BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION

In the Matter of: RANDALL S. GOULDING, Attorney-Respondent, No. 1025619.	Commission No. 2024PR00080

AMENDED COMPLAINT

Lea S. Gutierrez, Administrator of the Attorney Registration and Disciplinary Commission, by her attorneys, Scott Renfroe and Richard Gleason, pursuant to Supreme Court Rule 753(b), complains of Respondent, Randall S. Goulding, who was licensed to practice law in the State of Illinois on May 19, 1978, and alleges that Respondent has engaged in the following conduct that subjects him to discipline pursuant to Supreme Court Rule 770:

COUNT I

(*Conduct Involving Dishonesty, Fraud, Deceit or Misrepresentation – The Nutmeg Group*)

A. *Introduction*

1. In 2003, Respondent co-founded an investment advisory firm named The Nutmeg Group, LLC ("Nutmeg"), to make investments and to provide investment advice to unregistered investment pools. Prior to June 7, 2007, when it registered as an investment advisor with the federal Securities and Exchange Commission ("SEC"), Nutmeg operated without being registered due to its small size. As of 2007, though, Nutmeg had fifteen advisory clients, all of which were limited partnerships organized in either Illinois or Minnesota. Each advisory client was organized as a fund ("the Funds"), and collectively included 328 individuals or entities who

participated in the Funds as limited partners. The investors invested their money with the Funds, which then purchased securities issued by companies with market capitalization less than $50 million. As of 2007, Nutmeg claimed that the total amount of assets it had under management in the various Funds was approximately $32 million.

2. Initially, each Fund was invested in a single company, but Nutmeg's practices changed around 2005 when it opened Funds that invested in more than one company.

3. In 2006, Respondent became Nutmeg's sole owner and managing member. Respondent held those positions until 2009, when he and Nutmeg were sued by the SEC. Respondent is also an accountant, and his law firm, The Law Offices of Randall S. Goulding & Associates, P.C., shared office space with Nutmeg and provided legal services to Nutmeg and the Funds. Respondent made the decision for Nutmeg to hire his law firm to provide legal services for Nutmeg and the Funds, and Nutmeg was the firm's only client and sole source of income.

4. As Nutmeg's owner and managing member, Respondent oversaw all of Nutmeg's operations and employees, determined who to hire, prepared the Funds' offering documents, identified investment opportunities, negotiated investment terms, made investment decisions for the Funds, approved the transfer of funds and payment of expenses for both Nutmeg and the Funds, approved expenses incurred by Nutmeg (including payments made to Respondent or for his benefit), and was responsible for the books and records of both Nutmeg and the Funds. In Nutmeg's annual filings with the SEC, Nutmeg identified Respondent as its Chief Compliance Officer, whose responsibility it was to ensure that Nutmeg complied with the federal securities laws, including the Investment Advisers Act of 1940.

B. *Respondent Makes False Statements About the Value of the Funds*

5. Beginning in at least 2008, Respondent caused Nutmeg to make false statements about the value of various Funds to the SEC and to investors in those Funds. During an examination by SEC staff in relating to the first quarter of 2008, Respondent was asked to substantiate claims regarding the value of Nutmeg's four largest Funds (known as Michael, Fortuna, Mercury and Stealth). The information Respondent provided overstated the value of the Mercury Fund by $485,479, overstated the value of the Stealth Fund by $578,000, and misstated the values of the Michael and Fortuna Funds because Nutmeg, at Respondent's direction, had commingled those Funds' assets with other Funds, or paid out distributions due to the Michael or Fortuna Funds and rolled some of those distributions to a separate Fund held in Nutmeg's name, rather than in the name of Michael or Fortuna.

6. Respondent also caused Nutmeg to send false investor account statements to its investors about the performance of various Funds and the investors' cash position, due to Respondent's failure to properly allocate up to $1 million in rolled-over assets to certain Funds and his decision to describe as "cash" investments in unallocated and illiquid securities.

7. The statements Respondent caused Nutmeg to make to the SEC and to Nutmeg's investors, described in paragraphs five and six, above, were false, because they were based on incomplete, inaccurate or deliberately misstated stock prices, overstated sales prices, inflated share holdings, and commingled or misallocated assets.

8. Respondent knew or should have known that the statements he caused Nutmeg to make to the SEC and to Nutmeg's investors, described in paragraphs five and six, above, were false, because they were based on incomplete, inaccurate or deliberately misstated stock prices, overstated sales prices, inflated share holdings, and commingled or misallocated assets.

C. *Respondent Uses Nutmeg Assets for His Own Purposes*

9. Respondent's initial capital contribution to Nutmeg was $70,000. Despite that, between at least 2003 and 2009, Respondent withdrew more than $1.2 million from Nutmeg's commingled investment accounts that he used to pay his personal expenses, without regard to whether the money was his to take or belonged to the Funds or the Funds' investors. Those personal expenses included more than $660,000 on Respondent's home equity line of credit, $67,000 for the acquisition of an Acura automobile that was titled in Nutmeg's name but used by Respondent, more than $400 in tickets for Chicago White Sox baseball games, a $10,000 entry fee for the World Series of Poker, and more than $160,000 in payments on Respondent's personal credit cards or on Nutmeg's cards for purchases made on Respondent's behalf. As of 2008, Nutmeg owed the Funds $974,054, but the balances in its two bank accounts were both negative as of March 31, 2008.

10. Respondent's use of assets belonging to Nutmeg, its Funds, or those Funds' investors, was dishonest, because those assets did not belong to Respondent individually and because Respondent took those assets without notice to, or permission from, Nutmeg's investors.

D. *The SEC Takes Regulatory Action Against Respondent, Nutmeg and Others*

11. On March 23, 2009, the SEC filed suit in the United States District Court for the Northern District of Illinois against Nutmeg, Respondent, and one of Respondent's sons, who was then acting as Nutmeg's Chief Compliance Officer. The SEC suit also named another of Respondent' sons and other family friends as "Relief Defendants" who were alleged to have been involved in various Nutmeg-related activities. The suit was docketed as case number 1:09-cv-01775, *Securities and Exchange Commission v. The Nutmeg Group*, *LLC*, *et al*. The SEC filed an amended complaint on June 14, 2011. Both complaints charged Respondent with having engaged in deceptive, fraudulent or manipulative conduct, with having made untrue statements

of material fact, with using instrumentalities of interstate commerce and the mail to defraud Nutmeg's clients, and with aiding and abetting Nutmeg in violations of the Investment Advisers Act of 1940.

12. On October 25, 2019, Magistrate Judge Jeffrey T. Gilbert entered a 61-page document entitled "Findings of Fact and Conclusions of Law" in case number 1:09-cv-01775, in which he concluded that Respondent violated the Investment Advisers Act of 1940 by misappropriating and misrepresenting the value of Nutmeg investors' assets, that Respondent's violations had been material, and that Respondent was reasonably likely to violate the law in the future and therefore should be permanently enjoined from violating the Investment Advisers Act. Magistrate Judge Gilbert also ordered Respondent to disgorge $642,422 of the proceeds of his illegal activities, plus prejudgment interest, plus an additional $642,422 as a civil penalty.

13. On July 7, 2022, the United States Court of Appeals for the Seventh Circuit issued an opinion resolving Respondent's appeal of Magistrate Judge Gilbert's decision. *Securities and Exchange Commission v. Goulding*, number 20-1689. The Court affirmed all of Magistrate Judge Gilbert's findings and conclusions but remanded the case for Magistrate Judge Gilbert to include more specific language in his injunction. On December 20, 2022, Magistrate Judge Gilbert entered an order in case number 1:09-cv-01775 that enjoined Respondent from "(1) buying, selling or trading securities on behalf of an investment advisor or pooled investment vehicle; (2) managing securities investments for, or providing investment advice to, any person or entity, other than himself and immediate relatives, for compensation; and (3) providing consulting, valuation, compliance or other investment-related services to an investment adviser or pooled investment vehicle."

E. *Conclusions of Misconduct*

14. By reason of the conduct described above, Respondent has engaged in the following misconduct:

a. conduct involving dishonesty, deceit, fraud or misrepresentation, by conduct including making false statements to the SEC and to Nutmeg investors about the value of various Funds, and by dishonestly taking more than $1.2 million in assets belonging to Nutmeg, Nutmeg's Funds, or Nutmeg's investors, and using those assets for Respondent's own purposes, in violation of Rule 8.4(c) of the Illinois Rules of Professional Conduct.

COUNT II
(*Conduct Involving Fraud, Dishonesty, or Misrepresentation – Halberd Shares)*

15. At all times alleged in this complaint, Respondent was a member of two separate law firms. Both law firms were located in Deerfield. In one law firm, styled as "Law Offices or Randall Goulding," Respondent practiced as a sole practitioner. In the other law firm, styled as "Security Counselors, Inc." ("SCI"), Respondent and his then-partner Carl Duncan, operated a separate practice. In each of the two law firms, Respondent purported to focus his practice on advising his clients with respect to securities law.

16. On or about September 12, 2013, SCI sued Respondent's own client Halberd Corporation ("Halberd") in the Circuit Court of Lake County. The clerk of the court assigned the matter case number 13 L 000068, and it was assigned to the Honorable Christopher Starck. In the suit, Respondent alleged that Halberd had failed to pay his law firm SCI legal fees in the amount of $249,252.

17. On May 7, 2014, SCI and Halberd entered into a settlement of SCI's claims, which was reflected in an order executed by Judge Starck. The settlement order reflected Respondent's agreement that SCI would accept 393,597,555 shares of Halberd stock in lieu of a cash payment for the legal fees SCI claimed to be owed from Halberd. As part of the settlement,

SCI assigned 381,734,141 of the Halberd settlement shares to Respondent's son, Ryan Goulding, and the remaining 11,863,414 settlement shares to an entity called "Grandview Investment." SCI retained zero Halberd shares after the assignments to Ryan Goulding and Grandview Investment.

18. At the time of the assignments described in paragraph 17, above, Respondent was a debtor with respect to the Securities and Exchange Commission. The term "debtor" is defined by the Illinois Uniform Fraudulent Transfer Act, Illinois Code Chapter 740, Section 160, *et seq*. ("the Act") as a debtor on a claim. The Act defines a "claim" as a right to payment, whether or not the right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured. Respondent was a debtor as defined by the Act because at the time of the assignments described in paragraph 17, above, Respondent was a defendant in a then-pending civil enforcement action brought by the United States Securities and Exchange Commission, described in Count I, above, which claimed, among other remedies, to be due a monetary judgment against Respondent.

19. Respondent's law firm SCI and Ryan Goulding were "insiders" with respect to Respondent as that term is defined by the Act, which states that an insider includes a relative of the debtor, or a corporation of which the debtor is a director, officer, or person in control of the corporation. SCI's transfer of its Halberd shares to Respondent's son, without consideration, was fraudulent, because Respondent caused SCI to assign those shares so as to avoid the consequences of any monetary judgment against him in favor of the Securities and Exchange Commission through their then-pending litigation against Respondent which, Respondent knew, could affect his law firm SCI's ownership of those shares.

20. As of October 17, 2014, due to its fraudulent transfer of Halberd shares to Ryan Goulding and its additional assignment to Grandview Investments, SCI did not own any Halberd

shares or have any documented right to future Halberd shares. On that date, Respondent drafted and executed a document entitled, "Agreement for Assignment." In the agreement, SCI was named as the "assignor," and an entity unrelated to Respondent or SCI called "Evergreen" was named as the "assignee." Despite the fact that SCI possessed no Halberd shares to transfer, the agreement stated that SCI assigned and transferred to Evergreen the right to receive 20,000,000 Halberd shares in exchange for Evergreen's payment to Respondent's law firm SCI of $7,500.

21. Three days after the first agreement, on October 20, 2014, Respondent drafted and executed a second document also entitled, "Agreement for Assignment." In the second agreement, like the first, Respondent's law firm SCI was named as the "assignor," and Evergreen was named as the "assignee." Despite the fact that SCI possessed no Halberd shares to transfer, the agreement stated that SCI assigned and transferred to Evergreen the right to receive an additional 20,000,000 Halberd shares in exchange for Evergreen's payment to SCI of $15,000.

22. On or about October 20, 2014, Evergreen wired $15,000 to SCI, and shortly thereafter wired the remaining $7,500. On November 7, 2014, Halberd issued Evergreen a share certificate documenting that 20,000,000 of its shares now belonged to Evergreen. However, even though Evergreen had complied with all terms of the October 17, 2014 and October 20, 2014 Agreements for Assignment, Respondent never caused Evergreen to receive the second 20,000,000 Halberd shares SCI promised in the October 20, 2014 Agreement for Assignment, described in paragraph 17, above.

23. In drafting and executing the Agreements for Assignment of Halberd shares, described in paragraphs 18 through 20, above, Respondent engaged in dishonesty, because he knew when he drafted the agreements, executed those agreements on behalf of SCI, and accepted $22,500 of Evergreen's money in exchange for those shares that SCI did not have any Halberd

shares to assign, because SCI had already assigned all of its Halberd shares before Respondent entered into the Agreements for Assignment.

24. Between 2014 and 2020, based on the 2014 Assignment Agreements Respondent drafted, Evergreen incorrectly believed it owned 40,000,000 Halberd shares, not 20,000,000, and repeatedly asked Respondent to find someone willing to purchase those shares from Evergreen. By October 9, 2020, Respondent informed Evergreen that he had located a buyer, a man with the initials "R.G.," who was interested in purchasing all of Evergreen's purported 40,000,000 shares. Respondent prepared two agreements to consummate the sale of Evergreen's purported 40,000,000 Halberd shares to R.G. The first agreement, which was entitled "Stock Purchase Agreement," was dated October 10, 2020, and provided that R.G. would pay Evergreen $13,500 for 20,000,000 shares. The second agreement, which was also entitled "Stock Purchase Agreement," was dated October 14, 2020, and provided that R.G. would pay Evergreen $13,500 for Evergreen's purported remaining 20,000,000 Halberd shares.

25. Prior to October 13, 2020, Halberd's stock price was valued at fractions of a penny a share. On October 13, 2020, the share price spiked upwards. By October 23, 2020, Halbert stock price had increased in excess of 1200% of the price that it had been trading at on October 12, 2020. On October 23, 2020, R.G., via Respondent's law firm SCI, wired Evergreen $13,500, which was the required payment set forth first stock purchase agreement dated October 10, 2020, described in paragraph 24, above. Evergreen attempted to repudiate its contract with R.G., and instead sell 20,000,000 of its Halberd shares to another buyer for $540,000, which reflected the new, elevated Halberd share price. Evergreen could not sell the other 20,000,000 Halberd shares it believed it owned because Respondent's law firm SCI never possessed those shares to assign them to Evergreen in the first place.

26. In 2021, R.G. sued Evergreen for breach of contract in the Circuit Court of Cook County, alleging, in part, that Evergreen failed to deliver the Halberd shares according to the terms of the "Stock Purchase Agreements," described in paragraph 24, above. In 2022, Evergreen sued Respondent and SCI in the Circuit Court of Cook County alleging, in part, that Respondent defrauded Evergreen by entering into the October, 2014 Assignment Agreements, described in paragraphs 18 through 20, above, and by failing to deliver the second 20,000,000 Halberd shares. The Clerk of the Court assigned the first matter case number 2021CH1948, and the second case number 2022CH9958. The cases were later consolidated and assigned to the Honorable Michael Mullen.

27. On May 19, 2025, after a multi-day bench trial, Judge Mullen entered judgment against Evergreen and in favor of R.G. in the amount of $540,000—which was the price for 20,000,000 shares offered to Evergreen following the Halberd share price spike—and against Respondent and in favor of Evergreen in the amount of $540,000 on Count VI of Evergreen's complaint against Respondent, which alleged that Respondent defrauded Evergreen by entering into the October 2014 Assignment Agreements. In his memorandum order finding that Respondent committed fraud, Judge Mullen stated:

> In Count VI, Evergreen asserts that [Respondent], through SCI, committed fraud. [Respondent] acknowledged that his law firm, SCI, obtained the shares he "sold" to Evergreen as part of a 2014 settlement of SCI's lawsuit against [Halberd] for [Halberd's] failure to pay legal bills. [Respondent] specifically testified that he received 393,597,555 shares as part of a settlement order. [Respondent] further testified that as part of that same settlement order he assigned 100% of those 393,597,555 shares to two assignees – Grandview Capital and his son Ryan Goulding. [Respondent] admitted that after this assignment of [Halberd] shares to Grandview Capital and his son Ryan Goulding, SCI did not own any shares or have any rights to [Halberd] shares. In other words, at the time that [Respondent], through his firm SCI, entered into both the October 17, 2014 "Agreement for Assignment" and

> the October 20, 2014 "Agreement for Assignment" with Evergreen to sell Evergreen a total of 40,000,000 [Halberd] shares, SCI did not own any shares to convey. The Court concludes that [Respondent's] consistent representations that he and/or SCI owned millions of shares of [Halberd] when he knew that they did not, were material false statements that induced Evergreen to act in the way it did. Further, it was reasonable for Evergreen to rely on the statements that had been made by [Respondent], false as they were, as there was no reason for Evergreen to doubt that SCI had 40,000,000 [Halberd] shares to sell.

Judge Mullen entered further found Respondent's conduct to be outrageous, and additionally ordered that Respondent pay Evergreen's legal fees incurred in Evergreen's suit against Respondent.

28. By reason of the conduct described above, Respondent has engaged in the following misconduct:

a. conduct involving dishonesty, deceit, fraud or misrepresentation, by conduct including fraudulently transferring Halberd Shares in an effort to avoid a future judgment, and by drafting and executing Assignments of Halberd shares on SCI"s behalf on October 14, 2020 and October 20, 2020, and accepting funds in exchange for those assignments, when he knew that SCI did not possess Halberd shares to assign, in violation of Rule 8.4(c) of the Illinois Rules of Professional Conduct.

WHEREFORE**,** the Administrator respectfully requests that this matter be assigned to a panel of the Hearing Board, that a hearing be held, and that the panel make findings of fact, conclusions of fact and law, and a recommendation for such discipline as is warranted.

Respectfully submitted,

Lea S. Gutierrez, Administrator
Attorney Registration and
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