

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

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

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. Each Respondent shall pay a civil penalty in the amount of five thousand dollars (\$5,000.00) if this Order becomes effective by operation of law, or, if a Respondent seeks a hearing and any legal authority resolves this matter, that Respondent pay a civil penalty in an amount not to exceed \$10,000.00 for each violation of the Act by that Respondent and the actual cost of the investigation or proceeding.

IT IS FURTHER ORDERED that, pursuant to S.C. Code Ann. § 35-1-604(a)(2) and (3), any exemption from registration with the Division that the Respondent may claim to rely upon under the Act has been and is **PERMANENTLY REVOKED**.

VII. NOTICE OF OPPORTUNITY FOR HEARING

Each of the Respondents are hereby notified that they have the right to a formal hearing on the matters contained herein. To schedule a hearing, the Respondent(s) must file with the Division within thirty (30) days after the date of service of this Order, a written Answer specifically requesting a hearing. If any Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a written request, will schedule the hearing for that Respondent. The written request shall be delivered to the Office of the Attorney General, 1000 Assembly Street, Columbia, SC 29201, or mailed to the Office of the Attorney General, Attention: Securities Division, P.O. Box 11549, Columbia, South Carolina, 29211-1549.

In the written Answer, the Respondent(s), in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth specific facts on which the Respondent(s) relies, and shall set forth concisely the matters of law and affirmative defenses upon


which the Respondent(s) relies. If the Respondent(s) is without knowledge or information sufficient to form a belief as to the truth of an allegation, Respondent(s) shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty-day (30) period stated above shall be deemed a waiver by that Respondent of the right to such a hearing. Failure by a Respondent to file an Answer, including a request for a hearing, shall result in this Order's becoming final by operation of law. The regulations governing the hearing process can be found at S.C. Code of Regulations §13-604.

This Order does not prevent the Division or any law enforcement agency from seeking additional civil or criminal remedies as are available under the Act, including remedies related to the offers and sales of securities by the Respondents set forth above.

ENTERED, this the 25 day of October, 2021.

ALAN WILSON
SECURITIES COMMISSIONER

By: 
Jonathan B. Williams
Assistant Deputy Attorney General