulden Boy. Gould was the sole managing member of Goulden Boy, and controlled its bank account. From February 2018 to July 2018, seven investors (“Investors A-G”) invested a total of \$874,960 in Goulden Boy, for the purpose of buying interests in private, early-stage companies. Gould did not personally invest in the Fund during this time period. According to Goulden Boy’s Operating Agreement, Gould was entitled to a one-time management fee of 1.5% of the total amount of the Fund.

6. From February 2018 to July 2018, Gould used Goulden Boy’s assets to make payments to Fund A. At the time of the payments, Gould had discussed with his former partner at Fund A that the money Goulden Boy sent to Fund A should be used to purchase interests in the six portfolio companies. But on July 25, 2018, following more negotiations, Gould signed a contract in which he agreed that all of the money that Goulden Boy had sent to Fund A would be applied to pay his personal debt to Fund A. Gould sent a total of \$891,000 from Goulden Boy to Fund A.

7. From February 2018 to December 2018, on multiple occasions, Gould also spent Goulden Boy’s money on other personal expenses. For example, he spent the money on his mortgage payment, business class travel, payments on a credit card and a personal line of credit, and payments to individuals, and withdrew cash. Gould sent a total of at least \$358,000 from Goulden Boy to himself.

8. Gould caused Goulden Boy to invest in only two companies. The total amount of these investments was \$337,500. The Fund never purchased any of Fund A’s interests in the six portfolio companies.

9. Between April and October of 2018, Gould obtained three loans, totaling \$810,000, to pay back some of the money that he had misappropriated from Goulden Boy. However, a net amount of \$537,460 of the Goulden Boy investors’ money was not paid back to the Fund. This amount was about 40 times the management fee that Gould could have been entitled to, had he not misappropriated most of the Fund’s assets.

10. In late 2019, Gould purchased the ownership interests of one of the investors, and became an investor in Goulden Boy. By buying these interests, Gould shared in some of the

Fund's loss, and the amount by which he was enriched by his misappropriation was reduced by \$61,426.81.

Violations

11. As a result of the conduct described above, Gould willfully violated Section 206(1) of the Advisers Act, which makes it unlawful for any investment adviser, directly or indirectly, to employ any device, scheme, or artifice to defraud any client or prospective client, and Section 206(2) of the Advisers Act, which makes it unlawful for any investment adviser, directly or indirectly, to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Gould's Offer.

Accordingly, pursuant to Sections 203(f) and 203(k) of the Advisers Act and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Gould cease and desist from committing or causing any violations and any future violations of Sections 206(1) and 206(2) of the Advisers Act.

B. Gould 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, and

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,

with the right to apply for reentry after five (5) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

C. 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, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) 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 (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent shall, within 10 days of the entry of this Order, pay disgorgement of \$476,033.19 and prejudgment interest of \$50,137.33 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

E. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$200,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717. 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 Alexander Gould 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 Monique Winkler, Division of Enforcement, Securities and Exchange Commission, San Francisco Regional Office, 44 Montgomery St., Ste 2800, San Francisco, CA 94104.

F. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the disgorgement, prejudgment interest and penalties referenced in paragraph D above. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the

Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

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

Vanessa A. Countryman
Secretary