

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

<b>IN THE MATTER OF:</b>	)	
	)	
	)	
<b>Frederick “Fred” Clark Johnson</b>	)	<b>ADMINISTRATIVE ORDER</b>
<b>(CRD No. 1220814), and Basic Wealth</b>	)	
<b>Advisors, Inc. (CRD No. 163998);</b>	)	<b>Matter No. 20164517</b>
	)	
<b>Respondents.</b>	)	
_____	)	

**I. PRELIMINARY STATEMENT**

Pursuant to the authority granted to the Securities Commissioner of South Carolina (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, et seq. (the “Act”), and delegated to the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) by the Securities Commissioner, the Division conducted an investigation into the securities-related activities of Frederick “Fred” Clark Johnson (CRD No. 1220814) (“Johnson”), and Basic Wealth Advisors, Inc. (CRD No. 163998) (“BWA” (collectively, the “Respondents”). In connection with its investigation, the Division has determined that the Respondents violated the Act.

**II. JURISDICTION**

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

**III. RESPONDENTS**

2. Johnson was, between June of 2015 and February of 2017 (the “Relevant Period”), a resident of the State of South Carolina. Johnson has since relocated to Ponte Verde, Florida.

3. BWA was, during the Relevant Period, a South Carolina corporation located at 609 Arledge Road, Landrum, South Carolina 29356, and it was registered with the Division as an investment adviser. Johnson was owner, president, and registered agent of BWA.

#### **IV. FINDINGS OF FACT**

4. During the Relevant Period, Johnson, a registered investment adviser representative and the principal of BWA, his employing investment adviser, also served as the Chief Executive Officer (“CEO”) of Synapsin Pharmaceuticals, Inc. (“Synapsin”).

5. During the Relevant Period, BWA was registered with the Division as an investment adviser. Pursuant to S.C. Code Regs. § 13-403(A)(3)(a), an investment adviser is under a continuing obligation to promptly update its Form ADV as changes occur. Pursuant to S.C. Code Regs. § 13-403(A)(3)(c), such an update is considered prompt when it is filed within thirty (30) days of the event that requires the filing of the update.

6. Item 4B on Form ADV Part 2B requires an investment adviser to disclose, *inter alia*, any outside business activities conducted by persons under the firm’s supervision that involve a substantial amount of the supervised person’s time. During Johnson’s service as CEO of Synapsin, BWA did not update its Form ADV to reflect Johnson’s involvement with Synapsin as its CEO.

7. During Johnson’s service as CEO of Synapsin, he was also registered with the Division as an investment adviser representative. Pursuant to S.C. Code Regs. § 13-403(B)(3)(a), an investment adviser representative is under a continuing obligation to promptly update his or her Form U-4 as changes occur. Pursuant to S.C. Code Regs. § 13-403(B)(3)(c), such an update is considered prompt when it is filed within thirty (30) days of the event that requires the filing of the update.

8. Item 13 on Form U-4 requires an investment adviser representative to disclose any business in which the investment adviser representative engages “as a proprietor, partner, officer, director, employee, trustee, agent, or otherwise,” with narrow exceptions. While serving as CEO of Synapsin, Johnson did not update his Form U-4 to reflect his role as such.

#### **V. CONCLUSIONS OF LAW**

9. BWA’s failure to file a timely update regarding outside business activities conducted by Johnson, a person under its supervision and control, violated S.C. Code Regs. § 13-403.

10. Johnson’s failure to update his Form U-4 to disclose the above named outside business for which he served as CEO violated S.C. Code Regs. § 13-403.

11. BWA’s failure to ensure that Johnson timely updated his Form U-4 violated S.C. Code Ann. § 35-1-412(d)(9).

12. This Order is in the public interest.

#### **VI. ORDER**

**NOW, THEREFORE**, pursuant to S.C. Code Ann. § 35-1-412(c), it is hereby **ORDERED** that:

- A. Each Respondent and every successor, affiliate, control person, agent, servant, and employee of each of the Respondents, and every entity owned, operated, or indirectly or directly controlled by or on behalf of each of the Respondents shall **CEASE AND DESIST** from transacting business in this State in violation of the Act
- B. BWA is **BARRED** from registration as an investment adviser or broker-dealer in the State of South Carolina;

C. Johnson is **BARRED** from registration as an agent or investment adviser representative in the State of South Carolina; and

D.

the right to

such a hearing. Failure by a Respondent to file an Answer, including a request for a hearing, shall

Understand that the CE/Chancellor may have authorized agency staff

ENTERED

1 of 1

ENTERED

By:



Jonathan B. Williams  
Assistant Deputy Attorney General