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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, BUREAU OF SECURITIES
COMPLIANCE AND EXAMINATIONS

Docket No.: 21 0039 (SEC-OSC)

v.

GOLDATA COMPUTER SERVICES, INC.
d/b/a GOLDATA FINANCIAL
ELLIOT MITCHELL GOLDBERG
1931 FUNDING, LLC
567 FUNDING, LLC
442 FUNDING, LLC
803 FUNDING, LLC
LEGS 1, LLC

NOTICE TO ANSWER AND REQUEST A HEARING

You have the right to challenge the attached Order to Show Cause (“Order”) by filing an Answer, in writing, with the Docket Clerk **within 30 days** of the date of this Order as required by 1 Pa. Code § 35.37. **If you do not file an Answer within 30 days, then you will waive your right to a hearing and the Banking and Securities Commission (“Commission”) may enter a final order against you.**

Your Answer must be in writing. Your Answer must specifically admit or deny the allegations in the Order, set forth the facts you rely upon, and state concisely the law upon which you rely. General denials of the allegations set forth in the Order are not sufficient; you must support your denials with specific facts. Failure to support your denials with specific facts may cause the Commission to deem the facts in the Order as admitted and to enter a final order against you, without a hearing

The Answer and any other documents must be filed via first-class mail and electronic mail with the Docket Clerk:

Eileen Smith, Docket Clerk
Department of Banking and Securities
17 North Second Street, Suite 1300
Harrisburg, PA 17101
Email: RA-BNDOCKETCLERK@pa.gov

Further, you must serve a copy of the Answer and any other documents on the person who signed the Order by providing a hard and electronic copy to his or her counsel indicated below:

John Chiappetta
Assistant Counsel
Department of Banking and Securities
301 Fifth Avenue, Suite 290
Pittsburgh, PA 15222

Once you file your Answer, you will be notified of pertinent information such as the name of the presiding officer designated by the Commission to hear this matter and, if a hearing is scheduled, the date, time, and location of the hearing. You have the right to be represented by an attorney.

The hearing and all other procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa.C.S. §§ 501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.1-35.251.

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LEGS 1, LLC

ORDER TO SHOW CAUSE

You, Goldata Computer Services, Inc. dba Goldata Financial (“Respondent Goldata”), Elliot Mitchell Goldberg (“Respondent Goldberg”), 1931 Funding, LLC, (“Respondent 1931”) 567 Funding, LLC (“Respondent 567”), 442 Funding, LLC (“Respondent 442”), 803 Funding, LLC (“Respondent 803”) and LEGS 1, LLC (“Respondent LEGS”) are notified that the Department of Banking and Securities (“Department”), through the Bureau of Securities Compliance and Examinations (“Bureau”), hereby **ORDERS YOU TO SHOW CAUSE** why the Banking and Securities Commission (“Commission”) should not impose the sanctions and remedies described below. Specifically, this proceeding is instituted pursuant to 1 Pa. Code § 35.14 to determine:

- (1) whether the allegations set forth below are true; and

- (2) if these allegations are true, whether there has been a violation of the Pennsylvania Securities Act of 1972 (“1972 Act”) or of the regulations promulgated thereunder; and
- (3) if so, whether the sanctions and remedies proposed by the Bureau should be imposed by the Commission.

The Bureau alleges the following facts and violations of law for the purpose of tentatively framing the issues for consideration by the Commission. The Commission may consider this matter directly or may designate a hearing officer to issue a recommended decision prior to the Commission issuing a final order.

STATEMENT OF THE PARTICULARS AND MATTERS
CONCERNING WHICH THE BUREAU IS INQUIRING

PARTIES

1. The Department is the Commonwealth of Pennsylvania’s administrative agency authorized and empowered to administer and enforce the 1972 Act.
2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.
3. The Bureau operates from the Department’s main office located at 17 North Second Street, Suite 1300, Harrisburg, Pennsylvania 17101.
4. Respondent Goldata CRD #134566 was, at all times material herein, a Pennsylvania corporation with an address at Redacted
5. Respondent Goldberg CRD #4923485 was, at all times material herein, an individual with an address at Redacted . At all times material herein, Respondent Goldberg was the president and owner of Respondent Goldata.

6. Respondent 1931 was, at all times material herein, a Pennsylvania limited liability company with an address at Redacted . At all times material herein, Respondent Goldberg was the manager of Respondent 1931.

7. Respondent 567 was, at all times material herein, a Pennsylvania limited liability company with an address at Redacted . At all times material herein, Respondent Goldberg was the manager Respondent 567.

8. Respondent 442 was, at all times material herein, a Pennsylvania limited liability company with an address at Redacted . At all times material herein, Respondent Goldberg was the manager of Respondent 442.

9. Respondent 803 was, at all times material herein, a Pennsylvania limited liability company with an address at Redacted . At all times material herein, Respondent Goldberg was the manager of Respondent 803.

10. Respondent LEGS was, at all times material herein, a Texas limited liability company with an address at Redacted . At all times material herein, Respondent Golddata was the manager of Respondent LEGS.

FACTUAL ALLEGATIONS

11. From in or about June 2005 to the present, Respondent Golddata has been registered pursuant to Section 301 of the 1972 Act, 70 P.S. § 1-301 as an investment advisor.

12. From in or about June 2005 to the present, Respondent Goldberg has been registered pursuant to Section 301 of the 1972 Act, 70 P.S. § 1-301 as an investment advisor representative of Respondent Golddata.

13. As president of Respondent Golddata, Respondent Goldberg acted as an "affiliate" of Respondent Golddata within the meaning of Section 102(b) of the 1972 Act, 70 P.S. §1-102(b),

and, as such, caused Respondent Goldata to commit the herein stated acts which violated the 1972 Act.

14. As manager of Respondent 1931, Respondent Goldberg acted as an "affiliate" of Respondent 1931 within the meaning of Section 102(b) of the 1972 Act, 70 P.S. §1-102(b), and, as such, caused Respondent 1931 to commit the herein stated acts which violated the 1972 Act.

15. As manager of Respondent 567, Respondent Goldberg acted as an "affiliate" of Respondent 567 within the meaning of Section 102(b) of the 1972 Act, 70 P.S. §1-102(b), and, as such, caused Respondent 567 to commit the herein stated acts which violated the 1972 Act.

16. As manager of Respondent 442, Respondent Goldberg acted as an "affiliate" of Respondent 442 within the meaning of Section 102(b) of the 1972 Act, 70 P.S. §1-102(b), and, as such, caused Respondent 442 to commit the herein stated acts which violated the 1972 Act.

17. As manager of Respondent 803, Respondent Goldberg acted as an "affiliate" of Respondent 803 within the meaning of Section 102(b) of the 1972 Act, 70 P.S. §1-102(b), and, as such, caused Respondent 803 to commit the herein stated acts which violated the 1972 Act.

18. As manager of Respondent LEGS, Respondent Goldata acted as an "affiliate" of Respondent LEGS within the meaning of Section 102(b) of the 1972 Act, 70 P.S. §1-102(b), and, as such, caused Respondent LEGS to commit the herein stated acts which violated the 1972 Act.

19. As Respondent Goldberg is president of Respondent Goldata and the manager of Respondents 1931, 567, 442, and 803, Respondents 1931, 567, 442, and 803 acted as "affiliates" of Respondent Goldata within the meaning of Section 102(b) of the 1972 Act, 70 P.S. §1-102(b), and, as such, caused Respondent Goldata to commit the herein stated acts which violated the 1972 Act.

20. As Respondent Goldata is the manager of Respondent LEGS, Respondent LEGS acted as an “affiliate” of Respondent Goldata within the meaning of Section 102(b) of the 1972 Act, 70 P.S. §1-102(b), and, as such, caused Respondent Goldata to commit the herein stated acts which violated the 1972 Act.

21. Respondent Goldberg maintains a Linked In webpage (“Webpage”) that states Respondent Goldberg is the “fund manager for [Respondent] 1931 Funding, LLC, [Respondent] 442 Funding, [Respondent] 567 Funding, LLC and [Respondent] 803 Funding, LLC. These four funds offer attractive returns of 6% to 20% annually to investors by participating in cash advances to small businesses.” The Webpage provides a link for a potential investor to view a “video at www.1931Funding.com for details.”

Sale of 1 Global Notes

22. 1 Global Capital, LLC, aka 1st Global Capital, LLC, aka 1st Global Capital Financial Services (“Global”) was, at all times material herein, a Florida limited liability company, with an address at 1250 East Hallandale Beach Blvd., Suite 409, Hallandale Beach, FL 33009.

23. Global was, at all times material herein, engaged in the business of providing funding known as a Merchant Cash Advance Transaction (“MCAT”) as an alternate form of financing to traditional banking and banking institutions.

24. At all times material herein, Global offered for sale Memoranda of Indebtedness (“Global Notes”) to investors. The term of the Global Notes was either 9 months or 1 year, and Global assigned interest rates at its discretion based on its regularly collected amounts received from the MCATs. At the end of the term, the Global Notes automatically rollover into a new indebtedness unless the investor provides Global with a written notice of termination no less than thirty (30) days before the end of the term.

25. From in or about March 2017 through November 2017, Respondent Goldberg offered and sold at least 14 Global Notes to at least 14 Pennsylvania residents (“PA Residents”) for an aggregate amount of at least \$646,000.

26. For Respondent Goldberg’s sale of Global Notes, Respondent Goldberg received at least \$8,600 in compensation from Global.

27. The Global Notes described above are “securities” within the meaning of Section 102(t) of the 1972 Act, 70 P.S. § 1-102(t).

28. Global is the “issuer” of the Global Notes within the meaning of Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l).

29. The records of the Department disclose that the Global Notes are: (a) not registered under Section 201 of the 1972 Act, 70 P.S. § 1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. § 1-202; (c) not federally covered securities under Section 211 of the 1972 Act, 70 P.S. § 1-211; and (d) that the securities transactions relating to the Global Notes are not exempt under Section 203 of the 1972 Act, 70 P.S. § 1-203.

30. Respondent Goldberg represented Global in effecting or attempting to effect purchases or sales of Global Notes in Pennsylvania.

31. Respondent Goldberg was neither registered pursuant to Section 301 of the 1972 Act, 70 P.S. § 1-301, nor exempt from registration.

32. Respondent Goldberg failed to provide some or all of the PA Residents with financial statements regarding Global, which disclosure would have been material for a reasonable investor to make an informed investment decision. To the extent that Global did not have disclosure documents, Respondent Goldberg failed to disclose their nonexistence, which would have been material for a reasonable investor to make an informed investment decision.

33. To date, Global has been unable to fulfill its financial obligations to some or all of the PA Residents who purchased Global Notes, and Global has consequently defaulted on payments to some or all of the PA Residents.

34. Respondent Goldberg failed to disclose the following material information concerning some or all of the following to some or all of the PA Residents:

- a. The financial condition of Global;
- b. The financial risk of investing in the Global Notes;
- c. The identity and relevant background of the corporate officers of Global;
- d. Global's operating history;

1931 Funding, LLC

35. From in or about March 2018 until the present, Respondent 1931 offered for sale 1931 notes ("1931 Notes") to investors ("1931 Investors").

36. The Private Placement Memorandum ("PPM") for Respondent 1931 states that "proceeds from the sale of the [1931] Notes" were "used for providing funds to MCA ['Merchant Cash Advance'] funding firms."

37. From in or about March 2018 until the present, Respondent 1931 offered and sold at least nine-hundred seventy-nine (979) 1931 Notes to at least 41 investors within the United States for an aggregate amount of at least \$9,790,000.

38. From in or about March 2018 until the present, Respondent 1931 offered and sold at least seven-hundred sixteen (716) 1931 Notes to at least 28 PA Residents for an aggregate amount of at least \$7,166,000.

39. From on or about March 2018 until the present, Respondent Goldberg offered and sold approximately three-hundred sixty-nine (369) 1931 Notes to at least 7 clients of Respondent Golddata (“Respondent Golddata Clients”) for an aggregate amount of \$3,699,000.

40. At least one (1) 1931 Investor was aged 60 or more at the time the 1931 Investor purchased the 1931 Notes.

41. The term of the 1931 Notes was from 1 to 5 years.

42. The rate of return for the 1931 Notes ranged from 6% to 20 %.

43. For his management of Respondent 1931, Respondent Goldberg received approximately \$1,377,822 in compensation.

44. The 1931 Notes described above are “securities” within the meaning of Section 102(t) of the 1972 Act, 70 P.S. §1-102(t).

45. Respondent 1931 is the “issuer” of the 1931 Notes within the meaning of Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l).

46. On or about April 12, 2018, Respondent 1931 filed a Notice of Exempt Offering of Securities pursuant to Regulation D, Rule of 506(c).

47. The 1931 Notes were (a) not registered under Section 201 of the 1972 Act, 70 P.S. § 1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. § 1-202; and (c) not federally covered securities; and further, the securities transactions relating to the 1931 Notes were not exempt from registration under Section 203 of the 1972 Act, 70 P.S. § 1-203.

48. Respondent Goldberg failed to disclose the following material information concerning some or all of the following to some or all of the PA Residents:

a. The financial risk of investing in the 1931 Notes;

- b. The identity of the merchant cash advance entities that received the 1931 Investor funds; and
- c. Respondent 1931's operating history.

567 Funding, LLC (Notes)

49. From in or about July 2019 until the present, Respondent 567 offered for sale notes ("567 Notes") to investors ("567 Investors").

50. The PPM for Respondent 567 states that Respondent 567 "was formed for the purpose of providing funds to MCA funding firms...that provide Merchant Cash Advances (MCA) to Merchants that they identify, underwrite and service."

51. From in or about July 2019 until the present, Respondent 567 offered and sold at least one-hundred twenty-six (126) 567 Notes to at least sixteen (16) 567 Investors within the United States for an aggregate amount of at least \$1,260,000.

52. From in or about September 2019 until the present, Respondent 567 offered and sold at least fifty (50) 567 Notes to at least 7 PA Residents for an aggregate amount of at least \$500,000.

53. From in or about September 2019 until the present, Respondent 567 offered and sold at least six (6) 567 Notes to at least two Respondent Golddata Clients for an aggregate amount of at least \$64,000.

54. At least one (1) 567 Investor was aged 60 or more at the time the 567 Investor purchased the 567 Notes.

55. The term of the 567 Notes was from 1 to 5 years.

56. The rate of return for the 567 Notes ranged from 6% to 16%.

57. For his management of Respondent 567, Respondent Goldberg received at least \$19,158 in compensation.

58. The 567 Notes described above are “securities” within the meaning of Section 102(t) of the 1972 Act, 70 P.S. §1-102(t).

59. Respondent 567 is the “issuer” of the 567 Notes within the meaning of Section 102(l) of the 1972 Act, 70 P.S. §1-102(l).

60. The 567 Notes are “securities” as that term is defined in Section 102 (t) of the 1972 Act, 70 P.S. § 102 (t).

61. On or about August 21, 2019, Respondent 567 filed a Notice of Exempt Offering of Securities pursuant to Regulation D, Rule 506(b).

62. The 567 Notes were (a) not registered under Section 201 of the 1972 Act, 70 P.S. § 1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. § 1-202; and (c) not a federally covered security; and further, the securities transactions relating to the 567 Notes were not exempt from registration under Section 203 of the 1972 Act, 70 P.S. § 1-203.

63. Respondent Goldberg failed to disclose the following material information concerning some or all of the following to some or all of the PA Residents:

- a. The financial risk of investing in the 567 Notes;
- b. The identity of the merchant cash advance entities that received 567 Investor funds; and
- c. Respondent 567’s operating history.

442 Funding, LLC (Notes)

64. From in or about June 2018 until the present, Respondent 442 offered for sale notes (“442 Notes”) to investors (“442 Investors”).

65. The PPM for Respondent 442 states that Respondent 442 “was formed for the purpose of providing funds to MCA funding firms...that provide Merchant Cash Advances (MCA) to Merchants that they identify, underwrite and service.”

66. From in or about June 2018 until the present, Respondent 442 offered and sold at least ninety-nine (99) 442 Notes to at least twenty-two (22) 442 Investors within the United States for an aggregate amount of at least \$990,000.

67. From in or about July 2018 until the present, Respondent 442 offered and sold at least thirty-seven (37) 442 Notes to at least 8 PA Residents for an aggregate amount of at least \$370,000.

68. From in or about July 2018 until the present, Respondent Goldberg offered and sold at least seven (7) 442 Notes to at least 5 Respondent Golddata Clients for an aggregate amount of \$77,500.

69. At least one (1) 442 Investor was aged 60 or more at the time the 442 Investor purchased the 442 Notes.

70. The term of the 442 Notes was to 1 to 5 years.

71. The rate of return for the 442 Notes ranged from 6% to 16%.

72. For his management of Respondent 442, Respondent Goldberg received approximately \$502,884 in compensation.

73. The 442 Notes described above are “securities” within the meaning of Section 102(t) of the 1972 Act, 70 P.S. §1-102(t).

74. Respondent 442 is the “issuer” of the 442 Notes within the meaning of Section 102(l) of the 1972 Act, 70 P.S. §1-102(l).

75. On or about June 3, 2019, Respondent 442 filed a Notice of Exempt Offering of Securities pursuant to Regulation D, Rule 506(b).

76. The 442 Notes were (a) not registered under Section 201 of the 1972 Act, 70 P.S. § 1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. § 1-202; and (c) not a federally covered security; and further, the securities transactions relating to the 442 Notes were not exempt from registration under Section 203 of the 1972 Act, 70 P.S. § 1-203.

77. Respondent Goldberg failed to disclose the following material information concerning some or all of the following to some or all of the PA Residents:

- a. The financial risk of investing in the 442 Notes;
- b. The identity of the merchant cash advance entities that received the 442 Investor funds; and
- c. Respondent 442's operating history.

Sale of 803 Funding, LLC (Notes)

78. From in or about July 2020 until the present, Respondent 803 offered for sale 803 notes ("803 Notes") to investors ("803 Investors").

79. The PPM for Respondent 803 states that Respondent 803 "was formed for the purpose of providing funds to MCA funding firms...that provide Merchant Cash Advances (MCA) to Merchants that they identify, underwrite and service."

80. From in or about July 2020 until the present, Respondent 803 offered and sold at least twenty-one (21) 803 Notes to at least seven (7) 803 Investors within the United States for an aggregate amount of at least \$219,286.

81. From in or about July 2020 until the present, Respondent 803 offered and sold at least three (3) 803 Notes to at least 2 PA Residents, who were also Respondent Golddata Clients, for an aggregate amount of at least \$30,000.

82. At least one (1) 803 Investor was aged 60 or more at the time the 803 Investor purchased the 803 Notes.

83. The term of the 803 Notes was 1 to 5 years.

84. The rate of return for the 803 Notes ranged from 6% to 20%.

85. For his management of Respondent 803, Respondent Goldberg received approximately \$241,983 in compensation.

86. The 803 Notes described above are “securities” within the meaning of Section 102(t) of the 1972 Act, 70 P.S. §1-102(t).

87. Respondent 803 is the “issuer” of the 803 Notes within the meaning of Section 102(l) of the 1972 Act, 70 P.S. §1-102(l).

88. On or about August 25, 2020, Respondent 803 filed a Notice of Exempt Offering of Securities pursuant to Regulation D, Rule 506(b).

89. The 803 Notes were (a) not registered under Section 201 of the 1972 Act, 70 P.S. § 1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. § 1-202; and (c) not a federally covered security; and further, the securities transactions relating to the 803 Notes were not exempt from registration under Section 203 of the 1972 Act, 70 P.S. § 1-203.

90. Respondent Goldberg failed to disclose the following material information concerning some or all of the following to some or all of the PA Residents:

- a. The financial risk of investing in the 803 Notes;

- b. The identity of the merchant cash advance entities that received 803 Investor funds;
and
- c. Respondent 803's operating history.

Sale of LEGS Units

91. From in or about November 2016 until December 2016, Respondent LEGS offered for sale limited liability company units in Respondent LEGS ("LEGS Units") to investors ("LEGS Investors").

92. The PPM for Respondent LEGS states that proceeds from the sale of the LEGS Units would purportedly be used to purchase interests in investment funds that would acquire life settlements.

93. From in or about November 2016 until December 2016, Respondent LEGS offered and sold the LEGS Units to at least 2 PA Residents for an aggregate amount of \$200,000.

94. In or about December 2016, Respondent LEGS offered and sold the LEGS Units to at least 1 Respondent Golddata Client for an aggregate amount of \$50,000.

95. At least one (1) LEGS Investor was aged 60 or more at the time the LEGS Investor purchased the LEGS Units.

96. For his management of Respondent LEGS, Respondent Goldberg received approximately \$6,960 in compensation.

97. The LEGS Units described above are "securities" within the meaning of Section 102(t) of the 1972 Act, 70 P.S. §1-102(t).

98. Respondent LEGS is the "issuer" of the LEGS Units within the meaning of Section 102(l) of the 1972 Act, 70 P.S. §1-102(l).

99. The LEGS Units are “securities” as that term is defined in Section 102 (t) of the 1972 Act, 70 P.S. § 102 (t).

100. On or about November 22, 2016, Respondent LEGS filed a Notice of Exempt Offering of Securities pursuant to Regulation D, Rule 506(b).

101. Respondent Goldberg failed to provide some or all of the PA Residents with financial statements regarding Respondent LEGS, which disclosure would have been material for a reasonable investor to make an informed investment decision. To the extent that Respondent LEGS did not have disclosure documents, Respondent Goldberg failed to disclose their nonexistence, which would have been material for a reasonable investor to make an informed investment decision.

102. Respondent Goldberg failed to disclose the following material information concerning some or all of the following to some or all of the PA Residents:

- a. The financial condition of Respondent LEGS;
- b. The financial risk of investing in the LEGS Units;
- c. The Life Settlements that would be acquired with LEGS Investor funds; and
- d. Respondent LEGS’s operating history;

Respondent Goldata had Custody of Client Funds or Securities

103. Respondent 1931, Respondent 567, Respondent 442, Respondent 803, and Respondent LEGS are “pooled investment vehicles” as defined in Regulation 102.021, 10 Pa. Code §102.021.

104. Respondent Goldata, in connection with its advisory services, directly or indirectly held client funds or securities, through Respondent 1931, Respondent 567, Respondent 442, Respondent 803 and Respondent LEGS, with the authority to obtain possession of them or the

ability to appropriate them and thus had "custody" over client funds or securities as defined in Regulation 102.021, 10 Pa. Code § 102.021.

105. Pursuant to Regulation 304.022(a)(1), 10 Pa. Code § 304.022(a)(1), an investment adviser that has custody of client funds or securities shall file an audited balance sheet as of the end of its fiscal year.

106. Respondent Goldata's fiscal year ends on June 30.

107. Respondent Goldata did not file an audited balance sheet with the Department as of the end of its fiscal year.

108. Pursuant to Regulation 404.014(a)(1), 10 Pa. Code § 404.014(a)(1), it is unlawful and considered to be a fraudulent, deceptive or manipulative act, practice or course of business, within the meaning of section 404 of the act (70 P.S. § 1-404), for an investment adviser, registered under section 301 (70 P.S. § 1-301), to have custody of client funds or securities unless the investment adviser notifies the Department promptly in writing on Form ADV that it has or may have custody.

109. Respondent Goldata did not promptly notify the Department on the Form ADV that Respondent Goldata had custody or possession of funds or securities in which any client of Respondent Goldata had a beneficial interest; in fact, the Form ADV for Respondent Goldata indicated that Respondent Goldata did not have custody of any advisory clients' cash, bank accounts, or securities.

110. Pursuant to Regulation 404.014(a)(5)(i), 10 Pa. Code § 404.014(a)(5)(i), it is unlawful and considered to be a fraudulent, deceptive or manipulative act, practice or course of business for an investment adviser, to have custody of client funds or securities unless the client funds or securities of which the investment advisor has custody are verified by actual examination

at least once during each calendar year, by an independent certified public accountant, under a written agreement between the investment advisor and the independent certified public accountant, at a time that is chosen by the independent certified public accountant without previous notice or announcement to the investment advisor and that is irregular from year to year.

111. Respondent Goldata failed to have its client funds or securities of which Respondent Goldata had custody verified by a certified public accountant.

112. Pursuant to Regulation 303.042(a)(3), 10 Pa. Code § 303.042(a)(3) as promulgated under Section 303 of the 1972 Act, an investment adviser that has its principal place of business in this Commonwealth and has custody of client funds or securities shall maintain at all times a minimum net worth of \$35,000.

113. Respondent Goldata's net worth for the period July 1, 2017, to June 30, 2018, was below \$35,000.

Respondent Goldata's Supervisory Failures

114. Regulation 305.011(a) 10 Pa. Code § 305.011(a) requires every registered investment adviser to exercise diligent supervision, and accept final responsibility for proper supervision, over the securities activities and securities related activities of its investment adviser representatives and employees by establishing and maintaining written procedures and a system for applying and enforcing those written procedures which are reasonably designed to achieve compliance with the 1972 Act and other applicable securities laws and regulations.

115. At all times material herein, Respondent Goldata did not exercise diligent supervision over the securities activities of its investment adviser representatives by failing to establish and maintain written procedures a system for applying and enforcing those written

procedures with respect to pooled investment vehicles pursuant to Regulation 305.011(a), 10 Pa. Code § 305.011(a).

116. Regulation 305.011(c), 10 Pa. Code § 305.011(c) requires registered investment advisers, as evidence of compliance with their supervisory obligations, to implement, maintain and enforce written procedures, designed to achieve compliance with the 1972 Act and its regulations and to detect and prevent violations described in subsection 305.011(a).

117. At all times material herein, Respondent Goldata did not establish, maintain and enforce any written procedures with respect to pooled investment vehicles which were designed to achieve compliance with the 1972 Act and its regulations to detect and prevent violations described in subsection 305.011(a), pursuant to Regulation 305.011(c)(2), 10 Pa. Code § 305.011(c)(2).

Respondent's Dishonest and Unethical Practices

118. Regulation 305.019(a), 10 Pa. Code § 305.019(a), states that every person registered under Section 301 of the 1972 Act, 70 P.S. §1-301, is a fiduciary and that they shall: (1) act primarily for the benefit of their customers; and (2) observe high standards of commercial honor and just and equitable principals of trade in the conduct of their business.

119. As Respondent Goldberg received compensation for his management of Respondent 1931, Respondent 567, Respondent 442, Respondent 803, and Respondent LEGS, Respondent Goldata failed to act as a fiduciary and acted primarily for its own benefit by recommending the purchase of the 1931 Notes, the 567 Notes, the 442 Notes, the 803 Notes and the LEGS Units.

120. Regulation 305.019(c)(3)(xi)(A), 10 Pa. Code § 305.019(c)(3)(xi)(A), prohibits an investment adviser from engaging in dishonest or unethical practices in the securities business by

failing to disclose to a client in writing, before advice is given, a material conflict of interest relating to the investment advisor which could reasonably be expected to impair the giving of unbiased and objective advice including a compensation arrangement connected with advisory services to a client which is in addition to compensation from the client for the services.

121. Respondent Goldata failed to disclose in writing to purchasers of the 1931 Notes, the 567 Notes, the 442 Notes, the 803 Notes and the LEGS Units, the specific compensation that Respondent Goldberg received for managing Respondent 1931, Respondent 567, Respondent 442, Respondent 803 and Respondent LEGS.

122. Regulation 305.019(c)(3)(xv), 10 Pa. Code § 305.019(c)(3)(xv), prohibits an investment adviser from engaging in dishonest or unethical practices in the securities business by taking an action, directly or indirectly, with respect to those securities or funds in which a client has a beneficial interest, when the investment adviser has custody or possession of the securities or funds when the adviser's action is subject to, and does not comply with, the requirements of § 404.014 (relating to custody requirements for investment advisers). (10 Pa. Code § 305.019(c)(3)(xv).

123. Respondent Goldata recommended the purchase of the 1931 Notes, the 567 Notes, the 442 Notes, the 803 Notes and the LEGS Units, which action was subject to, and did not comply with the requirements of Regulation 404.014, 10 Pa. Code § 404.014.

COUNTS

Violation of Section 201 of the 1972 Act, 70 P.S. § 1-201

59 Counts

124. Paragraphs 1 through 123 are incorporated herein by reference as if set forth in their entirety.

125. By engaging in the acts and conduct set forth in paragraphs 11 through 29, 35 through 47, 49 through 62, 64 through 76, and 78 through 89 above, Respondent Goldberg offered and sold the Global Notes, 1931 Notes, 567 Notes, 442 Notes and the 803 Notes to PA Residents in violation of Section 201 of the 1972 Act, 70 P.S. § 1-201.

Violation of Section 301(a) of the 1972 Act, 70 P.S. § 1-301

14 Counts

126. Paragraphs 1 through 125 are incorporated herein by reference as if set forth in their entirety.

127. By engaging in the acts and conduct set forth in paragraphs 22 through 31 above, Respondent Goldberg effected transactions in the Global Notes in Pennsylvania while neither registered, nor exempt from registration, in willful violation of Section 301(a) of the 1972 Act, 70 P.S. § 1-301(a).

Violation of Section 401(b) of the 1972 Act, 70 P.S. § 1-401

61 Counts

128. Paragraphs 1 through 127 are incorporated herein by reference as if set forth in their entirety.

129. By engaging in the acts and conduct set forth in paragraphs 11 through 21, 22 through 28, 48, 63, 77, 90, 101, and 102 above, Respondent Goldberg, has, in connection with the offer, sale or purchase of the Global Notes, the 1931 Notes, the 567 Notes, the 442 Notes, the 803 Notes, and the LEGS Units, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in willful violation of Section 401(b) of the 1972 Act, 70 P.S. § 1-401(b).

Violation of Section 401(c) of the 1972 Act, 70 P.S. § 1-401(c)

14 Counts

130. Paragraphs 1 through 129 are incorporated herein by reference as if set forth in their entirety.

131. By engaging in the acts and conduct set forth in paragraphs 22 through 33 above, Respondent Goldberg, has, in connection with the offer, sale or purchase of the Global Notes, engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person, in willful violation of Section 401(c) of the 1972 Act, 70 P.S. § 1-401(c).

Violation of Section 404 of the 1972 Act, 70 P.S. §1-404, and Regulation 404.014 (a)(1), 10

Pa. Code §404.014(a)(1)

5 Counts

132. Paragraphs 1 through 131 are incorporated herein by reference as if set forth in their entirety.

133. By engaging in the acts and conduct set forth in paragraphs 11 through 20, 103, 104, 108, and 109 above, Respondent Golddata has failed to comply with Regulation 404.014(a)(1), 10 Pa. Code §404.014(a)(1), which acts and conduct constitute a fraudulent, deceptive or manipulative act, practice, or course of business in willful violation of Section 404 of the 1972 Act, 70 P.S. §1-404 and Regulation 404.014(a)(1), 10 Pa. Code §404.014(a)(1).

Violation of Section 404 of the 1972 Act, 70 P.S. §1-404, and Regulation 404.014 (a)(5), 10

Pa. Code §404.014(a)(5)

5 Counts

134. Paragraphs 1 through 133 are incorporated herein by reference as if set forth in their entirety.

135. By engaging in the acts and conduct set forth in paragraph 11 through 20, 103, 104, 110, and 111 above, Respondent Golddata failed to comply with Regulation 404.014(a)(5), 10 Pa. Code §404.014(a)(5), which acts and conduct constitute a fraudulent, deceptive or manipulative

act, practice, or course of business in willful violation of Section 404 of the 1972 Act, 70 P.S. §1-404 and Regulation 404.014(a)(5), 10 Pa. Code §404.014(a)(5).

Conduct Forming Basis to Deny, Suspend, Revoke, or Condition the Registration of or Censure Respondent Goldata and Respondent Goldberg pursuant to Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation § 303.042(a)(3)(ii) 10 Pa. Code § 303.042(a)(3)(ii)(A)-(B)

1 Count

136. Paragraphs 1 through 135 are incorporated herein by reference as if set forth in their entirety.

137. By engaging in the acts and conduct set forth in paragraphs 11 through 20, 103, 104, 112, and 113 above, Respondent Goldata and Respondent Goldberg have failed to comply with the investment adviser capital requirements, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of Respondent Goldata and Respondent Goldberg or censure Respondent Goldata and Respondent Goldberg pursuant to Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation § 303.042(a)(3)(ii) 10 Pa. Code § 303.042(a)(3)(ii)(A)-(B), promulgated thereunder.

Conduct Forming Basis to Deny, Suspend, Revoke, or Condition the Registration of or Censure Respondent Goldata and Respondent Goldberg pursuant to Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 304.022(a)(1), 10 Pa. Code § 304.022(a)(1), as promulgated under Section 304 of the 1972 Act, 70 P.S. § 1-304

5 Counts

138. Paragraphs 1 through 137 are incorporated herein by reference as if set forth in their entirety.

139. By engaging in the acts and conduct set forth in paragraphs 11 through 20 and paragraphs 103 through 107 above, Respondent Goldata and Respondent Goldberg have failed to

file with the Department an audited balance sheet as of the end of its fiscal year as required for an investment adviser that has custody of client funds or securities, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of Respondent Goldata and Respondent Goldberg or censure Respondent Goldata and Respondent Goldberg pursuant to Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 304.022(a)(1), 10 Pa .Code § 304.022(a)(1) promulgated thereunder.

Conduct Forming Basis to Deny, Suspend, Revoke, or Condition the Registration of or Censure Respondent Goldata pursuant to Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 305.011(a) and (c), 10 Pa. Code § 305.011(a) and (c)

5 Counts

140. Paragraphs 1 through 139 are incorporated herein by reference as if set forth in their entirety.

141. By engaging in the acts and conduct set forth in paragraphs 11 through 20 and paragraphs 114 through 117 above, Respondent Goldata failed to exercise diligent supervision over the securities activities of its agents, investment adviser representatives, and employees by establishing and maintaining written procedures and a system for applying and enforcing those written procedures which are reasonably designed to achieve compliance with the 1972 Act and other securities laws and regulations, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of Respondent Goldata or censure Respondent Goldata pursuant to Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 305.011(c), 10 Pa. Code § 305.011(c), promulgated thereunder.

Conduct Forming Basis to Deny, Suspend, Revoke, or Condition the Registration of or Censure Respondent Goldata Pursuant to Section 305(a)(ix) of the 1972 Act, 70 P.S. § 1-305(a)(ix), and Regulation 305.019(a), 10 Pa. Code § 305.019(a)

17 Counts

142. Paragraphs 1 through 141 are incorporated herein by reference as if set forth in their entirety.

143. By engaging in the acts and conduct set forth in paragraphs 11 through 20, 118 and 119 above, Respondent Goldata and Respondent Goldberg failed to act as a fiduciary by failing to act primarily for the benefit of its customers; and by failing to observe high standards of commercial honor and just and equitable principals of trade in the conduct of its business, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of Respondent Goldata and Respondent Goldberg or censure Respondent Goldata and Respondent Goldberg pursuant to Section 305(a)(ix) of the 1972 Act, 70 P.S. § 1-305(a)(ix), and Regulation 305.019(a), 10 Pa. Code § 305.019(a).

Conduct Forming Basis to Deny, Suspend, Revoke, or Condition the Registration of or Censure Respondent Goldata and Respondent Goldberg pursuant to Section 305(a)(ix) of the 1972 Act, 70 P.S. § 1-305(a)(ix), and 305.019(c)(3)(xi), 10 Pa. Code § 305.019(c)(3)(xi)

17 Counts

144. Paragraphs 1 through 143 are incorporated herein by reference as if set forth in their entirety.

145. By engaging in the acts and conduct set forth in paragraphs 11 through 20, 120, and 121 above, Respondent Goldata and Respondent Goldberg engaged in dishonest or unethical practices in the securities business by failing to disclose to a client in writing, before advice is given, a material conflict of interest relating to the investment adviser, the investment adviser representative or an employee of the investment adviser which could reasonably be expected to impair the giving of unbiased and objective advice including a compensation arrangement connected with advisory services to a client which is in addition to compensation from the client for the services, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of Respondent Goldata and Respondent Goldberg or censure Respondent Goldata and

Respondent Goldberg pursuant to Section 305(a)(ix) of the 1972 Act, 70 P.S. § 1-305(a)(ix), and Regulation 305.019(c)(3)(xi), 10 Pa. Code § 305.019(c)(3)(xi), promulgated thereunder.

Conduct Forming Basis to Deny, Suspend, Revoke, or Condition the Registration of or Censure Respondent Goldata and Respondent Goldberg pursuant to Section 305(a)(ix) of the 1972 Act, 70 P.S. § 1-305(a)(ix), and 305.019(c)(3)(xv), 10 Pa. Code § 305.019(c)(3)(xv)

17 Counts

146. Paragraphs 1 through 145 are incorporated herein by reference as if set forth in their entirety.

147. By engaging in the acts and conduct set forth in paragraphs 11 through 20, 122, and 123 above, Respondent Goldata and Respondent Goldberg engaged in dishonest or unethical practices in the securities business by taking an action, directly or indirectly, with respect to those securities or funds in which a client has a beneficial interest, when the investment adviser has custody or possession of the securities or funds when the adviser's action is subject to, and does not comply with, the requirements of § 404.014 (relating to custody requirements for investment advisers), which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of Respondent Goldata and Respondent Goldberg or censure Respondent Goldata and Respondent Goldberg pursuant to Section 305(a)(ix) of the 1972 Act, 70 P.S. § 1-305(a)(ix), and Regulation 305.019(c)(3)(xv), 10 Pa. Code § 305.019(c)(3)(xv), promulgated thereunder.

SANCTIONS AND REMEDIES

WHEREAS, the Bureau respectfully requests the penalties and relief pursuant to its authority under the 1972 Act:

1. That an order be issued pursuant to Section 305 of the 1972 Act, 70 P.S. § 1-305, that the registration of Respondent Goldata Computer Services, Inc. dba Goldata Financial and Respondent Elliot Mitchell Goldberg be suspended, revoked or conditioned, or that Respondent

Goldata Computer Services, Inc. dba 'Goldata Financial' and Respondent Elliot Mitchell Goldberg be censured.

2. That an order be issued pursuant to Section 512 of the 1972 Act, 70 P.S. § 1-512, which bars, conditionally or unconditionally, and either permanently or for such period of time as may be determined, Respondent Goldata Computer Services, Inc. dba Goldata Financial, Respondent Elliot Mitchell Goldberg, Respondent 1931 Funding, LLC, Respondent 567 Funding, LLC, Respondent 442 Funding, LLC, Respondent 803 Funding, LLC, Respondent LEGS 1, LLC from:

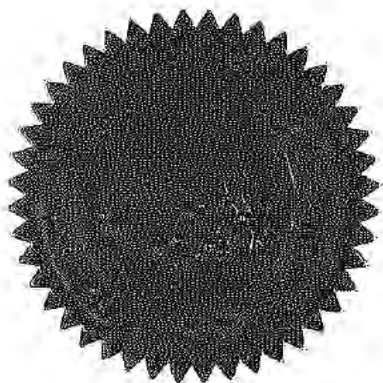
- a. Representing an issuer offering or selling securities in this State;
- b. Acting as a promoter, officer, director or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities in this State or of a person who controls or is controlled by such issuer;
- c. Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under Section 301 of the 1972 Act; or
- d. Being an affiliate of any person registered under Section 301 of the 1972 Act; or
- e. Relying upon an exemption from registration contained in Sections 202, 203 or 302 of the 1972 Act.

3. That Respondent Goldata Computer Services, Inc. dba Goldata Financial, Respondent Elliot Mitchell Goldberg, Respondent 1931 Funding, LLC, Respondent 567 Funding, LLC, Respondent 442 Funding, LLC, Respondent 803 Funding, LLC, Respondent LEGS 1, LLC be ordered to pay the cost of the investigation pursuant to Section 602.1 (b) of the 1972 Act.

4. That Respondent Goldata Computer Services, Inc. dba Goldata Financial, Respondent Elliot Mitchell Goldberg, Respondent 1931 Funding, LLC, Respondent 567 Funding,

LLC, Respondent 442 Funding, LLC, Respondent 803 Funding, LLC, Respondent LEGS 1, LLC
be ordered to pay an administrative assessment of up to \$100,000 for each act or omission
constituting a willful violation of the 1972 Act, pursuant to Section 602.1 (c) of the 1972 Act.

IT IS SO ORDERED.



FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES COMPLIANCE AND
EXAMINATIONS

Redacted

Eric Pistilli
Acting Deputy Secretary of Securities

Dated: 06/10/2021

FILED

COMMONWEALTH OF PENNSYLVANIA 2021 JUN 14 AM 7:57
DEPARTMENT OF BANKING AND SECURITIES

PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, BUREAU OF SECURITIES
COMPLIANCE AND EXAMINATIONS

Docket No.: 21 0039 (SEC-OSC)

v.

GOLDATA COMPUTER SERVICES, INC.
d/b/a GOLDATA FINANCIAL
ELLIOT MITCHELL GOLDBERG
1931 FUNDING, LLC
567 FUNDING, LLC
442 FUNDING, LLC
803 FUNDING, LLC
LEGS 1, LLC

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Order to Show Cause upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.35, 33.36 and 33.37:

BY CERTIFIED AND FIRST-CLASS MAIL

Goldata Computer Services, Inc.
d/b/a Goldata Financial

Elliot Mitchell Goldberg
Redacted

Redacted

1931 Funding, LLC

567 Funding, LLC

Redacted

Redacted

442 Funding, LLC

803 Funding, LLC

Redacted

Redacted

LEGS 1, LLC

Redacted

Dated this 15th day of June, 2021

Redacted

Eileen Smith, Legal Office Administrator
Office of Chief Counsel
FOR: Commonwealth of Pennsylvania
Department of Banking and Securities
Market Square Plaza
17 North Second Street, Suite 1300
Harrisburg, PA 17101
(717) 787-1471